

Universal Service Fund

(A company set up under Section 42 of the Companies Ordinance 1984)

REQUEST FOR APPLICATIONS FOR ESTABLISHING UNIVERSAL TELE-CENTERS IN RURAL AREAS- PILOT PROJECT

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USF Co.
Request for Applications for establishing Universal Tele-centers
in rural areas - Pilot Project
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Part I: Introduction

1. Purpose of the RFA Process

1.1 All telecommunications licenses issued by the Pakistan Telecommunications Authority (“PTA”) subsequent to the De-Regulation Policy 2003 and the Mobile Cellular Policy 2004 provide for contribution by licensees to a Universal Service Fund (“USF”) except some Class licenses for Value Added Services (CVAS licenses).

1.2 The Pakistan Telecommunications Authority (“PTA”) has not issued any specific licenses for the delivery of broadband services but several licensees are authorized to provide data services without a mandatory requirement to provide Broadband Services or any upper limit on data speed. However, the USF Policy envisages the use of USF for modern telecommunications services including Broadband Services.

1.3 The purpose of this Request for Applications (“RFA”) is to invite holders of licenses with an obligation to make contribution to USF (“USF Contributors”) to submit Proposals, either individually or as part of a consortium, for supplying Equipment and providing Broadband Services at designated Universal Tele-centers (UTC) with a specified minimum data speed (USF Broadband Services), pursuant to a three and half years SSA.

1.4 This RFA is part of a universal service program initiated by the Government of Pakistan (“GoP”), which is also aimed at increasing access to Broadband services in un-served and under-served areas of Pakistan in a manner consistent with fair competition, international best practices, and existing sector policies and GoP commitments.

1.5 GoP has created a not-for-profit Federal Government owned and controlled Universal Service Fund, a company set up under Section 42 of the Companies Ordinance 1984 (“USF Co”) to administer the USF, including the process initiated by this RFA (“RFA Process”). It is GoP’s intent that USF Co apply part of the USF toward payment of a onetime subsidy and monthly access fee (the “USF Subsidy”) to be paid pursuant to the SSA to assist in meeting the costs of provision of USF Broadband Services in the designated UTC and Adjacent Areas.

1.6 Further information on the proposed USF Broadband Services, Equipment and UTCs is set out in this RFA.

1.7 It is the intention of GoP to act quickly to implement its policy of extending access to Broadband services in UTCs to be established in rural un-served and under-served areas in Pakistan.

2. Source of Funds

Pursuant to Section 33A of the Act, the sources of funding USF shall consist of:

- (a) Prescribed contribution by licensees;
- (b) Sale proceeds from the auction of the right to use radio spectrum;

(c) Grants made by the Federal Government and the Provincial Governments;

(d) Loans obtained from the Federal Government; and

(e) Grants and endowments received from other agencies.

3. Current Legal, Regulatory, and Market Regime

3.1 Before 1996, Pakistan's telecommunications markets including internet were governed by the Telegraph Act, 1885 and Wireless Telegraphy Act, 1993. Most telecommunications services were provided by the GoP's Telegraph and Telephone Department. That Department was converted into a statutory corporation in 1990 as the Pakistan Telecommunication Corporation ("PTC") and later in 1996 it was converted into a public limited company Pakistan Telecommunication Company Limited ("PTCL"). Competitive mobile telephone service was launched in 1991. Payphone service was launched in 1993. But of these competitors, only PTC and then PTCL had a formal duty to serve cities, towns, villages and Mauzas in all areas of Pakistan.

3.2 Additional mobile, Wireless Local Loop (WLL), fixed-line Local Loop ("LL") and Long Distance International ("LDI") licensing since 2004 has increased competition substantially. Use of telecommunications services has expanded rapidly in this increasingly competitive environment.

3.3 Making modern telecommunications services (which include broadband services) available country-wide is a GoP priority.

3.4 In a competitive sector, it is not appropriate to impose universal service obligations on a single operator. Accordingly, the De-Regulation Policy (2003) at section 5, the Mobile Cellular Policy (2004) at section 8, and the Pakistan Telecommunications (Reorganization) Act, 1996 at section 33A, respectively, require that PTCL and all subsequent fixed and mobile licensees pay into the USF.

3.5 Persons who enter into a SSA as a result of the RFA Process ("USF Service Providers") will receive a subsidy payment from the USF to provide Broadband services and Equipment to designated UTCs and Adjacent Areas, thereby increasing Broadband penetration in rural areas. The amount of the USF subsidy payment will be established in accordance with sections 12 and 43 of this RFA. The subsidy payment will be made in one or more installments, against identified Project Implementation Milestones, in accordance with the SSA.

4. USF Policy

4.1 The Universal Service Fund Policy ("USF Policy") is the policy framework guiding the RFA Process. It sets out goals, objectives, and guidelines for using USF funding to meet certain basic telecommunication and ICT services needs in areas of Pakistan which would otherwise remain un-served.

4.2 The USF Policy's goals include making tele-centers available to progressively greater proportions of Pakistan's population and preferably one for every 5,000 people, but at least one for every 10,000 people in USF contract areas.

4.3 The USF Policy will guide the actions of USF Co. in administering the Universal Service Fund. That administration includes the use of the SSA, with compliance monitoring and penalties for non-performance, including forfeiture of bank guarantees. Technological features of the USF Policy include technological neutrality and an emphasis on shared access points. Economic features include capping USF service prices at nationally available retail prices, and a “negative auction” RFA Process to use bidding competition among eligible licensees to minimize the amount of any particular USF Subsidy, and to maximize overall benefits from the USF. Together, these features establish a USF regime to extend Broadband services through UTCs to un-served and underserved rural locations in a sustainable manner consistent with fair competition.

5. USF UTCs

5.1 A Universal Tele-center or UTC will be a shared facility that provides public access to telecommunication services primarily for the people in the un-served rural areas. UTC is universally considered an effective mean in extending broadband internet to rural areas, and enhancing ICT literacy. UTCs have the potential to provide distance education, create employment opportunities and create enabling environment for entrepreneurship among various other benefits. The need of such facilities is largely met in urban areas either through commercial means or USF Co. efforts; however there is a huge unmet demand in the rural areas.

5.2 In Pakistan, after successful initiation of broadband program in 2nd and 3rd tier cities and towns, USF Co. is initiating a program of establishing such UTCs in the rural and remote areas of Pakistan.

5.3 In order to achieve this objective, USF Co. through this RFA process will select USF Service Provider(s) to set up and support these UTCs at locations mentioned in Schedule C of SSA. These locations, premises and UTCO are selected by USF Co. through a separate process. After set-up of UTCs, the UTCOs will manage and operate these UTCs on a sustainable basis. So in the context of sustainability it is essential that tariff for connectivity model proposed for each UTC should be within the financial capacity of UTCOs subsequent to the three year support from USF Co. Similarly the equipments and renewable power solution proposed should support sustainability.

5.4 In order to make these UTCs sustainable USF Co. will provide a CAPEX subsidy to USF Service Providers to provide UTC Equipment and in-kind OPEX subsidy in shape of almost free electricity (renewable energy) and free broadband for three years, augmented with extended warranties on the UTC Equipment (3 years).

5.5 The geographic locations and details of UTCs that are the subject of this RFA and related USF Subsidy are identified in detail in Schedule C of SSA enclosed as Annex 6.

5.6 All Applicants are encouraged to visit/survey the UTCs mentioned in Schedule C before submitting their Proposals and also see how much renovation work is needed at the UTCs.

6. USF Broadband Service Requirements

The service and equipment requirements to be met by the successful Applicant(s) selected pursuant to this RFA are identified in Schedules A and B of the SSA enclosed as Annex 6.

7. USF Contributors and Eligibility

7.1 Persons whose Local Loop (“LL”) Wireless Local Loop (“WLL”), Long Distance and International (“LDI”) or Telecommunication Infrastructure Provider (“TIP”) License was issued after adoption of the Deregulation Policy (2003), and persons whose mobile cellular license was issued or renewed after adoption of the Mobile Cellular Policy (2004), (collectively, “USF Contributors”) have an obligation to contribute 1.5% of annual gross revenues to the Universal Service Fund, less inter-operator fees and related payments mandated by the PTA or Frequency Allocation Board (“FAB”).

7.2 Any other licensee who has had its license issued, re-issued or amended to include Universal Service Fund contribution payment requirements will, on satisfaction of those requirements, be recognized as a USF Contributor as well.

7.3 Eligibility to participate in the RFA process is limited to USF Contributors under the Universal Service Fund Rules, 2006 (the “Rules”)¹.

7.4 Rule 24(12) sets out the following further restriction:

No single licensee may accumulate more than fifty per-cent of the total amount of USF subsidies awarded by the USF Company in multiple auctions. The period during which a licensee’s accumulation and proportion of USF subsidy amounts will be defined in guidelines or statements of auction procedures to be issued by the USF Company from time to time.

USF Co. has developed guidelines under Rule 24(12), which can be amended from time to time. Applicants should consider the potential application of this restriction in considering their bidding strategy, particularly where multiple USF Projects are being offered.

¹ See Rule 24(12) of the USF Rules 2006 as amended.

8. Time Schedule

8.1 The timetable for the RFA events, beginning with publication of the pre-auction notice, is set out below.

Estimated Time Schedule for Establishment of UTCs	
Event	Date
Publication of Specific Procurement Notice	Monday, April 29, 2013
Distribution of RFA document & Start of Registration	Monday, April 29, 2013
Deadline for submission of questions by bidders	Monday, June 03, 2013
Last Date for Registration of Applicants	Monday, June 03, 2013
Final answers to questions	Thursday, June 06, 2013
Deadline for submission of Proposals	Thursday, June 13, 2013
Opening of the Qualifications & Service Proposal	Thursday, June 13, 2013
Evaluation of Qualifications & Service Proposals and announcement of Qualified Applicants	Thursday, June 20, 2013
Opening of USF Subsidy Proposals of Qualified Applicants	Monday, June 24, 2013
Financial Evaluation	Tuesday, July 02, 2013
Issue of LOI to the Successful Applicant(s) with lowest subsidy	Tuesday, July 09, 2013
Award of Contract	Monday, July 29, 2013

8.2 If the scheduled day of an event falls on a gazetted holiday in Pakistan, the day of the event will be the next working day following the holiday.

9. Project Administration and Correspondence

9.1 All correspondence relating to this RFA should be addressed to:

GM Projects & Technology, USF Co.
Fifth Floor, HBL Tower, Jinnah Avenue,
Islamabad,
Pakistan
Telephone: 051-9212308-09
Fax: 051-9214261
E-mail: projects.tenders@usf.org.pk

End of Part I

Part II: Rights and Obligations of USF Service Provider

10. Exclusivity

A USF Service Provider will not have any exclusive rights to provide Broadband Services in the Adjacent Areas of UTCs.

11. Roll-out of USF Network and Supply of USF Broadband Services

The USF Network may be constructed and/or otherwise rolled out to mandatorily provide services as per Schedule C of the SSA. Once the USF Network has been rolled out, the USF Broadband Services shall be supplied by the USF Service Provider to the designated UTC(s) and Adjacent Areas in accordance with the Project Implementation Milestones in Schedule D of SSA.

12. USF Subsidy Payments

In order to promote GoP's policy of expanding Broadband services and access in rural un-served/under-served areas, a USF Subsidy, based on providing Equipment and Broadband Services to designated UTC(s), assisting in establishing and maintaining UTC(s), shall be paid to the USF Service Provider. The USF Subsidy payments shall be made in accordance with the SSA enclosed as Annex 6.

13. Service Availability and Quality Specifications

13.1 Applicants must demonstrate that the USF Networks they propose will provide services to the designated UTC(s) and Adjacent Areas identified in Schedule C of the SSA.

13.2 The USF Service Provider must roll-out and operate the USF Network substantially in accordance with the plans submitted and the technology described in its accepted Proposal.

13.3 The USF Service Provider must also roll-out and operate the USF Network so that the USF Broadband Services meet all applicable quality of service measures and requirements, including those set out in applicable License(s) and SSA enclosed as Annex 6.

13.4 Quality of service reports for the USF Broadband Services shall be filed by the USF Service Provider with USF Co. in accordance with the SSA.

14. Scope of Service

14.1 **USF Broadband Services** – The USF Broadband Services, shall be provided to the Designated UTC(s) and in the Adjacent Areas in accordance with SSA.

14.2 **Optional Services** – In addition to the USF Broadband Services, a USF Service Provider may provide other optional services in the designated UTC(s) and Adjacent Areas, to the extent the USF Service Provider is authorized to provide such services under applicable License(s) without compromising on the quality of the USF Broadband Services. Further the USF Service Provider shall not force the UTC(s) and customers in USF Adjacent Areas to mandatorily take

his optional service(s) with the USF Broadband Services. A USF Service Provider shall be free to apply for additional licenses to provide other telecommunications services in accordance with the PTA's then-current licensing practices and procedures.

15. Regulation of Operators

USF Service Providers will remain subject to all other regulatory requirements established, from time to time by the PTA, including the terms of all previously granted Licenses.

16. Interconnection and Facilities Sharing

16.1 Interconnection between a USF Service Provider's network and other licensed telecommunications networks in Pakistan is governed by:

- (a) The Act;
- (b) The Pakistan Telecommunication Rules, 2000;
- (c) All applicable licenses;
- (d) The Interconnection Regulations; and
- (e) The SSA.

16.2 A USF Service Provider's network must be technically compatible with all existing data networks to ensure properly functioning interconnection. For interconnection purposes, technical compatibility includes, but is not limited to, compatible numbering, signaling, routing, synchronization and network interfaces, as applicable.

17. Numbering and Electronic Addressing

17.1 Any numbers or electronic addresses used in Pakistan by a USF Service Provider shall be in accordance with the Act and any applicable numbering or electronic addressing plans established by the PTA pursuant to the Act.

17.2 For the purposes of section 17.1, "electronic addressing" shall be interpreted as including ENUM, Distributed Universal Number Discovery ("DUNDi") and other systems for mapping telephone numbers to IP addresses; but does not include domain name management related systems or functions.

18. Type Approval

Any Broadband equipment or facilities used in Pakistan by a USF Service Provider shall be subject to the type approval requirements of the Act and any type approval processes established by the PTA pursuant to the Act.

19. Regulation of USF Broadband Service Charges

19.1 The tariffs charged by a USF Service Provider for the USF Broadband Services in the Adjacent Areas are subject to requirements under the SSA, including that those charges shall not exceed the USF Service Provider's National or Regional tariffs for the same or equivalent services provided in urban locations that are not included in the USF Areas².

19.2 USF Service Providers remain subject to any other tariff regulation by the PTA pursuant to the Act.

20. Authority to Construct and Use Facilities

20.1 Subject to the terms of the SSA, a USF Service Provider will be authorized to construct or otherwise procure all telecommunications facilities required to provide the USF Broadband Services and Equipment mentioned in Schedule A & B of the SSA.

20.2 A USF Service Provider may utilize any appropriate wireless or wire line technologies, subject to any limitation in its License, in the provision of the USF Broadband Services that meet the USF Broadband Service requirements identified in the SSA.

20.3 All telecommunications facilities and equipment installed by a USF Service Provider as part of the USF Network shall be:

- (a) New when first installed;
- (b) field-proven (in accordance with section 42.7); and
- (c) compliant with internationally recognized standards.

20.4 Any permissions or authorizations required from authorities or operators in the UTC(s) and Adjacent Areas, in connection with the installation of the USF Network facilities and equipment and provision of USF Broadband Service, shall be the responsibility of the USF Service Provider.

21. Requirement to Procure and operate the USF Network

A USF Service Provider shall be required to own or procure and operate the USF Network in accordance with the SSA.

22. Transfer or Change of Control

Transfers and changes in the ownership or control of a USF Service Provider, during the validity of SSA, will be subject to USF Co. approval in accordance with the SSA.

² See section 2.06 of SSA.

23. Access to Public and Private Lands

A USF Service Provider shall have access to public and private lands, including ongoing rights of inspection and entry, in accordance with the Act and all other applicable laws, regulations and rules.

24. Force Majeure

A USF Service Provider shall be excused, in accordance with the SSA, from certain failures to perform its obligations under the SSA if an event of force majeure has prevented the performance of the obligations.

25. Dispute Resolution

The SSA includes a number of mechanisms to facilitate resolution of disputes, including the appointment by USF Co. of a disputes committee consisting of appropriately qualified persons. Where disputes cannot be resolved by application of these mechanisms, parties will continue to have recourse to legal options in accordance with the laws of Pakistan.

26. Technical Auditor

A Technical Auditor shall be appointed by USF Co. in accordance with the SSA and other applicable processes. The Technical Auditor(s) may be an appropriately qualified employee(s) of USF Co. and/or expert consultant(s), and will perform identified functions in accordance with the SSA including:

- (a) certification that Project Implementation Milestones have been achieved and that USF Subsidy payments are therefore due;
- (b) certification that events of force majeure have prevented the performance of certain obligations under the SSA; and
- (c) proposing amendment of the USF Areas, and any related amendments to the SSA, upon the occurrence of a certified event of force majeure.

27. Compliance with Law

A USF Service Provider shall be required to comply with all laws of Pakistan applicable to its USF Broadband Services activities at all times, including the Act, all Regulations, Rules, Orders, decisions and guidelines issued under the Act.

28. Term of SSA

The SSA shall have a term of three and half (3 & 1/2) years, commencing from the effective date of SSA.

29. Other Obligations under SSA

The SSA contains specific obligations of the USF Service Provider, including obligations regarding the roll-out of the USF Network and provision of the USF Broadband Services and Equipment. The SSA also includes specific remedies for non-performance, including drawing on the Performance Bond or exercising the lien on USF Network assets, as well as insurance requirements, indemnification, and USF Service Provider's representations and warranties.

30. Fees Payable by the USF Service Provider

A USF Service Provider will be responsible for paying any fees, taxes or charges otherwise applicable to the USF Service Provider in relation to its provision of the USF Broadband Services and Equipment, in accordance with the Act and other laws of Pakistan and regulations made there under.

31. Frequency Spectrum

31.1 A USF Service Provider may use wireless or satellite technology to provide USF Broadband Services in accordance with all legal and regulatory provisions governing spectrum authorizations.

31.2 Proposals shall provide details of the frequency spectrum (including spectrum used in backhaul systems or facilities) to be used by the USF Service Provider in providing the USF Broadband Services, including the frequency spectrum bands, numbers of channels, radio-communications equipment and anticipated type of use.

31.3 Applicants should note that the frequency spectrum bands currently available in Pakistan are described in the Spectrum Management Guidelines and other documents available on the PTA website.

31.4 It is the sole responsibility of the Applicant to ensure that it has the frequency spectrum required for delivery of the USF Broadband Services.

End of Part II

Part III: Instructions to Applicants

32. Selection of Successful Applicant

USF Co. plans to execute SSA with the Applicant whose Proposal meets the following selection criteria:

- (a) the Proposal demonstrates that the Applicant is a “Qualified Applicant”, meeting the requirements of sections 34, 35, 36 and 37 of this RFA;
- (b) the Proposal is “responsive”, meeting the requirements identified in section 40.1 of this RFA; and
- (c) the Applicant proposes the lowest USF Subsidy for the Broadband Services and Equipment to be provided in the designated UTC(s) and Adjacent Area(s).

33. Pre-proposal Meeting

33.1 USF Co. shall conduct a “pre-proposal meeting” at the office of USF Co. unless otherwise directed. The purpose of the meeting will be for USF Co. to provide answers to the written questions posed and comments made by potential Applicants (see sections 56.5 and 56.6 regarding the submission of questions and comments), and to otherwise clarify or amend the RFA Process and related documentation. All authorized representatives of potential Applicants shall be entitled to attend the meeting.

33.2 USF Co. will keep record of all those who are present at the pre-proposal meeting. All representatives from the Applicants and USF Co. attending the meeting shall sign the record.

33.3 USF Co. will prepare minutes of the pre-proposal meeting. The minutes, and the text of any written questions and answers from Applicants, will be published by USF Co. on the USF Co. website.

33.4 Responses to the written questions and results of the pre-proposal meeting shall not constitute an amendment to the RFA documents or the RFA Process unless USF Co. re-issues the affected RFA documents with a specific identification of the resulting amendments.

33.5 Any amended RFA documents thus issued shall become the applicable statement of the RFA Process, and shall be communicated in writing to all Applicants. Applicants shall Request for promptly acknowledge receipt of any amended documents by email to the USF Co. project administrator identified in section 9.1.

33.6 USF Co. may extend the deadline for submission of Proposals as required to give Applicants reasonable time in which to take account of any amended RFA documents

34. Qualification Criteria

34.1 USF Co. will determine whether an Applicant qualifies as a Qualified Applicant for the purposes of the award of a SSA.

34.2 For the purpose of this RFA the qualification criteria are described in sections 35, 36, and 37.

35. Financing Capacity

35.1 The Applicant must satisfy USF Co. that the proposed USF Service Provider has sufficient financing capacity for the investments required to construct and/or otherwise rollout the USF Network and to provide the USF Broadband Services. The criteria to determine whether an Applicant has sufficient financing capacity for a project of this size are:

- (a) A net worth of not less than PKR 30,000,000 (Pak Rupees Thirty million only); or
- (b) Possession or access to a line of credit equal to PKR 30,000,000 (Pak Rupees Thirty million only).

35.2 The net worth of any shareholder in the proposed USF Service Provider may be included in the calculation of the net worth of the proposed USF Service Provider for the purposes of sections 35.1 and 42.5 if:

- (a) the shareholder holds or will hold a minimum of 1/3 (one third) of the ownership interest (including all forms of ownership interest) in the USF Service Provider; and
- (b) the shareholder indicates that it is willing to guarantee the performance of the USF Service Provider and provides a written undertaking to this effect for inclusion in the Proposal.

36. Operational Experience

36.1 The Applicant must have operated a broadband network for a minimum of two (2) year at the time of registration.

36.2 In complying with section 36.1 above, the Applicant may rely on:

- (a) the operational experience of the USF Service Provider it proposes; or
- (b) the experience of any Person that is a member of the Applicant's bidding consortium, and that Person:
 - (i) is licensed by the PTA; and
 - (ii) is a shareholder in the proposed USF Service Provider, or

(iii) has committed in a binding agreement to become a shareholder in the proposed USF Service Provider, provided that the Person holds or will hold a minimum of 1/3 (one third) of the ownership interests (including all forms of ownership interests) in the USF Service Provider.

37. Applicant Eligibility

37.1 The Applicant must demonstrate that the proposed USF Service Provider is eligible to receive the USF Subsidy.

37.2 As indicated elsewhere in this RFA, the Applicant must be a USF Contributor.

37.3 The Applicant must also not have any “conflict of interest”, this meaning any association with consultants or other advisors retained by USF Co. or GoP to advise on the design or implementation of the RFA Process; or participating in more than one Proposal in this RFA Process.

37.4 The USF Service Provider proposed by the Applicant must be incorporated under the Companies Ordinance, 1984.

37.5 The Applicant must possess valid License(s) for the relevant region and telecommunication services (i.e., has license to provide commercial internet/data services), issued by PTA. The Applicant must satisfy USF Co. that the proposed USF Service Provider is in substantial compliance with the conditions of its License(s). In complying with this requirement, the Applicant may rely on the License(s) of any shareholder in the USF Service Provider that meets the requirements of section 35.2.

38. Consortium Applicant

38.1 Any USF Contributor leading a consortium may bid for any USF Subsidy on behalf of that consortium (“Consortium Applicant”) under conditions similar to those set out for an individual USF Applicant, provided that the consortium’s composition and Proposal materials satisfy the consortium requirements identified below:

38.1.1 There shall be no limit on the number of members of the consortium, except that:

- (a) the consortium shall include at least one USF Contributor; and
- (b) the consortium shall include at least one LL, WLL or Cellular Mobile license holder; but shall include no more than one LL, WLL, Cellular Mobile or LDI license holder.

38.1.2 One member of the consortium shall be identified as the consortium leader. The consortium leader shall also enter into all contracts on behalf of the consortium and shall otherwise be responsible for consortium performance.

38.1.3 Notwithstanding section 38.1.2, all members of the consortium shall be jointly and severally liable to USF Co. in respect to the performance of the SSA.

39. Bid Bond

39.1 The Bid Bond shall remain valid for a minimum period of 210 days from the closing date identified in section 46.3. USF Co. will not be obligated or liable to pay any accumulated interest on the Bid Bond.

39.2 The Bid Bond of all unsuccessful Applicants will be released not later than 30 days after the execution of the SSA.

39.3 The Bid Bond of the Applicant proposing the lowest subsidy will be released not later than 30 days after: i) the execution of the SSA; and ii) furnishing of the Performance Bond pursuant to section 54.

39.4 Notwithstanding section 39.3, the Bid Bond of the Applicant proposing the lowest subsidy shall be forfeited in any of the following cases:

- (a) the Applicant withdraws its Proposal prior to execution of the SSA;
- (b) where the Applicant has received from USF Co. a Letter of Intent to execute the SSA and the USF Service Provider proposed by the Applicant fails or refuses to submit the Performance Bond in accordance with sections 53 and 54 of this RFA;
- (c) if after the issuance of the Letter of Intent USF Co. determines that Applicant is disqualified pursuant to section 51.1 of the RFA; and
- (d) the USF Service Provider proposed by the Applicant does not execute SSA within 20 days of the issuance of LOI.

40. Responsiveness of Proposals

40.1 A Proposal will be considered responsive only if all of the following requirements are met:

- (a) The Proposal is submitted by an Applicant (or any company or other Person identified in the Proposal as a member or participant in a Consortium Applicant) that has registered with USF Co. and purchased an official copy of the RFA in accordance with the Notice of Request for Applications document issued by USF Co..
- (b) The Proposal is complete and submitted in accordance with all the requirements of this RFA, including the content requirements identified in sections 41, 42 and 43 and the submission requirements identified in sections 45 and 46.
- (c) The Proposal is received before the closing date and time for submission identified in section 46.3.

40.2 Proposals that do not comply substantially with the above requirements will be rejected as non-responsive.

41. Content and Format of Proposals

41.1 Each Proposal shall be assembled in two separate parts, contained in separate and clearly marked envelopes, as follows:

- (a) Part 1 - “**Qualifications and Service Proposal**”, setting out information about the Applicant, the USF Service Provider proposed by the Applicant, the USF Network, Equipment and the USF Broadband Service proposal of the Applicant; and
- (b) Part 2 - “**USF Subsidy Proposal**”, which shall set out the proposed USF Subsidy amount separately for each UTC along with Adjacent Areas as mentioned in Schedule C of SSA.

41.2 The required content and form of each Part of the Proposal are outlined in more detail below. All parts of the Proposal must be printed using indelible ink.

42. Part 1 Structure Requirements – Qualifications and Service Proposal

Part 1 of the Proposal shall include the following documents and information:

42.1 Cover Letter and Attachments

- (a) The cover letter and each page of the attached proposal materials must be signed by a person or persons duly authorised to act on behalf of the Applicant. Where the Applicant is a Consortium, the cover letter and attachments must be signed by a person or persons duly authorised to act on behalf of each member of the Consortium.
- (b) The cover letter must provide a summary description of the Applicant, including the members of any Consortium Applicant, and of the USF Service Provider proposed by the Applicant.
- (c) The cover letter must indicate a firm commitment to engage in final negotiation of the SSA promptly and in good faith.
- (d) The cover letter must confirm that the Proposal is open for acceptance by USF Co. for 180 (one hundred and eighty) days from the bid closing date identified in section 46.3 of this RFA.
- (e) Attached to the cover letter must be one or more Power of Attorney or notarized certificates that clearly evidence 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) Also included with the cover letter, must be the Bid Bond in the form of Annex 2 to this RFA, in accordance with the following requirements:
 - (i) The Applicant shall furnish a Bid Bond in the minimum amount of PKR 750,000 (Pak Rupees Seven hundred and fifty thousand only) in the form of

Annex 2 to this RFA and issued by a reputable bank located in Pakistan that is acceptable to USF Co.

(ii) The Applicant shall complete the Bid Bond in the form included in Annex 2. The form must be completed without alterations to its format, and no substitutes shall be accepted. All blank spaces shall be filled in with the information requested.

(iii) The Bid Bond of a Consortium must be in the name of the lead member of the consortium.

42.2 Information and Documentation on the Applicant

(a) The name, legal status, registered office address and a description of the business of the proposed USF Service Provider.

(b) The name, legal status, registered office address and a description of the business of all shareholders in the proposed USF Service Provider.

(c) The name, legal status and registered office address of any Person who Controls the proposed USF Service Provider.

(d) The 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.

(e) The name, country of citizenship and address of each Person who is a director of the proposed USF Service Provider.

(f) A chart:

(i) showing the ownership structure of the proposed USF Service Provider;

(ii) illustrating the relationship among all Persons having a direct or indirect ownership interest; and

(iii) specifying the nature and level of such ownership interest.

(g) A description of the legal status of the proposed USF Service Provider, including:

(i) a certified copy of its certificate of incorporation, Memorandum and Articles of Association;

(ii) a certified copy of a resolution of the Board of Directors of the USF Service Provider that authorizes the Applicant to submit the Proposal and propose the USF Service Provider for the SSA; and

(iii) any shareholder agreement, joint venture agreement or Memorandum of Understanding, or other arrangement of any kind between the shareholders of the proposed USF Service Provider.

(h) In the case of companies with shares listed on a stock exchange, the information regarding shareholders required in sections 42.2(b), 42.2(d) and 42.2(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.

42.3 Information to be submitted by a Consortium Applicant –

In the case of a Consortium Applicant, the Consortium Applicant's Proposal shall also include:

(a) the name, legal status, 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;

(b) where a Consortium member is an individual, identification and proof of citizenship for that individual;

(c) specific details of the structure of the Consortium, including identification of the lead member of the consortium; and

(d) the agreement(s) establishing the Consortium, specifying at least:

(i) a clear allocation of responsibilities and confirmation that all members of the Consortium will be jointly and severally liable to USF Co. in respect of performance of the SSA;

(ii) the duration of the Consortium agreement;

(iii) details of the ownership interests in the Consortium and the financial contributions of each member; and

(iv) arrangements governing managerial control by the Consortium over the operation of the USF Service Provider.

42.4 Documentation on the Applicant's License(s)

To demonstrate substantial compliance with the conditions of existing License(s), the Applicant shall submit:

(a) a copy of each License issued by the PTA to the proposed USF Service Provider, or to any shareholder of the USF Service Provider that meets the requirements of section 35.2;

(b) a copy of the most recent renewal of any such License; and

(c) a declaration in the form of Annex 4 to this RFA, representing that the Applicant is in compliance with all applicable license conditions, and is otherwise in good standing with the PTA.

42.5 Documentation on Financial Resources of the Applicant

(a) 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; or

(b) If the proposed USF Service Provider has not existed, or has not received service revenues, for at least one year prior to the submission of the Proposal, the financial statements of any shareholder that meets the requirements of section 35.2 must be provided. The financial statements of said shareholder must be provided for the preceding one year and must be prepared in accordance with internationally accepted accounting standards.

42.6 Documentation on Operational Experience of the Applicant

(a) Where the Applicant will rely on the experience of a Person identified in section 36.2, the Applicant must demonstrate that arrangements are in place to provide the proposed USF Service Provider with access to the technology, professional knowhow and operational experience required to operate the USF Network and to provide the USF Broadband Services. Specifically, the Proposal must include:

(i) a statement that identifies the Person;

(ii) documentation that clearly demonstrates that the relationship between the proposed USF Service Provider and such Person meets the requirements of section 36.2(b);

(iii) a written commitment from said Person to participate in the USF Service Provider's operations;

(iv) a description of such proposed participation, which must clearly demonstrate to USF Co'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 SSA; and

(v) approval in writing by the Person's Board of Directors of the commitment and description of the Person's proposed participation.

(b) The Proposal shall include 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 36.2) has operated in the manner described. Details should be provided concerning:

(i) number of years of operation;

(ii) Broadband management experience of the proposed USF Service Provider;

(iii) types of Broadband services provided; and

(iv) experience of the proposed USF Service Provider in rolling out a Broadband network.

(c) The operational experience listed in section 36.1 above shall constitute experience of only one Person and not the aggregate experience of two or more Persons.

42.7 Field Proven Equipment and Software

(a) All proposed equipment and software shall have been satisfactorily field- proven in actual service. USF Co. reserves the right to verify the quality of the equipment and software and its satisfactory performance in actual service.

(b) The Applicant shall provide the technical specifications of the major types of equipment and software to be supplied, installed and operated in order to provide the USF Broadband Services, including modems, multiplexing equipment, routers, switches and method for connection to the global Internet.

(c) In view of the rapid technological development in communications technology, hardware and software, Applicants may propose that the USF Service Provider will install updated versions of the equipment and software in actual service. Applicants shall provide full details of the technological changes introduced in the proposed equipment and software.

42.8 Network Description

(a) The Applicant must provide a concise description of the planned network of the proposed USF Service Provider. The description must demonstrate that the proposed USF Network will meet the requirements specified in the SSA, including, but not limited to, the USF Broadband Services specifications in Schedules A and B to SSA. The network description provided by the Applicant must also clearly demonstrate that the USF Service Provider will extend transmission and/or backhaul facilities up to the UTC, with sufficient planned capacity to meet the requirements of the USF Broadband Services in UTC and Adjacent Area.

(b) The network description shall include:

(i) a description of the model switching, routing and interface technology to be employed, including applicable technical standards, and a network map illustrating the intended network architecture and USF Network installations;

(ii) a summary description of the roll-out and service coverage plans for the USF Network and USF Broadband Services, that meet or exceed the Project Implementation Milestones;

(iii) the frequency spectrum, if applicable, to be used by the USF Service Provider (including the frequency spectrum bands, numbers of channels, radio-communications equipment, characteristics and anticipated type of use);

(iv) the specific USF Network bandwidth capacity estimated by the Applicant as required to meet traffic requirements in the UTC(s) and its Adjacent Areas over the first three years of commercial operations, and how that capacity will be provided by the USF Service Provider;

(v) proposed interconnection points: The Applicant should specify how it intends to connect its Broadband traffic to the Internet. The specification should include the backhaul capacity per UTC, and plans for local or national peering. Backhaul, interconnection and peering arrangements should make maximum use of existing services and facilities available from other service providers in order to minimize subsidy requirements; and

(vi) the Applicant shall also provide the information identified in the "Design Parameters" included in Annex 5.

42.9 Operations Description - The Proposal must include:

(a) a general description of the intended operations of the USF Service Provider, including its general approach to implementation of the USF Network and provision of the USF Broadband Services;

(b) a brief description of any land or rights in land (i.e., rights of way) that must be acquired for the operations, 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;

(c) details of the Alternate Energy solution with detailed engineering drawings and designer certificates including mounting structure, weight, Line diagram of power system, design life, civil works, details of manufacturer, complete data sheets of all equipments involved and country of origin;

(d) a renovation plan for each UTC, showing fit-outs and up-gradation required for the UTC premises to make it conducive for UTC Equipment and users of UTC with a look and feel of a modern ICT facility.

42.10 Quality of Service Description - 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 to the SSA, including performance monitoring, reporting and fault resolution processes.

42.11 Projected Financial Statements - The Applicant must provide projected financial statements for years one through three 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. For this purpose, the financial statements shall treat the USF Subsidy amount as if it were part

of the debt, equity or deferred income of the USF Service Provider³. The financial statements shall include projections of fee revenues from the USF Broadband Services and any Optional Services.

42.12 Tariffs and Charges - The Proposal must include a statement by the Applicant confirming that its tariffs and service charges for the USF Broadband Services will meet the tariff requirements identified in the SSA⁴.

42.13 Additional Information

(a) The Applicant's comments on the draft SSA or any other transaction documents or requirements, including particularly any terms or conditions that the Applicant cannot or will not comply with; and

(b) Any information that does not specifically respond to this RFA, but that the Applicant thinks is relevant to the Proposal.

43. Part 2 Subsidy Proposal

Information to be submitted by the Applicant in Part 2 of its Proposal:

(a) **Subsidy Proposal** – The Applicant must provide a completed USF Subsidy Proposal Form prepared in accordance with Annex 1 to this RFA. As indicated in Annex 1, the amount of the proposed USF Subsidy and total cost of the project shall be set out in words and numbers and in the event of any discrepancy between the words and numbers, the amount set out in words shall govern, and the currency of the proposed USF Subsidy shall be stated in PKR.

(b) UTC(s) – The Applicant's USF Subsidy Proposal must state the proposed amount of USF Subsidy for delivery of the USF Broadband Services and Equipment as required under SSA for each of UTC and its Adjacent Area as indicated in Schedule C of the SSA. The Applicant shall separately state cost of:

(i) providing Broadband Service to a single UTC;

(ii) establishing a single UTC

(c) **Calculation of Subsidy** – The Proposal must include a concise financial analysis detailing the calculation of the proposed USF Subsidy amount for each UTC and its Adjacent Area separately identified in Schedule C of the SSA. The information furnished in this regard will be kept strictly confidential by USF Co.; however, and as indicated in section 47.2, USF Co. shall be entitled to publicly announce the total amount of each Applicant's USF Subsidy Proposal for each of the UTCs and its Adjacent Area. The

³ Applicants must take care that the USF Subsidy amount included in the financial statements is aggregated with other

funds so that the amount of the Applicant's intended subsidy cannot be specifically identified.

⁴ See Section 2.06 of SSA.

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 42.8, per UTC and its Adjacent Area.

44. Compliance Checklist

44.1 A “Compliance Checklist” is attached as Annex 5 to this RFA. Applicants must include a completed Compliance Checklist in each copy of their Proposals.

44.2 When completing the Compliance Checklist, Applicants must identify the specific parts and page numbers of their Proposals that correspond to the documents and information required by the RFA sections identified in the Compliance Checklist. Applicants must also specifically identify and comment on any of the identified RFA sections for which their Proposals are either “Non-Compliant” or only “Partially Compliant”.

44.3 Without derogating from the provisions of sections 44.1 and 44.2, above, in the event of any discrepancy between the Proposal requirements described in this RFA and the Compliance Checklist, the terms and requirements of this RFA shall prevail.

45. Submission of the Proposal

45.1 The Applicant shall prepare three copies of the Proposal, clearly marking the first copy “Original Proposal” and each of the 2nd & 3rd, copies “Copy of Proposal”.

45.2 The Applicant shall also prepare one electronic copy of the Proposal (i.e., CD-ROM or DVD containing a copy of the Proposal that is in a format readable by Microsoft Office or Adobe Acrobat software).

45.3 All copies of the Proposal shall be clearly marked with the name of the Applicant.

45.4 In the event of any discrepancy between copies, the original shall govern.

45.5 As indicated in section 41, 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 labeled envelopes, with each envelope containing the three hard copies and the CD-ROM or DVD copy 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.

45.6 Each Proposal package shall be clearly marked with the following information:

Proposal to Provide USF Broadband Services in UTCs
Name of Applicant:
Local Contact Name, Phone Number and E-Mail Address:

“DO NOT OPEN, EXCEPT IN PRESENCE OF USF Co. EVALUATION COMMITTEE”

45.7 USF Co. will provide a written receipt confirming the delivery of each Proposal received prior to the closing date and time.

45.8 The Bid Bond should be enclosed in a separately sealed envelope clearly marked with the name of the Applicant and the text "Bid Bond". This envelope should be included in the container that includes all Proposal contents (see section 45.5), and delivered with the assembled Proposal package.

46. Delivery of the Proposal

46.1 The Proposal packages shall be delivered to the following address before the closing date and time identified in section 46.3:

GM Projects & Technology,
USF Co.
Fifth Floor, HBL Tower, Jinnah Avenue,
Islamabad, Pakistan

46.2 If the Proposal container is not sealed and marked properly, USF Co. will assume no responsibility for the Proposal or the disposition of its contents. Improperly marked or sealed packages may be rejected by USF Co.

46.3 **Closing Date for Submission of the Proposal** - The sealed Proposal package shall be delivered to USF Co. at the address specified in section 46.1 no later than 1500 hrs on 13th June 2013.

46.4 **Late Proposal** - Proposals received after the closing date and time identified in section 46.3 will be returned to the Applicant(s).

47. Opening of Proposals

47.1 USF Co. will publicly open the duly received Proposals, in the presence of authorized representatives of any Applicants who desire to attend, commencing at 1500 hrs on the closing date identified in section 46.3, in the conference room of USF Co., 5th Floor HBL Tower, Jinnah Avenue, Islamabad. The opening will proceed whether one or more representatives of Applicants are present or absent. Following opening of the Proposals, USF Co. will proceed with evaluation of the Proposals in accordance with section 48.

47.2 All Proposals shall be opened one at a time, with a representative of USF Co. reading out the name of the Applicants and any other Applicant information that USF Co. may consider appropriate. Only Proposals opened and read out at the proposal opening shall be considered for further evaluation, irrespective of the circumstances. No Proposals shall be rejected at Bid opening except for late Proposals or any Proposals that are not accompanied by a Bid Bond.

47.3 USF Co. shall prepare a record of the initial Proposal opening that shall include, at a minimum, the name of the Applicant, the presence or absence of a Bid Bond and identification of any Proposals rejected for late submission. The Applicants' representatives who are present shall be requested to sign an attendance sheet.

48. Selection Process and Evaluation of Proposals

48.1 Subject to any request for clarification submitted by USF Co. pursuant to section 56.7, the information submitted by Applicants in response to this RFA will be the sole basis for the selection of the USF Service Provider. Provided that the Proposal is substantially responsive, GoP and USF Co. reserve the right to request Applicants to provide additional information and documents to assist them in evaluating the Proposals. However, neither GoP nor USF Co., nor any other GoP body, will assist Applicants to supplement Proposals which are otherwise deficient or non-compliant. Failure to provide additional information within the identified timeframe may result in the Applicant's proposal being determined to be non-compliant.

48.2 USF Co. will review each Applicant's "Qualifications and Service Proposal" (Part 1 of the Proposal) to determine whether or not each Applicant is a Qualified Applicant within the meaning of section 34 of this RFA. Applicants that fail to satisfy the criteria identified in section 34 for becoming a Qualified Applicant will be rejected. USF Co. will identify the grounds for rejection in a letter to each Applicant that fails to qualify as a Qualified Applicant.

48.3 USF Co. will open and review each Qualified Applicant's "USF Subsidy Proposal" (Part 2 of the Proposal). USF Co. will identify the date and time of opening the USF Subsidy Proposals and representatives of Qualified Applicants will be entitled to attend the opening of the USF Subsidy Proposals. The representatives of Qualified Applicants who are present at the opening shall be requested to sign an attendance sheet. A representative of USF Co. shall read out or otherwise announce the amount of USF Subsidy proposed by each Qualified Applicant for each UTC and its Adjacent Area. USF Co. will prepare minutes for the USF Subsidy Proposal opening meeting. The minutes will be sent to all Qualified Applicants and will be published by USF Co. on its website.

a) After financial analysis of the Subsidy Proposals, USF will announce the lowest and the 2nd lowest bidders for each UTC and its Adjacent Area.

48.4 **Awarding SSA** – SSA shall be awarded to in the following manner:

(a) Subject to section 60, the SSA will be awarded to the Qualified Applicant that proposes the lowest USF Subsidy for a UTC and its Adjacent Area (hereinafter Successful Applicant).

(b) In current Schedule C USF Co. has mentioned all UTCs but in SSA of each Applicant only its set of UTCs shall be mentioned.

(c) Since every Applicant is required to submit Subsidy Proposal for each of UTC separately identified in current Schedule C, therefore it is possible that in different UTCs, different Applicants are Successful Applicants. Every effort shall be made by USF Co. to enter into one SSA with each of the Successful Applicant(s) stating all UTCs falling to it.

48.5 **Ties** - In the event that there is more than one Qualified Applicant bidding the lowest USF Subsidy for one or more UTCs, USF Co. shall proceed as follows:

(a) The tied Qualified Applicants will receive written notice of the tie and instructions for submission of second round bids.

(b) The tied Qualified Applicants will proceed to a second round of bidding in which they will submit new USF Subsidy Proposals that comply with the requirements of sections 42 and 43.

(c) The new USF Subsidy Proposal amount submitted by the tied Qualified Applicant must be smaller than or equal to the original USF Subsidy Proposal amount submitted by the Qualified Applicant.

(d) The new USF Subsidy Proposals shall be delivered in a sealed envelope, that is, securely closed so that it is not possible to open it without visual evidence thereof, to the address identified in section 46 and before the date and time specified in the written notice referred to in section 48.5(a). New USF Subsidy Proposals will not be accepted after the date and time specified in the written notice referred to in section 48.5(a).

48.6 USF Co's determinations in the evaluation process shall be final and binding upon Applicants, subject to the laws of Pakistan.

49. [Left Blank]

50. Period of Validity of Proposal

The Proposal shall remain valid for 180 days from the closing date identified in section 46.3 of this RFA.

51. Grounds for Rejection of Proposal

51.1 USF Co. shall reject Proposals and remove them from further consideration for any of the reasons set out below:

(a) Failure to comply with any of the procedures or other requirements identified in sections 35, 36, 37, 40, 42, 43 and 45 of this RFA.

(b) Failure to submit the Bid Bond amount specified in this RFA.

(c) Serious inaccuracy or misrepresentation of any material facts in any part of the Proposal.

(d) The Applicant submitting the Proposal is determined by USF Co. to have a conflict of interest (as that term is defined in section 37.3).

51.2 On the occurrence of any of the forfeiture events identified above in section 51.1, USF Co. shall be entitled to select another Applicant as per section 53.2(c)

52. Subsequent Disqualification and Ineligibility

52.1 If evidence of any of the activities referred to in sub-sections 51.1 (c) through (e) is disclosed after the SSA has been executed, USF Co. may terminate the SSA without compensation. The provisions of this section are in addition to any criminal or civil legal action which may be available to or taken by any government or regulatory authority, including PTA and USF Co.

52.2 USF Co. will declare an Applicant ineligible, either indefinitely or for a stated period of time, to be awarded a USF Co. financed contract if, at any time, it determines that the Applicant has engaged in corrupt, fraudulent, collusive or coercive practices in applying for, or in performing, a USF Co. financed contract.

53. Letter of Intent

53.1 USF Co. will issue a Letter of Intent (“LOI”) to the successful Applicant(s) to confirm USF Co’s intention to grant the SSA to the USF Service Provider proposed by the Applicant. The LOI will also require the USF Service Provider proposed by a successful Applicant to submit the required Performance Bond within 10 days of receipt of the LOI.

53.2 If the USF Service Provider proposed by the Successful Applicant to whom the LOI is directed does not submit the required Performance Bond within 10 days from the date of receipt of the LOI, USF Co. may:

- (a) cause the Successful Applicant to forfeit the Bid Bond pursuant to section 39.4 above;
- (b) disqualify the Successful Applicant and the USF Service Provider proposed by the Applicant; and
- (c) issue another LOI to the Qualified Applicant that has submitted the next lowest USF Subsidy proposal for the UTC(s).

53.3 A Successful Applicant to whom a LOI is directed must accept the LOI by notice in writing (the “Letter of Acceptance”) to USF Co. within a maximum of seven (7) days from the date of receipt of the LOI.

53.4 It is the intention of USF Co. that the SSA (the “Contract”) will be finally negotiated and signed within 20 days of the date of receipt of the LOI. In the event that USF Co. and the recipient of the LOI are unable to finalize the terms of the Contract within the 20 day period, USF Co. shall be entitled to terminate negotiations, return the Performance Bond and issue another LOI to the next Qualified Applicant.

53.5 Once the SSA has been entered into with the USF Service Provider(s), USF Co. shall publish the results of the RFA Process including at least the following information:

- (a) name of each Applicant who submitted a Proposal;

- (b) name of Applicants whose Proposals were rejected, and the reason(s) for their rejection;
- (c) the USF Subsidy Proposal amounts as read out at the subsidy proposal opening;
- (d) the name of the winning Applicant; and
- (e) a summary of the resulting Contract(s).

The information shall also be published on USF Co's website and may be published in any other manner directed by USF Co. or GoP.

54. Performance Bond

A USF Service Provider proposed by an Applicant to whom an LOI has been directed shall furnish the Performance Bond in accordance with this RFA Process and the SSA. The Performance Bond shall be prepared in the form of Schedule F to the SSA, and shall be furnished within ten (10) days of the date of receipt of the LOI.

55. Information Provided by USF Co.

55.1 The information contained in this RFA and any other information provided to Applicants during the Proposal process is intended to assist Applicants in the preparation of their Proposals. USF Co. will ensure that all Applicants are provided with the same information during the Proposal process, in accordance with sections 33.5 and 33.6 of this RFA.

55.2 USF Co. has made and will continue to make reasonable efforts to include accurate and current information in this RFA and in any other documentation provided to Applicants and potential Applicants. However, neither USF Co. nor any of its agencies, employees, representatives, advisors or consultants shall have any liability whatsoever to any Applicant or any of its shareholders or members or any other Person resulting from use of or reliance on any of the information so provided. Applicants are encouraged to undertake their own verification of any information supplied by USF Co. prior to use of or reliance on that information.

56. Communications, Comments and Requests for Clarification

56.1 All deliveries, notices or other communications made by USF Co. to Applicants in connection with the Proposal process shall be sent by fax, e-mail or personal delivery to the registered office of the Applicant, as specified at the time the Applicant registered with USF Co. pursuant to this RFA Process.

56.2 All deliveries, notices or other communications made by Applicants to USF Co. in connection with the Proposal process, except for submission of the Proposal itself, shall be sent in writing by e-mail or personal delivery, unless otherwise specified by USF Co., to the contact person and address specified in section 9.1.

56.3 Subject to section 48.1, during the period between the deadline for submissions of Proposals and the award of the USF Subsidy, no Applicant, no USF Service Provider proposed

by an Applicant and no party interested in a Proposal shall be permitted to discuss the merits of any Proposal with any representative of USF Co. Any communications, or attempted communications, in contravention of this section shall be grounds for immediate disqualification.

56.4 Applicants are expected to carefully examine all instructions, forms and annexes in this RFA. Failure to furnish all information required by this RFA or the submission of a Proposal that does not comply with the RFA in all respects may result in disqualification of the Proposal.

56.5 A prospective Applicant requiring any clarification of this RFA or the draft SSA may pose one or more questions to USF Co. in writing by e-mail or personal delivery up to ten (10) days prior to the closing date for Proposals. USF Co. will respond in writing to such written questions following the pre-proposal meeting described in section 33 above. Written questions received by USF Co. less than ten (10) days prior to the closing date will not be answered.

56.6 A prospective Applicant may make comments on the structure and contents of this RFA or the draft SSA. Such comments should be sent in writing by e-mail or personal delivery to USF Co. up to ten (10) days prior to the closing date for Proposals. USF Co. will respond in writing to such written comments following the pre-proposal meeting described in section 33 above. USF Co. will not respond to written comments received by USF Co. less than ten (10) days prior to the closing date.

56.7 To assist in the examination and evaluation of Proposals, USF Co. may, at its discretion, ask any Applicant for a clarification of its Proposal. Any clarification submitted by an Applicant in respect to its Proposal that is not in response to a request by USF Co. shall not be considered. USF Co.'s request for clarification and any response shall be in writing. Subject to sub-section 48.5, no change in the proposed USF Subsidy amount shall be sought, offered or permitted, except to confirm the correction of arithmetic errors discovered by USF Co. in the evaluation of the Proposals. In responding to any request for clarification, Applicants may not attempt to change their Proposals, and any response that USF Co. determines constitutes a change to an Applicant's Proposal shall not be taken into account by USF Co. in evaluating the Proposal.

57. Confidentiality of Proposals

57.1 Except for the public opening of USF Subsidy Proposals pursuant to section 47, USF Co. shall treat all Proposals received in relation to this RFA as confidential during the period before the award of the SSA.

57.2 USF Co. and its agencies, employees, representatives, advisors or consultants shall take reasonable steps to protect Proposal related information from improper use or disclosure; however, liability for disclosure shall be subject to the limitation set out in section 61.3.

57.3 Information relating to the examination, evaluation, comparison, and qualification of Proposals, and any recommendation of Contract award, shall not be disclosed by any representative of USF Co. or GoP to Applicants or any other Persons not officially concerned with such process except as specifically permitted by sections 47, 48, and 53.5 of this RFA.

58. USF Co. Use of Proposals

Subject to compliance with intellectual property laws of Pakistan, and section 57 above, USF Co. shall have the right to use or reproduce ideas and information contained in a Proposal without notice or payment of any kind to the Applicant.

59. Cost of Proposal and Bidding

The Applicant shall bear all costs associated with the preparation and submission of its Proposal and USF Co. will in no case be responsible for any such costs, regardless of the conduct or outcome of the Proposal process.

60. Reservation of Rights

60.1 USF Co. reserves the right, in its sole discretion, to take any action, including amendment of this RFA, which it considers necessary to ensure that the RFA Process proceeds in a fair, open and transparent manner, in accordance with the laws of Pakistan and to meet the objectives of USF Co.

60.2 USF Co. reserves the right to modify or terminate the RFA Process at any time in its sole discretion.

60.3 USF Co. is not legally obligated to execute the SSA. It may terminate the RFA Process or revoke an award of the SSA at any time before the SSA is executed.

61. Legal and Formal Requirements

61.1 **Governing Law** - This RFA and any SSA executed pursuant to this RFA shall be exclusively subject to, and interpreted in accordance with, the laws of Pakistan.

61.2 **Settlement of disputes** - Any dispute, controversy or claim arising out of or in connection with this RFA document, or the breach, termination or invalidity thereof, shall be subject to the dispute resolution terms and processes set out in Annex 7 to this RFA.

61.3 **Limitation of Liability** - Neither GoP nor any of its Ministries, agencies, employees, representatives, advisors or consultants, including USF Co. and its officers, employees and contractors, shall incur any liability whatsoever to any Applicant or any USF Service Provider proposed by an Applicant, or any of their respective shareholders or members or any other Person, in connection with any damages, losses, expenses or injury whatsoever, including but not limited to loss of revenue, opportunity, or goodwill, resulting from participation in the RFA Process, including reliance of any person on the information set out in this RFA; it being understood and agreed that USF Co's or GoP's liability for damages shall, in any event, be limited to such amount as may have been actually paid by an Applicant or other person to participate in the RFA Process.

61.4 **Language** - The Proposal, the accompanying documents, and all correspondence relating to this RFA shall be submitted in the English language.

62. Misc.

62.1 All USF Service Providers are encouraged to develop and provide local content to the users in general and users in UTCs and Adjacent Areas in particular. They may also establish their separate or a common web portal for the purpose.

62.2 All USF Service Providers are expected to employ people from local Areas and generate local employment by supporting and engaging local labor and industry.

62.3 All bidders are required to propose connectivity models, equipments, and renewable energy solution which do not compromise the sustainability of UTCs beyond USF support.

End of Part III

Part IV: Definitions

63. Definitions

In this Request for Applications (RFA), unless the subject matter or context otherwise requires, the following terms shall have the following meanings:

“Act” means the Pakistan Telecommunication Act (Re-Organization) Act, 1996, XVII of 1996, as amended, and any successor legislation;

“Applicant” means any Person that registers itself with USF Co. as an Applicant for purposes of this RFA, having obtained a copy of this RFA from USF Co.;

“Bid Bond” means the financial security for the bid, including any pay order or demand draft in the name of USF Co., which an Applicant must furnish to USF Co. in accordance with section 39 of this RFA;

“Broadband Service” has the meaning set out in Schedule A of the SSA;

“Compliance Checklist” means the form set out in Annex 5 to this RFA that Applicants must complete in accordance with section 44 of this RFA;

“Consortium Applicant” means a group of Persons, including a joint venture, that submits a Proposal on behalf of its members, and that meets all eligibility requirements identified in section 38.1 of this RFA;

“Contract” means the SSA signed with successful Qualified Applicant(s) on successful conclusion of the RFA Process;

“Control” of a Person other than an individual means the ownership of at least 51% (fifty one percent) of the voting interests in the subject Person; or the possession, directly or indirectly, of the power to direct or cause the direction of the management of that Person, whether through the ownership of shares, voting, securities, partnership or other ownership interests, agreement or otherwise;

“GoP” means the Government of Pakistan;

“Interconnection Regulations” means any interconnection regulations, rules or guidelines that may be issued by PTA from time to time;

“Internet Services” means the services that a USF Service Provider is obliged to provide under Schedule A of the SSA;

“Letter of Acceptance” means the letter described in section 53.3 of this RFA;

“Letter of Intent” or **“LOI”** means the letter described in section 53.1 of this RFA;

“License” means any telecommunications license granted by the PTA to the USF Service Provider, or to any shareholder of the USF Service Provider that meets the requirements of section 35.2, which authorizes it to provide the USF Services, as that License may be amended;

“Net worth” for the purposes of sections 35 means total assets minus total liabilities.

“Optional Services” means services that a USF Service Provider is authorized but not required to provide pursuant to the SSA and any Licenses held by a USF Service Provider;

“Performance Bond” means the financial security for performance a USF Service Provider must furnish in accordance with section 54 of this RFA;

“Person” means any individual, firm, company, corporation, partnership, joint venture or other consortium, government or governmental entity;

“Point of Interconnection” or **“POI”** means a connection point between the networks of two telecommunications service providers;

“Project Implementation Milestones” means the milestones for the roll-out of the USF Network and provision of the USF Broadband Services identified in Schedule D of the SSA;

“Proposal” means a proposal submitted by an Applicant in response to this RFA;

“PTA” means the Pakistan Telecommunication Authority, a statutory body corporate established under Section 3 of the Act, and its predecessors and successors;

“Qualifications and Service Proposal” means Part 1 of the Proposal, that Applicants must prepare in accordance with section 41.1(a) of this RFA;

“Qualified Applicant” has the meaning ascribed thereto in section 34 of this RFA;

“RFA” means this Request for Applications, including all annexes hereto, as amended or modified by USF Co.;

“SSA” means the agreement, a draft of which is annexed as Annex 6 to this RFA, for the construction and roll-out of the USF Network, provision of the USF Broadband Services and payment of the USF Subsidy to be granted pursuant to this RFA;

“Technical Auditor” means the Person appointed in accordance with the SSA;

“Universal Tele-Centre” or **“UTC”** means USF Broadband Service facilities to be established and supported by the USF UTC Service Provider and run by the UTC Operator for use of general public in accordance with Schedule A & B;

“USF Adjacent Area” means the area close to the location of the UTC(s) identified in Schedule C and is covered by the USF UTC Service Provider through Hotspot, with a maximum radius permitted by PTA or Frequency Allocation Board;

“USF Co.” means the Universal Service Fund, a company setup under Section 42 of the Companies Ordinance 1984, established by the Government of Pakistan, and its successors;

“USF Broadband Services” has the meaning ascribed thereto in Schedule A;

“USF Contributor” means any Person, who’s License includes identified USF Contribution requirements and is compliant with those requirements;

“USF Network” means the licensed telecommunication system consisting of the telecommunications network facilities to be deployed by the USF UTC Service Provider to provide USF Broadband Services pursuant to the SSA;

“USF Rules” means the Universal Service Fund Rules, 2006 (as amended);

“USF Services and Subsidy Agreement” or **“Agreement”** or **“SSA”** means the main agreement, all its Schedules and all amendments made hereto by written agreement between the parties;

“USF UTC Service Provider” or **“USF Service Provider”** means the Party, other than USF Co., identified on the first page of this Agreement (referred to as the “Contractor” in the USF Rules);

“UTC Operator” or **“UTCO”** means the person who runs and manages Universal Tele-Centre.

“USF Subsidy” means the subsidy to be paid by USF Co. to the USF UTC Service Provider on the USF UTC Service Provider achieving the Project Implementation Milestones;

“USF Subsidy Proposal” means Part 2 of the Proposal that Applicants must prepare in accordance with section 43 of this RFA; and

“USF Subsidy Proposal Form” means the form attached at Annex 1 of this RFA.

End of Part IV

Annex 1: USF Subsidy Proposal Form

RFA TO PROVIDE USF EQUIPMENT BROADBAND SERVICES IN UTCs

To:

The Chief Executive Officer
 USF Co.
 Fifth Floor, HBL Tower, Jinnah Avenue,
 Islamabad
 Pakistan

Applicant's USF Subsidy Proposal:

The Applicant, *[insert name of Applicant]*, hereby commits to assume all of the USF Broadband Service and Equipment obligations identified in the RFA and SSA in consideration for the award of the SSA and payment of the amount of USF Subsidy indicated in the following table:

Serial #	Detail of UTCs <i>(As identified in Schedule C of SSA)</i>	Amount
1.	UTC (Number & Location)	<i>[Enter amount of USF Subsidy proposed for the UTC mentioned in the left column (in Pakistan rupees). The amount must be set out in both words and numbers.]</i>
2.	UTC (Number & Location)	<i>[Enter amount of USF Subsidy proposed for the UTC mentioned in the left column (in Pakistan rupees). The amount must be set out in both words and numbers.]</i>
3.	UTC (Number & Location)	<i>[Enter amount of USF Subsidy proposed for the UTC mentioned in the left column (in Pakistan rupees). The amount must be set out in both words and numbers.]</i>
4.	UTC (Number & Location)	<i>[Enter amount of USF Subsidy proposed for the UTC mentioned in the left column (in Pakistan rupees). The amount must be set out in both words and numbers.]</i>
--	-----	-----
35.	UTC (Number & Location)	<i>[Enter amount of USF Subsidy proposed for the UTC mentioned in the left column (in Pakistan rupees). The amount must be set out in both words and numbers.]</i>

1. In the event of any discrepancy between the USF Subsidy amount and total cost of the UTC Project(s) set out in words and numbers, the amount set out in words shall govern.

2. This USF Subsidy Proposal shall remain valid in accordance with section 50 of the RFA.

Signature: Print Name:

in the capacity of *[insert title/position of individual signing]* duly authorized to sign for and on behalf of *[insert name of Applicant]*.

Dated this [dd], day of [mm], 20[yy].

Witness Signature: Print Name:

Dated this [dd] day of [mm], 20[yy].

Annex 2: Bid Bond Form

To:

The Chief Executive Officer
USF Co.
Fifth Floor, HBL Tower, Jinnah Avenue,
Islamabad
Pakistan

WHEREAS the Universal Service Fund (Guarantee) Limited, hereinafter called the "USF Co.", has issued the Request for Applications to Provide Universal Service Fund (USF) Equipment and Broadband Services in designated UTCs, hereinafter called the "RFA", dated [insert date];

AND WHEREAS the USF Broadband services, hereinafter called the "SERVICES" and USF Equipment hereinafter "Equipment", shall be provided in accordance with a service agreement, hereinafter called the "AGREEMENT", to be executed in accordance with the RFA, and any license, hereinafter called the "LICENCE", issued by the PTA that authorizes provision of the SERVICES;

AND WHEREAS [insert name of Applicant], hereinafter called the "APPLICANT", is submitting a proposal, hereinafter called the "PROPOSAL", dated [insert date of Proposal] to provide the "SERVICES";

KNOW ALL PEOPLE by these presents that we [insert name of bank] having our registered office at [insert address of bank], hereinafter called the "BANK", are bound unto the USF Co. by the amount of PKR [750,000] willingly and truly to be paid out to the said USF Co. upon entering any of the conditions specified below. The BANK binds itself, its successors and assigns by these presents sealed with the common seal of the BANK this [insert day] day of [insert month], 20[yy].

The conditions of this obligation are:

1. If the APPLICANT withdraws its PROPOSAL prior to execution of the AGREEMENT;
2. If the APPLICANT being the Successful Applicant, having been notified of the acceptance of the PROPOSAL by the USF Co. during the period of validity of the PROPOSAL, fails or refuses to furnish the Performance Bond of the specified amount and correct validity and the Letter of Acceptance in accordance with the instructions given in the Letter of Intent issued by the USF Co.;
3. If after the issuance of the Letter of Intent the USF Co. determines that APPLICANT is disqualified pursuant to section 51.1 of the RFA; or
4. The APPLICANT does not execute the AGREEMENT within any identified time period after completing final AGREEMENT negotiations.

We undertake to pay to the USF Co. up to the above amount upon receipt of its first written demand without the USF Co. having to substantiate its demand, provided that in its demand

the USF Co. will note that the amount claimed by it is due to the occurrence of one or more of the aforementioned conditions, specifying the condition or conditions that have occurred. This guarantee will remain valid for 210 days from the closing date of submission of the PROPOSAL (i.e. until [insert expiry date]) and any demand in respect thereof should reach the BANK not later than the above date.

Signature and Seal of BANK:

Date:

Annex 3: Registration Form for UTC(s)

Universal Service Fund

(A company set up under Section 42 of the Companies Ordinance 1984)

“Every Pakistani has the right to modern telecommunication services and we strive to provide that.”

REGISTRATION FORM FOR UTC

Name of Applicant: _____

Registered Address: _____

Postal Address: _____

Phone: _____

Fax: _____

Email: _____

Contact Person for correspondence: _____

Person authorized for Registration:
(attach copy of authorization) _____

Nature of applicant's License
(copy attached): _____

Telecom services authorized under
the License: _____

Date of Expiry of License: _____

Licensed territory: _____

Audited/Unaudited Report of USF Contributions
as payable & paid to date: _____

(summarize and attach copy of full report)

Amount of any USF contributions
outstanding to-date: _____

Proof of payment: _____

List of Consortium members, if registration is for consortium: _____

Applicant declared eligible by PTA/MoIT⁵: Yes No
(Attach copy of eligibility letter from PTA/MoIT)

Pay Order/DD of PKR 25,000 registration fee attached: Yes No

Certificate:

Certified that the information set out above is correct to the best of my information and belief, and nothing material has been concealed there from.

(Signature of Authorized Representative)

NIC/Passport #: _____

Date: [dd/mm/yy]

⁵ Ministry of Information Technology, Government of Pakistan

Annex 4: Form of Letter Regarding Compliance with License(s)

[Month] [Day], 20[yy]

The Chief Executive Officer
USF Co.
Fifth Floor, HBL Tower, Jinnah Avenue,
Islamabad
Pakistan

Dear Sir:

Re: *[insert name of proposed USF Service Provider or Person falling within one of the categories listed in section 36.2(b) of the RFA]*

Compliance with Conditions of Telecommunications License(s)

[insert name of proposed USF Service Provider or Person falling within one of the categories listed in section 36.2(b) of the RFA] is the holder of the following telecommunications licenses issued by the PTA:

[list all PTA issued licenses, including appropriate license identification and date]

[insert name of proposed USF Service Provider or Person falling within one of the categories listed in section 36.2(b) of the RFA] remains in substantial compliance with all terms and conditions of the license(s) issued by the PTA, and otherwise remains in good standing with the PTA.

Yours very truly,

[insert name of proposed USF Service Provider or Person falling within one of the categories listed in section 36.2(b) of the RFA]

Per:

(Signature)

[insert name and title of person signing letter]

[insert phone number of person signing letter]

[insert postal and e-mail address of person signing letter]

cc: Director General (Licensing), Pakistan Telecommunication Authority

Annex 5: Compliance Checklist

1. Compliance Sheet

A complete compliance sheet for each clause of RFA/SSA/Annexes/Schedules shall be provided as softcopy and a signed hardcopy in the following format

Document	Clause No.	Compliance (Cross appropriate)	Proposal Page Reference	Remarks in case of Partially or Not Complied
RFA		<input type="checkbox"/> FC <input type="checkbox"/> PC <input type="checkbox"/> NC		
		<input type="checkbox"/> FC <input type="checkbox"/> PC <input type="checkbox"/> NC		
		<input type="checkbox"/> FC <input type="checkbox"/> PC <input type="checkbox"/> NC		
Annex 1 – 5 & 7		<input type="checkbox"/> FC <input type="checkbox"/> PC <input type="checkbox"/> NC		
		<input type="checkbox"/> FC <input type="checkbox"/> PC <input type="checkbox"/> NC		
		<input type="checkbox"/> FC <input type="checkbox"/> PC <input type="checkbox"/> NC		
SSA (Annex 6)		<input type="checkbox"/> FC <input type="checkbox"/> PC <input type="checkbox"/> NC		
		<input type="checkbox"/> FC <input type="checkbox"/> PC <input type="checkbox"/> NC		
		<input type="checkbox"/> FC <input type="checkbox"/> PC <input type="checkbox"/> NC		
Schedules		<input type="checkbox"/> FC <input type="checkbox"/> PC <input type="checkbox"/> NC		
		<input type="checkbox"/> FC <input type="checkbox"/> PC <input type="checkbox"/> NC		
		<input type="checkbox"/> FC <input type="checkbox"/> PC <input type="checkbox"/> NC		

Note: FC- Fully Complied, PC – Partially Complied, NC – Not Complied

2. Design Parameters

Following table of design parameters shall be filled up, wherever applicable, for the proposed solution

Description	Details
Access Technology	<i>[Insert details of Access Technology proposed for each UTC]</i>
Proposed Capacity of Access Node	<i>[Insert details of access node proposed]</i>
No. of BTSs per site (if any)	<i>[Insert Details]</i>
Bandwidth per BTS (if any)	<i>[Insert Details]</i>
Core Network Capacity	<i>[Insert Details]</i>
Spectrum (if any)	<i>[Insert Details]</i>
Vendor of Access and Network (Modem, multiplexer, routers, switches, software, radio etc.)	<i>[Insert Details]</i>
Existing or proposed Backhaul technology and capacity for USF Areas	<i>[Insert Details]</i>
Length of OFC	<i>[Insert Details]</i>
Type of OFC	<i>[Insert Details]</i>

3. Other Information

The information in the tables below needs to be provided;

Information	Details
Locations covered	[Insert Number of Locations]
Transmission Media	[Insert proposed Transmission Media UTC-wise]
Bandwidth (Uplink and downlink)	[Insert Bandwidth (Type: CIR/Shared) separately for UTC and Hotspot]
Computers (Laptops equivalent to or above Core i3, each laptop shall be provided with spare keyboard, mouse and mouse pad).	[Insert Type/Brand and specification for Laptops]
Operating System (Licensed or Open Source)	[Insert Operating System Name and version]
Office suit, browser, and antivirus	[Insert Name of Office Suit and version and Antivirus name and version]
Three in One printer, copier, and scanner (Black & White- Minimum Speed 10 PPM)	[Insert brand, specifications, and speed of Three in one Machine (Printer, Copier, and Scanner)]
Warranties (3 years extended warranty)	[Insert type and duration of warranties for each of the proposed equipment]
Robust furniture (21 Adult sized wooden/steel frame and arm rest, seats covered with cushions; 10 computer tables minimum of 3 by 2 feet)	[Insert furniture Specifications]

Table regarding General Information

Hotspot Specifications	Details
Point to multipoint radio/wireless	[Insert details of Point to multipoint radio/wireless]
Frequency band	[Insert Frequency Band proposed for Hotspot]
AAA mechanism	[Insert Details of AAA Mechanism used for Hotspot]
Bandwidth control/management	[Insert details of Bandwidth Control/Management]
Coverage area of hotspot	[Insert range of coverage area of Hotspot]

Table regarding Hotspot Information

Solar Solution	Details
Proposed Average load per site (As per BOQ)	[Insert average maximum load for each of the proposed UTC in Watts]
Solar Design Voltage	[Insert Voltage at which Renewable Energy Solution is designed]
Panel type (Mono or Poly Crystalline)	[Insert type, number, voltage, amperage, brand, model and make of Panels proposed for Renewable Energy Solution]
Type of batteries (Maintenance Free, Deep discharge Recycle Battery)	[Insert type, number, voltage, amperage, brand, model, and make of batteries proposed for Renewable Energy Solution]
Depth of Discharge	[Insert depth of discharge at which Renewable Energy Solution is Proposed]
Charge control units/inverters	[Insert type, voltage, amperage, brand, model, and make of batteries proposed for Renewable Energy Solution]

Table regarding Renewable Energy Information

Miscellaneous items	Details
List of minor items (at-least 2 spare key boards and mouse for each UTC, papers, stationery items)	[Insert all items proposed in the list of minor items]
UTC Renovation	[Insert details of UTC-wise renovation details]
Operation and maintenance of UTCs.	[Insert details of Operation and Maintenance mechanism for UTCs]
Training of UTC Operators (at least 2 person from each UTC)	[Insert details of training what will be covered under training]

Table regarding Miscellaneous Information

4. Additional Information

- Specifications of proposed Access Technology, its reach versus data rates, coverage area per Access Node/BTS;
- Specifications of Access Node, its proposed capacity, maximum capacity, expandability options and interface details;
- Core Network Details, Packet Prioritization/bandwidth management, QoS Implementation details, authentication, authorization and accounting methodology; and
- Specifications of the Customer Premises Equipment, its capabilities and features.

“Access Node” is a Piece of Hardware that provides last mile access services such as DSLAM, PON Gateway, WiMax/CDMA BTS,CMTS etc.

Annex 6: Draft of Proposed SSA

Annex [6] to UTC RFA

Draft

**UNIVERSAL SERVICE FUND
UTC SERVICES and SUBSIDY AGREEMENT**

BETWEEN

**UNIVERSAL SERVICE FUND
(A company set up under Section 42
of the Companies Ordinance, 1984)**

**AND
[UTC Service Provider]**

**MADE AS OF
<Date>**

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UNIVERSAL SERVICE FUND UTC SERVICES AND SUBSIDY AGREEMENT

THIS AGREEMENT is made as of [Day] [Month] [Year];

BETWEEN:

Universal Service Fund, a company set up under Section 42 the Companies Ordinance 1984 having its principal office at Fifth Floor, HBL Tower, Jinnah Avenue, Islamabad through its Chief Executive Officer, (hereinafter referred to as "USFCo")

- and -

_____ (hereinafter referred to as "USF UTC Service Provider"). WITNESSES
THAT:

WHEREAS USFCo wishes to ensure the supply of certain USF Broadband Services to certain identified UTC(s) and to facilitate the implementation of a USF Network to provide such services;

AND WHEREAS the USF UTC Service Provider has been selected by USFCo through competitive process to provide the USF Broadband Services in the UTC(s) and USF Adjacent Area(s) mentioned in Schedule C;

AND WHEREAS the USF UTC Service Provider wishes to construct the USF Network and to provide USF Broadband Services upon and subject to the terms and conditions hereinafter set forth;

NOW THEREFORE, the parties hereto agree as follows:

ARTICLE ONE - INTERPRETATION

1.01 Definitions

Definitions are mentioned in Schedule H attached to this Agreement.

1.02 Headings

The division of this Agreement into Articles and Sections and the insertion of a table of contents and headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles and Sections of and Schedules to this Agreement.

1.03 Extended Meanings

In this Agreement words importing the singular number only include the plural and vice versa, words importing any gender include all genders.

1.04 Currency

All references to currency herein are to Pakistan rupees (PKR), unless stated otherwise in this Agreement.

1.05 Schedules

The following are the Schedules annexed hereto and incorporated by reference and deemed to be part hereof:

- Schedule A – Broadband Services, Availability & Quality Specifications
- Schedule B – UTC Equipment
- Schedule C – UTC(s) locations
- Schedule D – USF Project Implementation and Subsidy Payment Schedule
- Schedule E – Material Events of Default
- Schedule F – Performance Bond
- Schedule G – Letter of Lien
- Schedule H – Definition
- Schedule I – Insurance
- Schedule J – Technical Auditor
- Schedule K – Force Majeure
- Schedule L – Representations and Warranties
- Schedule M – Dispute Resolution

ARTICLE TWO - PROVISION OF USF NETWORK AND USF BROADBAND SERVICES

2.01 General

Subject to the provisions of this Agreement, the USF UTC Service Provider shall construct the USF Network, provide USF UTC Equipment to the UTC Operator and provide the USF Broadband Services to the UTC and USF Adjacent Area, and USFCo will provide the USF Subsidy to assist in meeting the costs of constructing the USF network and procurement of the USF UTC Equipment for providing the USF Broadband Services in the designated UTC and establishing Hotspot in USF Adjacent Areas.

2.02 Implementation of the USF Network

- (a) The USF UTC Service Provider shall implement the USF Network in accordance with the Project Implementation Milestones, and Final Implementation Date, identified in Schedule D.
- (b) In implementing the USF Network, the USF UTC Service Provider shall comply with all planning and approvals processes, and applicable environmental guidelines including those identified in Article 12.

2.03 Provision of USF Broadband Services

(a) The USF UTC Service Provider shall provide the USF Broadband Services in UTC and USF Adjacent Area in accordance with the service specifications and requirements identified in Schedules A and B.

(b) In addition to the USF Broadband Services, the USF UTC Service Provider may provide any other optional services authorized by the License issued by PTA or any other regulatory body's issued license held by the USF UTC Service Provider in Pakistan without compromising on the quality of the USF Broadband Services. Further the USF UTC Service Provider shall not force the UTC Operator(s) and customers in Adjacent Areas to mandatorily take his optional service(s) with the USF Broadband Services.

(c) The USF Broadband Services shall be provided by the USF UTC Service Provider pursuant to an agreement (the "Customer Service Agreement") with each subscriber of the USF Broadband Services. The Customer Service Agreement shall be in a form approved by the PTA, if any.

2.04 Service Availability and Quality

The USF UTC Service Provider shall provide the USF Broadband Services in accordance with the quality of service requirements identified in Schedules A and B, any quality of service requirements identified in the USF UTC Service Provider's License and any quality of service regulations issued by PTA.

2.05 Facilities Access and Sharing

(a) As required pursuant to Rule 27 of the USF Rules, the USF UTC Service Provider shall share the passive USF Network infrastructure and facilities established with the USF Subsidy, with at least one requesting USF contributor, on a first come first served basis and at cost based rates and at rates based on reasonable cost.

(b) Where the USF UTC Service Provider and USF contributor requesting facilities access are not able to successfully negotiate the terms of access, following a reasonable period Services of good faith negotiation, either party may request the assistance of the PTA in resolving the disputed terms.

(c) In determining whether rates for infrastructure sharing are based on reasonable cost, or to assist in resolving any other dispute regarding the terms of facilities access, USFCo shall be entitled to disclose information obtained by it pursuant to Section 11.01 to the PTA.

(d) The USF UTC Service Provider shall also comply with any facilities sharing requirements set out in regulations, guidelines, decisions or orders issued by the PTA.

2.06 USF Broadband Service Charges

The USF UTC Service Provider's charges from the subscribers in the USF Adjacent Area for the USF Broadband Services shall not exceed the USF UTC Service Provider's National or Regional

tariffs for the same or equivalent Broadband services provided in urban locations that are not included in Schedule C. To determine compliance with this Section 2.06, reference shall be made to the PTA's then-current records of USF UTC Service Provider tariffs.

ARTICLE THREE - OWNERSHIP AND CONTROL

3.01 Ownership and Operation of USF Network

(a) The USF Broadband Services shall be provided primarily over network transmission and access facilities (i.e. wires, fibre optic lines, cables, wireless base-stations, satellite stations, microwave repeaters, etc.) owned and/or operated by the USF UTC Service Provider.

(b) The USF UTC Service Provider may extend the reach or capability of its USF Network by acquiring facilities or services from another network operator on a resale basis that is by transmission over the networks of other operators or by means of leased line services acquired from other telecommunications operators.

(c) Regardless of whether the USF Broadband Services are provided in accordance with Sections 3.01(a) or (b), the obligations hereunder to implement the USF Network and to provide the USF Broadband Services remain entirely those of the USF UTC Service Provider.

3.02 Change of Control of USF UTC Service Provider

For so long as the Performance Bond provided by the USF UTC Service Provider pursuant to Section 6.01 remains in place, the prior written consent of USFCo will be required for any change of Control of the USF UTC Service Provider.

ARTICLE FOUR - IMPLEMENTATION AND SERVICE FAILURES

4.01 Failure to Meet Project Implementation Milestone Schedule

(a) Unless a Force Majeure Certification has been issued to certify that a Force Majeure Event has caused the failure, failure to meet the Final Implementation Date identified in Schedule D may, at the sole discretion of USFCo, result in the imposition of one or more of the penalties set out below:

(i) payment of liquidated damages equal to one-half of one percent (0.5%) of the USF Subsidy amount payable for the work that is delayed, and such half percent shall be payable per every week the failure continues, subject to a maximum of 10% of the total value of this SSA;

(ii) loss of eligibility for all or part of the USF Subsidy;

(iii) forfeiture of all or part of the Performance Bond; and

(iv) repayment of any USF Subsidy amounts previously paid to the USF Service Provider; provided that in case of termination of SSA without achieving a single milestone due to force majeure event the USF Service Provider shall be bound to return the total mobilization advance before signing the termination agreement otherwise USF has the right to forfeit the Irrevocable Bank Guarantee to the extent of mobilization amount.

(b) Such penalty or penalties shall be specified in a written notice delivered by USFCo to the USF UTC Service Provider in accordance with Section 11.11. The penalty or penalties shall become effective in the manner specified in such notice.

4.02 Failure to Maintain Service Availability and Quality Specifications

(a) Unless a Force Majeure Certification has been issued to certify that a Force Majeure Event has caused the failure, then failure of the USF UTC Service Provider to maintain the Service Availability and Quality Specifications for the USF Broadband Services as set out in Schedule A or B may, at the sole discretion of USFCo, result in the imposition of one or more of the penalties set out below:

(i) loss of eligibility for all or part of the USF Subsidy;

(ii) forfeiture of all or part of the Performance Bond; and

(iii) repayment of any USF Subsidy amounts previously paid to the USF UTC Service Provider;

(iv) taking possession of USF Network equipment and the exercise of any other remedies or rights by USFCo under the equipment lien created pursuant to Section 6.02.

(b) Such penalty or penalties shall be specified in a written notice delivered by USFCo to the USF UTC Service Provider in accordance with Section 11.11. The penalty or penalties shall become effective in the manner specified in such notice.

4.03 Additional Penalties or Remedies

The penalties described in Sections 4.01 and 4.02 are in addition to any other penalties or remedies that may otherwise be available to USFCo under this Agreement or the laws of Pakistan.

ARTICLE FIVE - PAYMENT OF THE USF SUBSIDY

5.01 Payment of USF Subsidy

USFCo shall pay the USF UTC Service Provider the USF Subsidy in accordance with the subsidy installment payments identified in Schedule D.

ARTICLE SIX - PERFORMANCE SECURITY

6.01 Performance Bond

(a) The USF UTC Service Provider shall furnish USFCo with an irrevocable bank guarantee in the form specified in Schedule F / F (1), or other form of performance guarantee acceptable to USFCo (the "Performance Bond").

(b) The amount of the Performance Bond shall be 40% of the USF Subsidy, excluding monthly USF Broadband usage fee for 36 months, to the USF UTC Service Provider. The validity of the Performance Bond shall be 4 years, however the USF UTC Service Provider shall have the option to submit a single Performance Bond valid for 4 years or successive four annual Performance Bonds with minimum one year validity in accordance with Schedule "F" or F/1. In case USF UTC Service Provider opts for successive three annual Performance Bonds option then it shall :

(i) submit first Performance Bond as per requirements of this RFA with validity of one year;

(ii) submit second Performance Bond of same value with minimum one year validity, one month before the expiry date of the first Performance Bond. Similarly it shall submit third performance bond one month before the expiry date of the second Performance Bond. Likewise it shall submit fourth performance bond one month before the expiry date of the third Performance Bond provided that the expiry date of the fourth performance Bond shall be the same as the expiry date of the 4 year Performance Bond would have been;

(iii) be entitled, after submitting the new Performance Bond, to get previous Performance Bond released from USFCo within 05 days of the effective date of the new Performance Bond ;

(iv) not have the right to expect or demand a reminder from USFCo regarding expiry of any of the Performance Bonds or submission of new Performance Bond; and

(v) no objection on encashment of Performance Bond by USFCo that are in USFCo's custody, due to late or non-submission of new Performance Bond.

(c) The Performance Bond shall be issued by a commercial bank recognised by State Bank of Pakistan, having a branch office in Pakistan, and that is otherwise acceptable to USFCo.

(d) The Performance Bond shall be maintained for the period identified in Schedule F or in F/1, commencing from the Effective Date.

(e) The Performance Bond furnished by USF UTC Service Provider shall be forfeited, in whole or in part, as provided for in Article Four.

6.02 Equipment Lien

As required pursuant to Rule 26(6) of the USF Rules, all equipment deployed by the USF UTC Service Provider in implementing the USF Network shall be subject to a lien exercisable by USFCo pursuant to the documented terms of the lien and Section 4.02 (a) (iv). However the lien shall not apply to the customer premises equipment and other equipments possession of which has been passed on to the customer or UTC Operator. The equipment lien shall have a maximum value equal to the total value of the USF Subsidy. The USF UTC Service Provider shall execute a Letter of Lien as at Schedule G to substantiate the lien or to support its enforceability.

ARTICLE SEVEN - REPORTING

7.01 Reports

(a) The USF UTC Service Provider shall provide to USFCo, within 60 days of the Effective Date and for each calendar quarter (three months) thereafter throughout the Term of this Agreement, a report (the "Report"), which shall include:

(i) a detailed USF Network implementation plan and network description (only with first report unless any change made after that);

(ii) a report on the achievement of the Project Implementation Milestones set out in Schedule D;

(iii) a report on the achievement of the quality of service and other service requirements for the USF Broadband Services set out in Schedules A and B, including details regarding service maintenance and the time required to repair service outages;

(iv) a report on USF UTC Service Provider's current charges for the USF Broadband Services;

(v) On-demand report(s) for the USF Broadband Services, indicating technical capacity and readiness of the USF Network to provide the USF Broadband Services; and

(vi) such other information as determined by the Relationship Liaison Committee.

(b) The Reports shall be filed by the USF UTC Service Provider with USFCo within 30 days of the end of the relevant quarter.

(c) The Reports shall be in a form satisfactory to the USFCo. Any disputes regarding the form of the reports shall be handled in accordance with Schedule M.

(d) The USF UTC Service Provider shall also provide monthly reports and real-time remote access to the USFCo and the Technical Auditor in an agreed manner and medium, for:

- (i) Bandwidth usage;
- (ii) Network quality of service;
- (iii) Throughput data to end user;
- (iv) Billing data;

ARTICLE EIGHT - INDEMNIFICATION

8.01 Indemnification

(a) The USF UTC Service Provider hereby indemnifies and agrees to save harmless Universal Service Fund, USFCo and GoP from any and all claims, damages, judgments, liens, suits, costs and expenses of any nature or kind whatsoever that may be successfully claimed or asserted by any person against USFCo arising out of, or in connection with, the implementation or operation of the USF Network or the supply or failure to supply the USF Broadband Services.

(b) The USF UTC Service Provider's obligation to indemnify and hold USFCo harmless is contingent on USFCo giving the USF UTC Service Provider prompt notice of any event giving rise to such a claim (an "Indemnification Notice") and giving the USF UTC Service Provider the authority to conduct the defense of any legal action arising therefrom, provided however that USFCo may assist the USF UTC Service Provider in such defense at its own expense and retain additional counsel at its own expense to observe or participate in any such litigation.

ARTICLE NINE - CONFIDENTIALITY

9.01 Confidentiality

Except as specifically provided for in this Agreement or as required by applicable laws or regulation, or, neither USFCo nor the USF UTC Service Provider, nor any of their respective employees, agents, servants or subcontractors may disclose any confidential or trade secret information provided by one to the other with respect to the USF Network or the USF Broadband Services or any other matter pertaining to this Agreement without the prior written consent of the other. Each party must retain such information in strict confidence for the benefit of the other party, provided that the foregoing will not apply to any information that either party establishes as being already in the public domain or already known to the party receiving the information, without violation of this Agreement.

ARTICLE TEN - TERM AND TERMINATION

10.01 Term

This Agreement commences on the Effective Date and continues for a term of (03 & 1/2) three and half years ending on [dd/mm/20[yy]] (the "Term").

10.02 Termination – Bankruptcy, Winding Up, Etc.

(a) This Agreement and the rights and obligations of each Party contained herein may be terminated by USFCo giving notice to the USF UTC Service Provider forthwith upon the happening of any of the following events of default:

(i) where the USF UTC Service Provider takes any action in respect of liquidation or winding up, or makes an assignment for the benefit of creditors, or if a winding up, bankruptcy or similar petition under the Companies Ordinance is filed or presented by the USF UTC Service Provider in respect of its properties or assets, or a judgment or order is entered by any court of competent jurisdiction approving any such petition or petition seeking the reorganization, arrangement or composition of or in respect to the USF UTC Service Provider or its debts or obligations, or if a custodian or receiver or receiver and manager or any other official with similar powers be appointed for the USF UTC Service Provider or a substantial portion of its properties or assets and such appointment is not dismissed or discharged within 30 days thereof; or

(ii) where a winding up, bankruptcy or similar petition with respect to an enforced liquidation of the USF UTC Service Provider is presented or filed against it unless the same is dismissed or discharged within 30 days, during which grace period execution thereunder is effectively stayed.

(b) If an event of default pursuant to Section 10.02(a) occurs and USFCo wishes to terminate this Agreement, USFCo must give the USF UTC Service Provider notice of its decision to terminate within 60 days of such default coming to its attention.

10.03 Termination – Material Breach

(a) Subject to Section 10.03(b), if any Party commits a material breach of this Agreement, the Parties agree that the other Party not in default has the right to terminate the Agreement; provided that the Party not in default gives the other Party who is in default not less than 30 days prior written notice of the default complained of during which period the Party alleged to be in default has an opportunity to cure the same and if the default is cured within such period, the other Party is not entitled to terminate the Agreement.

(b) Schedule E is a list of defaults which the Parties acknowledge as constituting material events of default and for which the other party should be entitled to terminate the Agreement pursuant to this Section 10.03.

10.04 Termination – Remedies

(a) On termination by the USFCo pursuant to Sections 10.02 or 10.03, the USFCo shall be entitled to exercise any of the remedies identified in Sections 4.01 and 4.02 that are applicable in the circumstances of the performance failure leading to the termination.

(b) On termination by the USF UTC Service Provider pursuant to Section 10.03, the USF UTC Service Provider shall be entitled to payment of all USF Subsidy installments payable pursuant to Schedule D for Project Implementation Milestones achieved prior to the effective date of termination.

(c) The provisions of this Article Ten as to termination do not limit or restrict the rights of either party, to seek other remedies or take measures that may be otherwise available to it at law or equity in connection with the enforcement and performance of obligations under this Agreement.

ARTICLE ELEVEN - GENERAL

11.01 Records, Audit and Inspection

(a) The USF UTC Service Provider shall maintain all records required for preparation of the reports described in Section 7.01. The USF UTC Service Provider shall also maintain complete records of its network plans, contracts entered into, expenses incurred in connection with the implementation of the USF Network and the provision of the USF Broadband Services, and any other records required for compliance with its obligations under this Agreement.

(b) USFCo shall have the right to send its auditors or other appointed representatives, on at least 24 hours prior notice, to the USF UTC Service Provider's places of business for the purpose of auditing or otherwise inspecting the information and records of the USF UTC Service Provider pertaining in any way to the performance of this Agreement.

11.02 Time of the Essence

Time is of the essence of this Agreement.

11.03 Expenses

Each of the Parties hereto will pay their respective legal and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant hereto and any other costs and expenses whatsoever and howsoever incurred.

11.04 Public Announcements

No public announcement or press release concerning this Agreement will be made by the USF UTC Service Provider without the prior consent and approval of USFCo. However, the Service

Provider shall ensure to do adequate promotional activities to highlight the achievements, in the USF area.

11.05 Benefit of the Agreement

This Agreement will inure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and permitted assigns of the Parties hereto.

11.06 Entire Agreement

This Agreement constitutes the entire agreement between the Parties hereto with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the Parties hereto with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Parties other than as expressly set forth in this Agreement.

11.07 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect. In the event of any such invalidity or unenforceability, the Parties agree to engage in good faith efforts to determine any amendments to the Agreement required to preserve its intended purpose and effect.

11.08 Amendments and Waiver

No modification of or amendment to this Agreement is valid or binding unless set forth in writing and fully executed by both of the Parties hereto and no waiver of any breach of any term or provision of this Agreement is effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, is limited to the specific breach waived.

11.09 Assignment

This Agreement may not be assigned by the USF UTC Service Provider without the prior written consent of USFCo.

11.10 Subcontractors and Other Suppliers

Subject to Schedule K (Section 1), the USF UTC Service Provider shall remain responsible for the due performance of this Agreement regardless of its engagement of subcontractors or other suppliers.

11.11 Notices

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and must be given by personal delivery or such other method as agreed to by the Relationship Liaison Committee, addressed to the recipient as follows: To USFCo:

USFCo
Fifth Floor, HBL Tower, Jinnah Avenue, Islamabad
Pakistan

Attention: GM (Projects)

To USF UTC Service Provider:

[insert corporate name and address]

Attention: *[insert title]*

or to such other address or individual as may be designated by notice given by either Party to the other. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof.

11.12 Governing Law

(a) This Agreement is governed by and construed in accordance with the laws of Pakistan.

(b) Notwithstanding anything to the contrary in this Agreement:

(i) nothing in this Agreement derogates from USFCo's rights or powers under the Act or any rules or regulations made thereunder;

(ii) the provisions of this Agreement are subject to the Act, any rules or regulations made thereunder, and any License; and

(iii) for greater clarity, if and to the extent there are conflicts in the interpretation or application of any of the provisions of this Agreement with the provisions of the Act, or any rules or regulations made thereunder, the provisions of the Act shall prevail.

ARTICLE TWELVE - COMPLIANCE WITH ENVIRONMENTAL LAWS

It shall be the responsibility of the USF UTC Service Provider to comply with all Federal, provincial or local environmental laws, rules and regulations applicable in Pakistan.

[end of Agreement]

IN WITNESS WHEREOF the Parties have executed this Agreement.

USFCo

Per:

[Name & Signature], Chief Executive Officer

USF UTC SERVICE PROVIDER

Per:

[Name, Title & Signature]

SIGNED, SEALED AND DELIVERED
(in the presence of:)

Witness (1):

[Full name, NIC & Signature]

Witness (2):

[Full name, NIC & Signature]

SCHEDULE A

Broadband Services: Availability and Quality Specifications

1. Broadband Services

(a) The USF Service Provider shall provide Broadband Service in all of the UTC(s) as identified in Schedule C and its Adjacent Area for USF Network and USF Broadband Service penetration. For the purposes of this Schedule A:

“Broadband Service” means an always-on service for the provision and delivery of Internet Services, conforming to Internet Protocols, between customer equipment at an end user’s premises in the UTC(s) and USF Adjacent Area and the Internet at Broadband Data-Rates and in accordance with the USF Broadband Quality of Service requirement.

(b) For the purposes of this Schedule A, there is no restriction on the technology which may be used to provide the Broadband Service, however the financial implications of using the technology beyond USF support should not compromise the sustainability of UTC(s). The following defined terms are applied in the service description:

“Broadband Data-Rate” means

- (a) For UTC, a minimum data transfer rates of 2 Mbps in the downstream (towards the end user) direction with a concurrent minimum delivery rate of 1 Mbps in the upstream (away from the end user) direction; and
- (b) For consumers in the USF Adjacent Area, a minimum data transfer rate of 512 Kbps in the downstream (towards the end user) direction with a concurrent minimum delivery rate of 256 Kbps in the upstream (away from the end user) direction

“Internet Protocol” means any set of communication standards defined by the international body presently known as the Internet Engineering Task Force or its successors from time to time or which are in common usage from time to time for the Internet; and

“USF Broadband Quality of Service” has the meaning set out in this Schedule A to the SSA;

(c) **Internet Service** –The USF Service Provider must offer Internet Service. Each subscriber or user of this service shall be provided with access to the Internet:

- i) for both incoming and outgoing Internet traffic;
- ii) available from one or more computers at the subscriber's or UTC premises;
- iii) at the Broadband Data-Rates; and
- iv) based on appropriate ITU/IETF standards.

(d) Internet Applications Service –

Each subscriber of Broadband Service including UTC, shall be provided with access to common Internet applications, including:

- a) “**email service**”, meaning a service that provides subscribers with an e-mail address from which they can receive and transmit e-mails worldwide. The service may be provided either through email servers at the USF service provider's premises or through email servers of third parties on the global Internet.
- b) “**web browsing service**”, meaning a service that allows subscribers to access information on the World Wide Web;
- c) “**file transfer service**”, meaning a service that provides subscribers with the ability to download files from Internet sites;
- d) “**Domain Name System (DNS) service**”, meaning a service that allows subscribers terminals to translate domain names to Internet Protocol addresses;
- e) Virtual Private Network, Intranet and other relevant services that enable ecommerce and on-line banking applications; and
- f) real-time video streaming, chat and other similar services supporting on-line education.

(e) Subscriber Technical Support – Each subscriber to Broadband Service, and each UTC Operator, shall be provided with technical support in accordance with the following:

- i) initial and ongoing technical support, which will assist users:
 - a) in configuring computer hardware and software settings as necessary in order to use the Internet Services; and
 - b) in resolving technical problems that they experience when using the Internet Services.

ii) Subscribers to Broadband Services shall also be provided with a toll-free telephone number (the “Subscriber Technical Support Hotline”) that subscribers can call to report any trouble they are experiencing with the service and obtain real-time technical assistance to resolve the problem they are experiencing.

2. Service Availability

(a) The Service Provider shall ensure that the Broadband Services are maintained and continued, and meet applicable service standards and quality of service requirements, throughout the term of the Agreement.

(b) The availability of the UTC and Broadband Services shall be effectively advertised to the public in the local area(s). USF UTC Service Provider shall also install an illuminated sign outside the UTC with name of the UTC Operator, USF UTC Service Provider and USFCo.

(c) Subscriber contracts for the Broadband Services shall be of a standard form approved in advance, if required, by PTA.

3. Quality of Service

In addition to the service requirements identified in this Schedule A, the USF Broadband Services shall be provided in accordance with all quality of service requirements specified in the USF UTC Service Provider’s Licenses, and any other quality of service requirements established by the PTA.

4. Rollout and Maintenance Obligations

(a) The Broadband Service will be available in accordance with the USF Broadband Project Implementation Milestones set out in Schedule D.

(b) The USF Broadband Service Provider must ensure that the Broadband Services are maintained and continue to meet the USF Broadband Quality of Service, throughout the Term of the Agreement.

5. Quality of Service Standards

Parameters	General Threshold
Session Initiation Success Ratio (SISR)	0.98
Session Completion Success Ratio (SCSR)	0.97
Maximum packet loss at customer premises with packet size of 1000 Bytes	< 3%
Reconnection Time (hours) After Clearing Arrears (RTACA)	½
Round Trip (RT) End-to-End latency (ms) [worst case around the world, e.g. Karachi to New York to Karachi]	350
Round Trip (RT) End-to-End latency (ms) [worst case between any two points within Pakistan]	90
Maximum cumulative down time in any calendar month on (IPLC or DPLC) traffic	< 5 hours

SCHEDULE B

Universal Tele-centre Equipment

The USFCo has selected an UTC Operator for running and managing UTC mentioned in Schedule C and the UTC Service Provider shall provide UTC Equipment mentioned and USF Broadband Service as prescribed in Schedule A. Sustainability of UTCs beyond USFCO's support must be kept in mind while proposing equipments and Broadband Services.

1. Universal Tele-centre

(a) The USF Service Provider shall assist the UTC Operator in establishing and maintaining UTC(s), by supplying and installing/commissioning UTC Equipment, providing basic usage training, providing the USF Broadband Services and renovating the UTC, at the designated location mentioned in Schedule C.

(b) The UTC shall be:

(i) equipped with at least ten laptop computers connected to each other in a LAN, all connected to at least one 3-in-1 multifunction printer, available for public access to the Broadband Services and Broadband Applications;

(ii) connected through the LAN to the USF Service Provider's Broadband Service in the UTC with at least one Customer Premises Equipment for access to Broadband Services;

(iii) supplied with Alternate Energy solution (including UPS capability) with enough capacity to provide backup time to Computers/Laptops, LAN, printer energy saving lights, fans and CPE;

(c) USF Service Provider shall conduct basic usage training of at least two trainers for each UTC as part of delivery of the UTC. The training program shall consist of at least:

(i) Basic usage of computer and installed applications;

(ii) Basic usage of Internet, such as, web browsing and email access; and

(iii) Basic configuration and maintenance.

2. Specification of Computers, printer etc:

(a) All computers for UTC shall be Laptops with processor equivalent to or above Core i5. Each Laptop shall be provided with spare keyboard, mouse and mouse pad.

All laptops shall have an operating system, office suite, internet browser (IE 7.0 or equivalent and above) and latest antivirus program with perpetual license. All Laptops shall have multi drives (CD/DVD RW), headphones/microphones and webcams (fitted in Laptop display)

(b) All laptops for UTC must be equipped with an Internet filtering system to be controlled at both USF Service Provider and user end, capable of effective operation in accordance with relevant USFCo and government policies.

(c) All software in the laptops shall be licensed or open source. USF Service Provider shall be responsible for acquiring licenses of all licensed software in the name of UTC.

(d) The Printer, Scanner and Photocopier shall be 3-in1. The printer shall be laser, black & white and have minimum speed of 10 ppm.

(e), All Laptops, printer, scanner and photocopies must be of renowned and verifiable brands with local presence in Pakistan having Tier 1 relationship with manufacturers.

3. Specification of Furniture:

- a) The furniture shall be robust and rugged.
- b) The computer table shall be a minimum of 3' x 2' (Width x Depth) with solid wood top.
- c) In the table the channels for Drawers and Keyboard/Mouse Trays must be with ball bearings for easy gliding.
- d) The chairs shall be of adult standard size with wooden/steel frame and arm-rests, seat covered with cushion.
- e) In each UTC, there shall be at least ten (10) tables and twenty one (21) chairs.

4. Specification of Hotspot:

- a) The USF UTC Service Provider shall provide one or more Point-to-Multipoint Radio/Wireless Systems to form a single Hotspot.
- b) The Hotspot shall provide Line of Sight/Near Line of Sight/Non Line of Sight Last mile Wireless Broadband Connectivity using Licensed/De-Regulation Band with options for indoor/outdoor CPEs.
- c) The Hotspot shall provide AAA Mechanism to authorize internet access and account/charge users as per tariff plan offered.
- d) The Hotspot shall provide Bandwidth Control/Management to ensure provision of Broadband Data-Rate and QoS to end users.
- e) The Hotspot shall provide a minimum of 100 meters of outdoor coverage or as permitted by PTA.

5. Specification of Solar Equipment

a) Necessary Inputs/Pre-Requisites for designing of alternate energy solution:

S/No	Parameters	Details
1	Total Load (Watts)	Maximum load per site
2	Usage Per Day (hours)	12
3	Autonomy (day)	1(12 hours)
4	Depth Of Discharge (%)	60
5	Total Losses (%)	30
6	Voltage Requirement (v)	48
7	Operating Environment	Temp: -20 °C ~ 70 °C Humidity: 100 %
8	ATS panel required	Yes

b) Specifications for Solar Panels

Required Features		
Parameters	Requirements	Remarks
Solar Type	Mono or Poly crystalline	
Coating	Anti-reflective	
Glass Type	High Strength Tempered	
Weather Proof	Yes	
Panel Life	> 20 years	
Impact Resistance	>5 kg	
Anti Theft Design	Yes	
Self Cleaning	Yes	
Space Utilization	Optimum	

The efficient operating life of module shall be above 20 years. The drop in output power of the module shall not be more than 1% per year excluding initial 2-3% drop in the first year, and the drop in output not more than 20% at the end of efficient operating life of the panels. The module shall be replaced by the vendor without additional cost, if variation in any of the afore-mentioned conditions is observed.

c) Solar Panel Structure

S/No	Parameters	Requirements	Remarks
1	Wind Speed (Load)	200 km/h	
2	Steel	Hot Dip Galvanized	
3	Aluminum	Anodized	
4	Resistance	Wind, Snow, Ice, Sand	
5	Anti Theft Design	Yes	
6	Anti Corrosive	Yes	
7	Fire Protection	Yes	
8	Certifications	TUV, CE and IEC etc	Compliance to Industry Standards

Certifications required

d) Charge Controller Unit/Inverter

S/No	Parameters	Requirements	Remarks
1	Controller Type	Solid state, programmable Industrial Class PWM or MPPT type	
2	Design	Micro Processor based	
3	Input type	Solar, Grid, and Generator	
4	Output Ports	Minimum Two Ports	
3	Alarm Monitoring	Voltage, temp etc	
6	Working Environment	Temp -20 to 70 °C Humidity 100 %	
7	Anti Theft Design	Yes	
8	Protection	Over Temperature Protection Over/low charging Protection Over load/under load Discharge protection Back current Blocking to Solar Panels Low voltage disconnect	
9	Fire Protection	Yes	
10	Circuit breakers	Required at inputs and outputs	
11	Surge Protection	Yes	
12	Intrusion Protection	Secured in cabinet/rack	
13	Display	Alphanumeric LCD type	
14	Certifications	TUV, CE and IEC etc	Compliance to Industry Standards

e) Solar Batteries

S/No	Parameters	Requirements	Remarks
1	Battery Type	Valve Regulated Lead Acid battery (VRLA)	
2	Maintenance	Maintenance Free	
3	Min ensured Operational Life (years)	>5	
4	Deep Discharge cycle	Yes	
5	DD Cycles	> 600 cycles @ 60 % DOD (500 Ah Battery)	IEC896-2 compliant
6	External alarms	Yes	
7	Working Environment	Temp -20 to 70 °C Humidity 100 %	

f) Equipment Grounding

S/No	Parameters	Requirements	Remarks
1	Grounding	< 1 ohms	
2	Earth Pits	Min 2	
3	Grounding Requirements	Lightening Protection ground Surge Protection ground Separate equipment grounding Separate structure grounding	

g) General Instructions

- i. USF Service Provider shall provide field proven, state of the art technical solution which has already been used in other parts of the world.
- ii. The overall solution shall comply to all or any of the relevant international standards i.e. IEC, IEEE, NEMA, BS, DIN, ETSI, ANSI, EN. The USF Service Provider shall indicate the supported standards item wise with support of product brochures and certifications.
- iii. The overall system and solution shall be on-site warranted for an overall period of 3 years.
- iv. USF Service Provider shall be responsible for after sales support and provision of required necessary spares for the smooth operations and management of these sites.
- v. Bidder must ensure submission of detailed factory inspection tests of all equipment including solar panels, batteries etc. Detailed technical specification sheets of all equipment covering all possible scenarios must be covered in detail and submitted along with the bid. Upon requirement, bidder shall arrange these tests to be performed in presence of USF designated staff/s.

- vi. For the purpose of technical audit/ acceptance, bidder must list and arrange the tools required necessary for performance measurement and characteristic verification of the equipment/solution.
- vii. In case any modification or civil work is required on-site for the installation, erection and securing of the equipment including solar panels, batteries etc will be the responsibility of the bidder. In this regards, surveys to the UTC locations may be conducted before finalizing the BOQs and the scope of work.
- viii. Power ratings, technical specifications, fabrication details, country of origin, serial number and other key technical parameters shall be permanently and legibly marked on each module.
- ix. Bidder shall also arrange detailed engineering drawings including civil works, layouts, as-build drawings etc.

6. List of minor items

The USF UTC Service Provider shall provide:

- a) at least two extra keyboards and mouse per ten seats UTC in addition to above;
- b) at least two Toners and two Paper Rims of 500 pages for Photocopier, Fax and Printer (size A4, weight 80 grams);
- c) minor stationary item such as:
 - a. a log book for the purpose of recording visits of USFCo, USF Service Provider or its sub-contractors and other dignitaries and maintenance schedule.
 - b. two paper stapler with 10 boxes of staples (size 24/6);
 - c. two paper punch (with two holes);
 - d. two staple remover;
 - e. one paper cutter knife;
 - f. 12-inch metal scale;
 - g. one box of ball pen (minimum 12 ball pen in the box);
 - h. 01 pin board (4'X6' size)

7. Renovation of UTC

The USF UTC Service Provider, at its cost, shall renovate the UTC to provide conducive environment for UTC Equipment and users of UTC with a look and feel of a modern ICT facility.

8. Maintenance

The USF UTC Service Provider shall be responsible for providing preventive maintenance and trouble-shooting of all UTC Equipment mentioned above on need-basis for the term of the contract.

9. Code of Conduct

The USF UTC Service Provider is required to display “Code of Conduct” at a conspicuous place inside and outside walls of UTC on a written in black paint on a white metallic sheet on a minimum Font size 24. The code of conduct shall be in Urdu and at least one local language. Content of “Code of Conduct” shall be provided by USFCo and may update it from time to time or location to location.

Schedule C

Locations of UTCs

To be provided to Registered Bidders Only.

SCHEDULE D

USF Project Implementation and Subsidy Payment Schedule

1. The USF Subsidy shall consist of a total subsidy payment of Pakistan rupees [*insert total amount of USF Subsidy*] calculated on the basis of USF UTC Equipment per UTC as per details mentioned in Schedule B (Table 1 below) and monthly USF Broadband usage fee for 36 months (Table 2 below), payable by USFCo to the USF Service Provider in specific installments in accordance with this Schedule D. All USF Subsidy installment payments shall be payable in Pakistan Rupees (PKR).

2. Subject to the provisions of Schedule K of the Agreement and this Schedule D, the USF Subsidy shall be payable in accordance with following schedule of payments. The payments shall include an initial mobilization payment and the Project Implementation Milestones and amounts identified in the following tables:

Table 1

Project Mobilization Payment		Installment Payable (percentage of USF Subsidy)	Total Amount to be Paid
Payable within fifteen (15) Business Days of Effective Date.		30% <i>(of each UTC amount except monthly usage fee)</i>	PKR [xxx]
Milestone Number	Project Implementation Milestone	Installment Payable (percentage of USF Subsidy)	Total Amount to be Paid
1.	Demonstration that all USF UTC Equipment has been supplied and installed, UTC is up and running and Hotspot is established ¹	65% <i>(of each UTC amount except monthly usage fee)</i>	PKR [xxx]
2.	Completion of training	5% <i>(of each UTC amount except monthly usage fee)</i>	PKR [xxx]

¹ This will be for each and every individual UTC separately.

Table 2

Installment #	Description	Due date	Amount
1.	Advance quarterly payment of monthly usage fee	Q1 after implementation of Milestone 1	PKR [xxx]
2.	Advance quarterly payment of monthly usage fee	Q2 after implementation of Milestone 1	PKR [xxx]
3.	Advance quarterly payment of monthly usage fee	Q3 after implementation of Milestone 1	PKR [xxx]
4.	Advance quarterly payment of monthly usage fee	Q4 after implementation of Milestone 1	PKR [xxx]
5.	Advance quarterly payment of monthly usage fee	Q5 after implementation of Milestone 1	PKR [xxx]
6.	Advance quarterly payment of monthly usage fee	Q6 after implementation of Milestone 1	PKR [xxx]
7.	Advance quarterly payment of monthly usage fee	Q7 after implementation of Milestone 1	PKR [xxx]
8.	Advance quarterly payment of monthly usage fee	Q8 after implementation of Milestone 1	PKR [xxx]
9.	Advance quarterly payment of monthly usage fee	Q9 after implementation of Milestone 1	PKR [xxx]
10.	Advance quarterly payment of monthly usage fee	Q10 after implementation of Milestone 1	PKR [xxx]
11.	Advance quarterly payment of monthly usage fee	Q11 after implementation of Milestone 1	PKR [xxx]
12.	Advance quarterly payment of monthly usage fee	Q12 after implementation of Milestone 1	PKR [xxx]

3. Timing of completion of each of the Project Implementation Milestones set out in the table above shall be at the discretion of the USF Service Provider. However, the USF Service Provider must achieve first two (02) Project Implementation Milestones within Six (06) months of the Effective Date (the “Final Implementation Date”).

4. The USF Service Provider shall provide each of USFCo and the Technical Auditor with a notice in writing (a “Project Implementation Milestone Notice”) upon completion of each Project Implementation Milestone.

5. Within 30 Business Days of receipt of a Project Implementation Milestone Notice, the Technical Auditor shall either:

(a) certify in writing (a "Project Implementation Milestone Certification") to the Parties that the Project Implementation Milestone has been completed; or

(b) indicate in writing to the Parties that the Project Implementation Milestone has not been completed, providing reasons for this conclusion.

6. Where the USF Service Provider disputes any notice from the Technical Auditor that a Project Implementation Milestone has not been completed, the dispute will be resolved in accordance with Article 10 of the Agreement.

7. Each installment of the USF Subsidy will be paid to the USF Service Provider within 30 Business Days of USFCo receiving a written Project Implementation Milestone Certification from the Technical Auditor certifying that the USF Service Provider has completed the relevant Project Implementation Milestone.

8. The USF Subsidy installments shall be paid by a form of bank instrument selected by USFCo in its sole discretion, but all payments by USFCo to the USF Service Provider shall comply with all applicable laws, rules and regulations.

9. The USF Service Provider shall send USFCo a written confirmation of receipt of all USF Subsidy installments.

SCHEDULE E

Material Events of Default

1. Breach by USF Service Provider

Each of the following shall be deemed to be a material breach by the USF Service Provider for which USFCo will be entitled to terminate this Agreement in accordance with Article Ten:

- (i) Failure by USF Service Provider to meet the Final Implementation Date(s) identified in paragraph 3 of Schedule D.
- (ii) The accumulation of liquidated damages under clause 4.01 (a) (iii) equal to ten percent (10%) of the USF Subsidy amount payable for the affected Project Implementation Milestone(s);
- (iii) Repeated failure to meet the USF Broadband Service Availability and Quality Specifications set out in Schedules A, the cumulative effect of which significantly affects public use or enjoyment of the USF UTC Services.
- (iv) The occurrence of a change in ownership or Control of the USF Network that is contrary to Article Three.
- (v) Failure by the USF Service Provider to maintain its incorporation in and under the Companies Ordinance or to comply with eligibility requirements for Pakistani companies that are established under applicable Pakistani laws.
- (vi) Any misconduct of the USF Service Provider, or any other Person on the USF Service Provider's behalf, described in section 45.3 of the RFA.
- (vii) Failure of the USF Service Provider to adequately address any matters identified by an applicable regulatory authority falling within the scope of the USF UTC Services, to such regulatory authority's reasonable satisfaction.
- (viii) Use of pirated software by the USF Service Provider in UTC.
- (ix) The USF Service Provider commits any other material breach of this Agreement which breach is not capable of being cured.

2. Breach by USFCo

It shall be deemed to be a material breach by USFCo for which the USF Service Provider will be entitled to terminate this Agreement in accordance with Article Ten, where:

(i) The Technical Auditor fails to take any action in response to a Project Implementation Milestone Notice (reference: paragraphs 5 and 6 of Schedule D); or

(ii) USFCo fails to pay undisputed payments of the USF Subsidy due to the USF Service Provider exceeding PKR 1,000,000.

SCHEDULE F

Irrevocable Bank Guarantee

Issuing Bank: _____
(insert name and address of issuing bank)

Date of Issue: _____

Bank Guarantee No: _____

Maximum Amount of Bank Guarantee _____ (40% of subsidy amount)
(insert amount, in PKR, in numbers and words)

Applicant: _____
(insert full legal name and address of the USF Service Provider)

Beneficiary:
Universal Service Fund
5th Floor, Habib Bank Tower
Jinnah Avenue
Islamabad

On behalf of our client (the "Applicant") we hereby issue in your favour this Irrevocable Bank Guarantee (the "IBG") for the maximum amount identified above.

The IBG is available with the Bank, and will be paid, against presentation of the following documents:

- 1) The Beneficiary's demand on the Bank in the form attached hereto as Appendix "A", signed by the CEO of the Beneficiary, indicating the amount to be drawn under this IBG, the number of this IBG, the date of issue of this IBG, and the name of our Bank.
- 2) This IBG for endorsement by us of the amount drawn and, on final drawing, for cancellation.

This IBG is irrevocable and shall remain valid for four (4) years up to and including the [date] day of [month], [year]

Partial drawings are permitted.

We will honour each drawing made in conformity with the terms of this IBG without enquiring whether you have, as between you and the Applicant, the right to make such drawing and without recognizing any claim of the Applicant.

This IBG shall be governed by and construed in accordance with the laws of Pakistan. We hereby irrevocably and unconditionally accept exclusive jurisdiction of the Courts at Islamabad.

Issuing Bank

Authorized Signing Officer

SCHEDULE F/1

Irrevocable Bank Guarantee

Issuing Bank: _____
(insert name and address of issuing bank)

Date of Issue: _____
Bank Guarantee No: _____

Maximum Amount of Bank Guarantee _____ (40% of subsidy amount)
(insert amount, in PKR, in numbers and words)

Applicant: _____
(insert full legal name and address of the USF Service Provider)

Beneficiary:
Universal Service Fund
5th Floor, Habib Bank Tower
Jinnah Avenue
Islamabad

On behalf of our client (the "Applicant") we hereby issue in your favor this Irrevocable Bank Guarantee (the "IBG") for the maximum amount identified above.

The IBG is available with the Bank, and will be paid, against presentation of the following documents:

- 1) The Beneficiary's demand on the Bank in the form attached hereto as Appendix "A", signed by the CEO of the Beneficiary, indicating the amount to be drawn under this IBG, the number of this IBG, the date of issue of this IBG, and the name of our Bank.
- 2) This IBG for endorsement by us of the amount drawn and, on final drawing, for cancellation.

This IBG is irrevocable and shall remain valid for four (4) year up to and including the [date] day of [month], [year]

Partial drawings are permitted.

We will honour each drawing made in conformity with the terms of this IBG without enquiring whether you have, as between you and the Applicant, the right to make such drawing and without recognizing any claim of the Applicant.

This IBG shall be governed by and construed in accordance with the laws of Pakistan. We hereby irrevocably and unconditionally accept exclusive jurisdiction of the Courts at Islamabad.

Issuing Bank

Authorized Signing Officer

Appendix "A"

To Irrevocable Bank Guarantee No. _____

Issued by _____ Bank

Drawn Under IBG No.: *(insert IBG number and date)*

To: *(insert name and address of Issuing Bank)*

The undersigned hereby demands that (Name of Issuing Bank) pay to the order of the undersigned the sum of Pakistan rupees _____ under the IBG described above.

Dated: *(insert date)*

Universal Service Fund

CEO

SCHEDULE G

Letter of Lien

[dd/mm/20[yy]

Universal Service Fund
Fifth Floor, HBL Tower,
Jinnah Avenue, Islamabad

Sub:

LETTER OF LIEN TO THE EXTENT OF [¹]

Dear Sirs,

In consideration of you, Universal Service Fund, a company set up under the Companies Ordinance 1984 having its principal office at Fifth Floor, HBL Tower, Jinnah Avenue, Islamabad through its Chief Executive Officer, (hereinafter referred to as "USFCo"), providing/agreeing to provide subsidy to the tune of Rs. _____ to us under USF Services and Subsidy Agreement (SSA) dated _____, and as per Clause 6.02 of the SSA and Rule 26(6) of USF Rules 2006, we, Limited, a company incorporated under the Companies Ordinance 1984 and having its registered office at _____ (hereinafter referred to as the "USF Service Provider"), do hereby create Lien on the assets specified in Annex-I hereto (the "Property under Lien") in your favour for the purpose of securing the provision of USF Broadband Services in the USF area for a period of five years from the Effective Date of SSA or repayment of the Subsidy Amount upto an amount of Rs. [²] (Rupees _____ Only) and other moneys payable under the SSA.

We further, irrevocably and unconditionally, undertake, agree, covenant and confirm as follows:

ARTICLE ONE - LIEN

1.01 Property under Lien

We hereby create lien in favour of USFCo all our moveable and immovable properties mentioned in Annex I to this Letter and our assets as may hereafter be acquired by us for deployment of the USF Network under the SSA, together with the benefits of all rights relating thereto (all such properties and assets herein to be collectively called the "Property under Lien") as security for provision of the USF Broadband Services in the USF Areas in

¹ Insert value of USF Network

² Insert value of USF Network

accordance with the SSA, or repayment by us of the USF Subsidy and other moneys payable under the SSA.

1.02 No further lien

The Property under Lien shall be kept and held always distinguishable and as USFCo's exclusive property specially appropriated to the security and we shall not create any mortgage, charges, lien or encumbrance affecting the same or part with the Property under Lien except with the prior permission in writing of USFCo.

1.03 Right to inspect

We hereby permit USFCo, its agents, nominees and employees from time to time after giving reasonable notice to enter upon, during normal working hours, any premises wherein the Property under Lien or any part thereof may for the time being be and to view/inspect and value the same and take inventories thereof and shall render to USFCo, its agents, nominees and employees all facilities and reasonable assistance as may be required for any of the purposes aforesaid.

1.04 Free from distress

We shall punctually pay all rents, rates, taxes and other outgoing expenditures for the premises wherein the Property under Lien shall be stored and keep the same free from distress.

1.05 Insurance

During the validity of the SSA, we shall keep the Property under Lien insured in accordance with Schedule I of the SSA.

1.06 No charge

(a) We undertake that during the term of the SSA the listed machinery and equipment (as further defined in the USF Services and Subsidy Agreement) shall not be removed, disposed of or impaired in any manner whatsoever, except for repair, maintenance or replacement in the ordinary course of business.

(b) We also undertake that this Lien also extend to the customer premises equipment, computers and other equipments for UTC till these remain in our possession and have not been handed over or transferred to the UTC Operator.

1.07 Information

The USF Service Provider shall make and furnish to USFCo all statements and reports of the cost and market value of the Property under Lien and a full description thereof and produce such evidence in support thereof as USFCo may from time to time reasonably require.

ARTICLE TWO - REPRESENTATION AND INDEMNIFICATION

2.01 Right to enter

In the event of, we committing a breach of any of the terms and conditions of this letter or of the SSA, USFCo and its officers and agents shall be entitled without notice to us and at our risk and expense and if so required as attorneys for and in our name to enter and remain at any place where the Property under Lien shall be and to take possession or recover and receive the same and/or appoint any officer or officers of USFCo as receiver or receivers of the Property under Lien, confiscate the same, and/or sell by public auction or private contract or otherwise dispose off or deal with all or any part of the Property under Lien and to enforce, release, settle, compromise and deal with any of aforesaid without being bound to exercise any of these powers or being liable for any loss in the exercise thereof, except where such loss is caused by the negligence or misconduct of USFCo or its officers, agents or receivers and without prejudice of USFCo's other rights and remedies including the right of legal action against us and to apply the net proceeds of such sale in or towards the repayment of the USF Subsidy and any other moneys that have become due under the SSA and have not been paid by us and we hereby agree to accept USFCo's account of sales and realization, except in case of any error or omission, and to pay any shortfall or deficiency therein shown. Provided, however, that the powers hereunder shall always be exercised to the extent of the Property under Lien.

2.02 Clear Title

We hereby declares that all the Property under Lien is our absolute property, at our sole disposal and free from any prior charges or encumbrance and that we have not done or knowingly suffered or been party or privy to anything whereby we are in any way prevented from creating lien over Property under Lien in the manner aforesaid. We shall do and execute at our cost all such acts and things for further and more particularly ensuring that the rights and remedies regarding the Property under Lien or any part thereof, under this letter, remain fully enforceable for the benefit of USFCo, as may be required by USFCo, and for giving better effect to this letter, we authorize and irrevocably appoint USFCo and/or its officers as attorney or attorneys for and in our name to act on our behalf and to execute or do any acts or things which we ought to execute or do under this letter and generally to use our name in the exercise of the powers hereby conferred.

2.03 Indemnification

- a) We hereby agree and undertake to comply with all provisions of the various laws, orders, regulations, rules and notifications, already promulgated or that may be promulgated hereafter by the Government or any other authority.
- b) Nothing herein contained shall prejudice any of USFCo's rights or remedies in respect of any present or future security, guarantee, obligation or decree for our any indebtedness or liability.

c) We shall indemnify and keep USFCo safe, harmless and indemnified against all losses, damages, detriments, harms, claims, liabilities, demands, actions, proceedings, costs, charges and expenses that may reasonably be sustained by or be made against or incurred by USFCo or to which USFCo may become a party hereunder, provided the same have arisen solely and directly from and default or breach of our obligations under the SSA and this Letter.

2.04 Continued security

The security hereunder shall operate as continuing security for all our liabilities notwithstanding any partial performance that may be made from time to time and continue till we shall discharge our obligations under this letter and the SSA in accordance with their respective terms, whereupon this security shall stand discharged.

ARTICLE THREE - GENERAL

3.01 Remedies

Nothing herein contained shall extinguish, derogate from, curtail, prejudice, impair or otherwise affect all or any of USFCo's rights and remedies under the said SSA or that may otherwise be available to USFCo under any law in respect of the USF Subsidy or the SSA.

3.02 No Waiver

If USFCo does not enforce any of its rights hereunder in the event of breach or noncompliance by us with the terms and conditions herein contained, the inaction or omission of USFCo to take action shall not be treated as waiver or abandonment of any such rights.

3.03 Applicable Law and Territorial Jurisdiction

This Letter shall be governed by and construed in accordance with the laws of Pakistan and the Courts at Islamabad shall have exclusive jurisdiction in all matters under this letter.

USF SERVICE PROVIDER

Per:

[insert name and title]

SIGNED, SEALED AND DELIVERED

(in the presence of:)

Witness (1):

[Full name, NIC & Signature]

Witness (2):

[Full name, NIC & Signature]

SCHEDULE G to SSA

ANNEX "I" of Schedule G

(As per list attached and updated from time to time)

USF SERVICE PROVIDER

Per:

[insert name and title]

SIGNED, SEALED AND DELIVERED

(in the presence of:)

Witness (1):

[Full name, NIC & Signature]

Witness (2):

[Full name, NIC & Signature]

Schedule H

Definitions

1. Definitions

In the SSA, unless something in the subject matter or context is inconsistent therewith:

“Act” means the Pakistan Telecommunication Act (Re-Organization) Act, 1996 (XVII of 1996) as may be amended, and any successor legislation;

“Business Day” means a day other than a Saturday, Sunday or statutory holiday in Pakistan;

“Companies Ordinance” means the Companies Ordinance, 1984 as may be amended, or any successor legislation;

“Constating Instruments” includes any certificate of incorporation, certificate of continuance, memorandum and articles of association, by-laws, regulations or other instrument by which a body corporate is incorporated or continued under the Companies Ordinance or that governs or regulates the affairs of a body corporate;

“Control” of a Person that is not an individual means the ownership of at least 51% (fifty-one percent) of the voting interests in the subject Person; or the possession, directly or indirectly, of the power to direct or cause the direction of the management of that Person, whether through the ownership of shares, voting, securities, partnership or other ownership interests, agreement or otherwise;

“CPE” means customer premises equipment including modem or router;

“Customer Service Agreement” has the meaning ascribed thereto in Section 2.03(d);

“Effective Date” means the effective date of the SSA, as recorded on the first page hereof;

“Final Implementation Date” means the date identified in paragraph 3 of Schedule D;

“Force Majeure Certification” has the meaning ascribed thereto in Schedule K Section 1(c)(i);

“Force Majeure Event” has the meaning ascribed thereto in Schedule K Section 1(h);

“Force Majeure Notice” has the meaning ascribed thereto in Schedule K Section 1(a);

“GoP” means the Government of Pakistan;

“Hotspot” means a site or an access point that offers Broadband Internet access over a wireless local area network and typically uses Wi-Fi technology (USF UTC Service Provider is free to use

any technology) and through the use of a wireless router connected to USF UTC Broadband Service Provider Equipment.

“Indemnification Notice” has the meaning ascribed thereto in Section 08.01(b);

“Internet Services” means the services that the USF UTC Service Provider is obliged to provide under Section 2.03(a) and Schedule A;

“Internet Applications Service” has the meaning ascribed thereto in Schedule A;

“LAN” means local area network;

“Licence” means any telecommunications license granted by the PTA to the USF UTC Service Provider, prior to the Effective Date, which authorizes it to provide the USF Broadband Services;

“Optional Services” means services that the USF UTC Service Provider is authorized but not required to provide pursuant to this Agreement and any License;

“Parties” means USFCo and the USF UTC Service Provider, and **“Party”** means any one of them;

“Performance Bond” has the meaning ascribed thereto in Section 6.01 of SSA;

“Person” means any individual, firm, company, corporation, partnership, joint venture or other consortium, government or governmental entity;

“Project Implementation Milestones” means the milestones for the roll-out of the USF Network and provision of the USF Broadband Services, and related schedule for payment of the USF Subsidy, set out in Schedule D;

“Project Implementation Milestone Certification” has the meaning ascribed thereto in Schedule D;

“Project Implementation Milestone Notice” has the meaning ascribed thereto in Schedule D;

“Proposal” means the proposal submitted by the USF UTC Service Provider, in response to the RFA;

“PTA” means the Pakistan Telecommunication Authority, a statutory body corporate established under section 3 of the Act, and its predecessors and successors;

“Relationship Executive Committee” has the meaning ascribed thereto in Schedule M Section 1(d)(i);

“Relationship Liaison Committee” has the meaning ascribed thereto in Schedule M Section 1(c)(i);

“Relationship Manager” has the meaning ascribed thereto in Schedule M Section 1(b)(i);

“RFA” means the Request for Applications document issued by USFCo on [dd] [mm], 20[yy], including all annexes thereto, as amended or modified by USFCo;

“Report” means a Report required in accordance with Section 7.01 of SSA;

“Subscriber” means the person who has entered into an agreement with USF UTC Service Provider for obtaining USF Broadband Services;

“Technical Amendment” has the meaning ascribed thereto in Schedule K Section 2(a);

“Technical Auditor” means the person appointed in accordance with Schedule J Section 1(a);

“Term” means the term of the Agreement identified in Section 10.01 of SSA;

“Universal Tele-Centre” or **“UTC”** means USF Broadband Service facilities to be established and supported by the USF UTC Service Provider and by the UTC Operator for use of general public in accordance with Schedule B;

“USF Adjacent Area” means the area close to the location of the UTC(s) identified in Schedule C and is covered by the USF UTC Service Provider through Hotspot, with a maximum radius permitted by PTA or Frequency Allocation Board;

“USF Broadband Services” has the meaning ascribed thereto in Schedule A;

“USFCo” means the Universal Service Fund, a company setup under Section 42 of the Companies Ordinance 1984, established by the Government of Pakistan, and its successors;

“USF Contributor” means any Person, whose Licence includes identified USF Contribution requirements and is compliant with those requirements;

“USF Network” means the licensed telecommunication system consisting of the telecommunications network facilities to be deployed by the USF UTC Service Provider to provide USF Broadband Services pursuant to the SSA;

“UTC Operator” or **“UTCO”** means the person who runs and manages Universal Tele-Centre.

“USF Rules” means the Universal Service Fund Rules, 2006 (as amended);

“USF Services and Subsidy Agreement” or **“Agreement”** or **“SSA”** means the main agreement, all its Schedules and all amendments made hereto by written agreement between the parties;

“USF Subsidy” means the subsidy to be paid by USFCo to the USF UTC Service Provider on the USF UTC Service Provider achieving the Project Implementation Milestones;

“USF UTC Equipment” means the equipment to be provided by USF UTC Service Provider to the UTC Operator in accordance with SSA and mentioned in Schedule B; and

“USF UTC Service Provider” or **“USF Service Provider”** means the Party, other than USFCo, identified on the first page of this Agreement (referred to as the “Contractor” in the USF Rules).

Schedule I

Insurance

1. Insurance

The USF UTC Service Provider shall maintain or cause to be maintained on behalf of itself and all subcontractors to whom the USF UTC Service Provider has subcontracted (in relation to the implementation or operation of the USF Network or provision of the USF Broadband Services) at all times during the Term of this SSA, in a form and with insurers acceptable to USFCo, the following types of insurance:

(a) **Commercial General Liability Insurance** – Commercial general liability insurance covering liability imposed by law or assumed under contract arising from bodily injury, death or property damage including loss of use, with minimum combined limits of not less than PKR 2,500,000/- [Rupees Two Million Five Hundred Thousands only] per occurrence. Such policy or policies shall be on an occurrence basis and shall provide coverage for full legal defence costs, premises and operational liability, and blanket broad form contractual liability and property damage coverage (including malicious property damage). The policy or policies shall name USFCo as additional insured.

(b) **Property Insurance** – Property insurance covering property and assets used to operate the USF Network and provide the USF Broadband Services on a blanket form basis for all risks of physical loss or damage, with minimum limits equal to the full replacement cost value of the property. The basis of loss settlement shall be replacement cost with like kind and quality.

2. General

(a) All insurance provided for in Section 1 shall be effected with valid and enforceable policies issued by insurance companies that are licensed to do business in Pakistan.

(b) All policies shall be endorsed to contain an agreement by the insurer that the coverage will not be cancelled or materially changed to the detriment of USFCo, without at least 30 days' prior written notice to USFCo.

(c) Within 30 days of the Effective Date, the USF UTC Service Provider shall have the insurance specified herein in full force and effect and shall provide USFCo with certificates of insurance as evidence of such insurance in such form and scope acceptable to USFCo. Such proof of insurance shall be updated to maintain its accuracy, within 14 days of any change in coverage. The USF UTC Service Provider shall notify USFCo promptly and in writing in the event of any termination, expiry, lapse or change in insurance coverage.

(d) The insurance requirements herein do not limit or modify any liability that would otherwise exist or create any liability that would otherwise not exist under this Agreement in the absence of such insurance requirements.

3 Changes in the Insurance Industry

The Parties agree that should any change in the insurance industry materially impact the USF UTC Service Provider's ability to obtain the insurance and insurance coverage levels set forth in this Schedule I, the Parties will assess such impact and, if deemed necessary by the Parties, negotiate in good faith any amendments to this Schedule I to account for such insurance industry changes, provided however, that nothing herein shall require USFCo to approve of any such amendment.

Schedule J

Technical Auditor

1. Appointment of Technical Auditor

(a) Within 90 days following the Effective Date of SSA, USFCo shall appoint a person as the “Technical Auditor” under this Agreement.

(b) The Technical Auditor may be an external consultant who shall be a person of demonstrated telecommunications engineering expertise with special focus on Broadband technologies.

(c) Where the Technical Auditor is an external consultant, USFCo shall enter into an agreement (the “Technical Auditor Agreement”) with the Technical Auditor. The Technical Auditor Agreement shall:

(i) define the role of the Technical Auditor in accordance with this Agreement;

(ii) prescribe the methodology, tests and reporting structure to be used by the Technical Auditor in performing his or her role;

(iii) set out the fees to be payable, and expenses to be reimbursable, to the Technical Auditor; and

(iv) contain any other provisions that USFCo determines necessary to give effect to the appointment and for the performance of the functions of the Technical Auditor identified in this Agreement. Once executed, USFCo shall make a copy of the Technical Auditor Agreement available to the USF UTC Service Provider.

(d) USFCo shall be solely responsible for any fees to be payable, and expenses to be reimbursable, to the Technical Auditor.

(e) If the Technical Auditor resigns or otherwise ceases to perform the intended functions before the end of this Agreement, or if USFCo decides to replace the Technical Auditor at any time, USFCo shall appoint a replacement Technical Auditor who, for all purposes of this Agreement, shall from and after such appointment perform the functions of the Technical Auditor.

2. Role of Technical Auditor

The Technical Auditor shall perform the following functions, in accordance with this Agreement and the Technical Auditor Agreement:

(a) making a determination as to whether or not any of the USF Network Project Implementation Milestones identified in Schedule D have been met, which may include, but is not limited to, one or more of the following:

(i) making a determination as to whether or not the USF Broadband Services meet the service specifications and requirements identified in Schedules A and B;

(ii) issuing a Project Implementation Milestone Certification to the Parties to indicate that a Project Implementation Milestone has been completed in accordance with Schedule D; and

(iii) issuing an indication in writing to the Parties that a Project Implementation Milestone has not been completed in accordance with Schedule D; and

(b) making a determination as to whether or not a Force Majeure Event exists in accordance with Schedule K, which may include, but is not limited to, one or more of the following:

(i) issuing a Force Majeure Certification in accordance with Schedule K;

(ii) issuing an indication in writing to the Parties that a Force Majeure Event has not occurred in accordance with Schedule K; and

(iii) proposing a Technical Amendment made in accordance with Schedule K.

3. Cooperation with Technical Auditor

The USF UTC Service Provider shall co-operate with the Technical Auditor, in performing his functions pursuant to this Agreement and the Technical Auditor Agreement, including by:

(a) providing access to all USF Network facilities and systems, including for equipment testing purposes; and

(b) providing any information regarding the USF Network or the USF Broadband Services requested by the Technical Auditor, and related access to technical personnel of the USF UTC Service Provider.

Schedule K

Force Majeure

1. Force Majeure

(a) If and to the extent that a Party's performance of any of its obligations pursuant to this Agreement is prevented, hindered or delayed by reason of a Force Majeure Event and such non-performance, hindrance or delay could not have been prevented by reasonable foresight or precautions, and cannot reasonably be circumvented through the use of alternate sources, work-around plans or other means, then the non-performing, hindered or delayed Party may give written notice (a "Force Majeure Notice") to the other Party.

(b) A Force Majeure Notice shall contain reasonable particulars of the Force Majeure Event in question and the effect of such Force Majeure Event as it relates to the obligations of the non-performing, hindered or delayed Party hereunder.

(c) Within 10 Business Days of receipt of the Force Majeure Notice, the other Party shall either:

(i) certify in writing (a "Force Majeure Certification") to the non-performing, hindered or delayed Party that a Force Majeure Event has occurred; or

(ii) indicate in writing to the non-performing, hindered or delayed Party that a Force Majeure Event has not occurred, providing reasons for this conclusion.

(d) Where the other Party has issued a Force Majeure Certification in response to a Force Majeure Notice in accordance with Section 1(c), the Parties may agree to amend the SSA in such a way that adapts to the circumstances of the Force Majeure Event while providing similar value for money as the original Agreement and achieving the same objective.

(e) Where the other Party has not issued a Force Majeure Certification in response to a Force Majeure Notice in accordance with Section 1(c), the non-performing, hindered or delayed Party may give a copy of the Force Majeure Notice to the Technical Auditor, appointed under Schedule J, provided that it notifies the other Party in writing that it has elected to do so.

(f) Within 10 Business Days of receipt of the Force Majeure Notice, the Technical Auditor will either:

(i) issue a Force Majeure Certification indicating to the Parties that a Force Majeure Event has occurred and whether a Technical Amendment to the SSA is required in accordance with Section 2; or

(ii) indicate in writing to the Parties that a Force Majeure Event has not occurred, providing reasons for this conclusion.

(g) Where a Force Majeure Certification has been issued in response to the Force Majeure Notice of either Party, such non-performance, hindrance or delay, as applicable, of those obligations affected by the Force Majeure Event will not constitute a default hereunder by that Party for as long as such Force Majeure Event continues and such Party continues to use its reasonable commercial efforts to re-commence performance whenever and to whatever extent possible without delay, including through the use of alternate sources, workaround plans or other means.

(h) For the purpose of this Agreement, "Force Majeure Event" means any of the following events beyond the control of the Parties:

(i) With respect to the obligations of both parties:

(I) lightning, storms, earthquakes, landslides, floods, tsunami, washouts and other Acts of God;

(II) strikes, lockouts or other industrial disturbances of the party;

(III) civil disturbances, sabotage, war, blockades, insurrections, terrorist actions, vandalism, riots, epidemics;

(IV) any law, order proclamation, regulation, ordinance, demand or requirement of any governmental authority;

(V) any other material event that could reasonably be considered to be force majeure by reason that it is beyond the control of the Party affected; and

(ii) With respect to the obligations of the USF UTC Service Provider alone, substantial or material fires, explosions, breakage of or other accidents to plant, machinery, equipment or other facilities of the USF UTC Service Provider; but does not include the inability of either Party to obtain financing or any other financial inability on the part of either Party.

2. Technical Amendments

(a) Where the Technical Auditor issues a Force Majeure Certification to the Parties in accordance with Section 1, indicating that a Force Majeure Event has prevented the implementation, activation or operation of the USF Network or the provision of the USF Broadband Services in UTC(s) and Adjacent Area described in Schedule C or in accordance with the implementation and payment schedule described in Schedule D, the Technical Auditor may prepare proposed amendments to one or more of Schedules C and D, and submit the proposed amendments (a "Technical Amendment") in writing to the Parties.

(b) If the Technical Auditor submits a Technical Amendment in accordance with Section 2(a), then one or more of the following Schedules to this Agreement may also be the subject of amendments to be proposed by the Technical Auditor, to the extent that, in the professional opinion of the Technical Auditor, such further amendments are required by the Technical Amendment:

- (i) Schedule A – Broadband Services, Availability and Quality Specifications;
- (ii) Schedule B – Universal Tele-centre;
- (iii) Schedule F – Performance Bond.

(c) Notwithstanding any other provisions of this Schedule, any Technical Amendment must be prepared by the Technical Auditor in accordance with the following:

- (i) the Technical Auditor shall consult with USFCo and the USF UTC Service Provider prior to submitting the Technical Amendment;
- (ii) the Technical Amendment shall, in the professional opinion of the Technical Auditor, provide similar value for money as the original Schedule C and other Schedules to this Agreement, and achieve substantially the same universal service objectives; and
- (iii) the Technical Amendment shall not increase the costs of implementing the USF Network or providing the USF Broadband Services.

(d) Any dispute regarding a Technical Amendment submitted by the Technical Auditor shall be handled in accordance with Schedule M.

3. No Payment for Unperformed Services

(a) If the USF UTC Service Provider fails to construct the USF Network or provide the USF Broadband Services in accordance with the SSA due to a Force Majeure Event, any USF Subsidy payments will be adjusted in a manner such that USFCo is not responsible for any payment for a Project Implementation Milestone that the USF UTC Service Provider fails to meet.

(b) Where a Project Implementation Milestone is only partially completed due to a Force Majeure Event for which a Force Majeure Certification has been issued, and the Force Majeure Event is likely to continue for a substantial period of time, the payment for such Project Implementation Milestone for the period of the Force Majeure Event will be adjusted on an equitable basis taking into account, among other things, the length of the resulting delay and the progress achieved towards the Project Implementation Milestone.

4. Duration of Force Majeure Event beyond Six Months

Notwithstanding anything to the contrary in this Agreement, if a Force Majeure Event during which the USF UTC Service Provider is unable to complete one or more Project Implementation Milestones in accordance with this Agreement, lasts for more than six months, then:

(a) subject to section 3(b), USFCo will have no obligation whatsoever to pay part of the USF Subsidy for the uncompleted work or any future work of the USF UTC Service Provider under this Agreement; and

(b) the USF UTC Service Provider may be deemed by USFCo to be in material breach of this Agreement in accordance with section 10.03 of SSA, at USFCo's sole discretion; however, USFCo shall not be entitled to exercise any of the remedies identified in Sections 4.01 and 4.02 of SSA in connection with the circumstances of the Force Majeure event.

Schedule L

Representatives and Warranties

1. Mutual Representations and Warranties

Each of the USF UTC Service Provider and the USFCo represents and warrants to the other that:

- (a) it is duly organized and validly existing under the laws of Pakistan;
- (b) that it has all right and authorization, and has obtained all consents necessary or desirable to execute, deliver and perform this Agreement;
- (c) nothing in this Agreement, nor the performance of any obligations thereunder, will conflict with such party's Constatng Instruments, any law or any other person's rights; and
- (d) to the best of its knowledge, there are no pending suits threatened against such party that would affect the USF Broadband Services or the performance of obligations under the SSA.

2. Representations and Warranties of USF UTC Service Provider

The USF UTC Service Provider further represents and warrants to USFCo that:

- (a) unless the USF UTC Service Provider obtains USFCo's prior written approval, all telecommunications facilities and equipment installed by the USF UTC Service Provider in its USF Network shall be new when first installed and shall comply with any Pakistani type-approval requirements and internationally recognized standards;
- (b) the USF Network constructed by it and the USF Broadband Services provided by it shall at all times comply with all applicable Pakistani laws and regulations including, but not limited to, telecommunications, environmental, import and export regulations;
- (c) all telecommunications facilities and equipment installed by the USF UTC Service Provider in its USF Network will be maintained by the USF UTC Service Provider in good working order, ordinary wear and tear excepted;
- (d) the USF Network constructed by it and the USF Broadband Services provided by it will meet or exceed the specifications identified in the Proposal;
- (e) it has, and will have (either by itself, or in conjunction with its affiliates, or its subcontractors), the skills, qualifications, expertise and experience necessary to

construct and operate the USF Network and perform and manage the USF Broadband Services in accordance with the SSA;

(f) all representations and warranties made in the Proposal as to facts materially related to the USF Network and USF Broadband Services, including facts pertaining to the USF UTC Service Provider's corporate structure, organization, operations, general skills and capabilities relevant to the USF Network and USF Broadband Services, remain true and correct and will be observed by the USF UTC Service Provider in all material respects; and

(g) the USF UTC Service Provider is under no current obligation or restriction, nor will it knowingly assume any such obligation or restriction, that does or would in any way interfere or conflict with the operation of this Agreement.

Schedule M

Dispute Resolution

1. Dispute Escalation Process

(a) The Parties shall act reasonably in interpreting the SSA and the Schedules. In the event of a dispute under the SSA, the Parties will first engage in the dispute escalation processes identified in this Section 1. The Parties also agree to use reasonable good faith efforts to resolve all disputes.

(b) Resolution by Relationship Managers

(i) Each of the Parties will appoint managers (each a “Relationship Manager”) within 30 days of the Effective Date. Each Relationship Manager will be familiar with the SSA and related documentation. If a Party replaces or reassigns its Relationship Manager, that Party will immediately notify the other Party of the change.

(ii) Either Party may refer a dispute to the Relationship Managers by preparing a written notice describing the nature of the dispute and summarizing related information (the “Dispute Notice”). The Relationship Managers will meet within three Business Days of receipt of the Dispute Notice to review the information with the objective of resolving the dispute.

(c) Resolution by Relationship Liaison Committee

(i) A committee (the “Relationship Liaison Committee”) will be formed by the Parties and shall consist of an equal number of representatives appointed by each of the Parties.

(ii) If the Relationship Managers are unable to resolve the dispute within ten Business Days of the receipt of the Dispute Notice, either Relationship Manager may refer the matter to the Relationship Liaison Committee by written notice to the other Relationship Managers. Within five Business Days of the Relationship Liaison Committee’s receipt of such referral, the Relationship Liaison Committee shall meet with the objective of resolving the dispute. A representative of each of the Parties shall co-chair each meeting. Minutes of each meeting will be taken.

(iii) The Relationship Liaison Committee will have the discretion to form additional committees or subcommittees for any purpose it deems appropriate, with the ultimate objective of resolving the dispute.

(iv) The Relationship Liaison Committee or any additional committees or subcommittees formed by the Relationship Liaison Committee in relation to the dispute will, at either Party's reasonable request, meet as often as reasonably required with the objective of resolving the dispute. Minutes of all meetings will be taken.

(d) Resolution by Relationship Executive Committee

(i) A committee (the "Relationship Executive Committee") will be formed by the Parties and shall include USFCo's Chief Executive Officer and the USF UTC Service Provider's _____. [*title of appropriate executive officer of winning bidder to be inserted*]

(ii) If the Relationship Liaison Committee is unable to resolve the dispute within fifteen Business Days of the receipt of the Dispute Notice, either Party may refer the matter to the Relationship Executive Committee by written notice to the other Party. Within five Business Days of the Relationship Executive Committee's receipt of such referral, USFCo's Chief Executive Officer will meet with the USF UTC Service Provider's [] with the object of resolving the dispute. Minutes of the meeting shall be taken.

(iii) If the Relationship Executive Committee is unable to resolve the dispute within fifteen Business Days of the receipt of the Dispute Notice, then either Party may:

(I) refer the dispute to the Appeal Committee in accordance with Section 2; or

(II) commence other legal proceedings in accordance with Section 3.

2. Referral to Appeal Committee

Any dispute that has not been resolved by application of the Disputes Escalation Process described in Section 1 may be referred to the Appeal Committee to be constituted pursuant to Rule 31 of the USF Rules.

3. Other Legal Proceedings

Any dispute that has not been resolved by application of the Disputes Escalation Process described in Section 1, or that is not pending before the Appeal Committee pursuant to Section 2, may become the subject of other legal proceedings commenced by either Party in accordance with applicable law, rules and procedures.

4. Dispute Resolution Costs

The Parties shall be responsible for their own dispute resolution costs, unless the appropriate forum orders otherwise.

5. Exemption from Dispute Resolution Processes

Notwithstanding anything to the contrary in this Agreement:

(a) Neither Party will be required to use the dispute escalation process described in Section 1 for disputes requiring injunctive relief or other urgent relief.

(b) The dispute resolution processes described in this Schedule M apply only to disputes arising under the SSA. They do not apply to disputes arising under any licence, the Act or any other regulatory matters, which shall be dealt with by PTA in accordance with the Act and applicable PTA regulations and procedures.

(c) Nothing in this Schedule M derogates from PTA's rights or powers under the Act. The provisions of Schedule M are subject to the Act and any rules/regulations made there under. For greater certainty, if and to the extent there are conflicts in the interpretation or application of any of the provisions of this Schedule M with the provisions of the Act or related rules/regulations, the Act and rules/regulations shall prevail.

Annex 7: Dispute Resolution Terms and Processes

(1) USF Co. and Applicant shall make every effort to resolve amicably by direct informal negotiation any disagreement or dispute arising between them under or in connection with participation in the RFA Process.

(2) Neither party to the disagreement or dispute shall commence any appeal or other legal proceedings for at least, twenty-eight (28) days after any unresolved disagreement or dispute has been formally notified to the Chief Executive Officer of USF Co. and a similarly senior officer of the Applicant. These senior officers shall engage in further discussions in an effort to resolve the disagreement or dispute within the 28 day period.

(3) If the parties have failed to resolve their disagreement or dispute using the processes described in paragraphs (1) and (2), then either party may give notice to the other party of its intention to commence appeal, or action in accordance with the laws of Pakistan and applicable procedures.