

**Universal Service Fund**

(A company setup 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 USF PROJECT # \_\_\_\_\_**

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 todate:  
(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:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## Registration Form

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Applicant declared eligible by PTA & MoIT:  Yes  No  
(Attach copies of eligibility letters from PTA & MoIT)

Attach copies of clearance letters from PTA & MoIT  Yes  No  
(regarding payments of USF contribution and APC  
for USF and other related licensed obligations):

Pay Order/DD of PKR 1,000 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 therefrom.

\_\_\_\_\_  
(Signature of Authorized Representative)

NIC: \_\_\_\_\_

Date: \_\_\_\_\_



**UNIVERSAL SERVICE FUND**  
EMPOWERING COMMUNITIES

## **Universal Service Fund**

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

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**REQUEST FOR APPLICATIONS**

**TO PROVIDE**

**USF NEXT GENERATION OPTICAL FIBER NETWORK & SERVICES**

**OFC-UC-PB-LOT14V**

**Project ID: USF/SP/OpticFiber/OFC-UC-PB-LOT14V**

**Issued at Islamabad**

**14<sup>th</sup> May 2026**

|   |  |
|---|--|
| <b>USFCo</b><br><b>3<sup>rd</sup> Floor, Evacuee Trust Complex, Agha</b><br><b>Khan Road, F-5/1, Islamabad</b><br><b>Pakistan</b> | <b>Tel: 051-9212308 &amp; 9212309</b><br><b>Fax: 051-9214261</b> |
|---|--|

**USFCo**  
Request for Applications to provide  
Universal Service Fund Telecommunications Services

**Table of Contents**

|  |          |
|--|----------|
| <b>Part I Introduction.....</b>  | <b>1</b> |
| 1. Purpose of the RFA Process .....  | 1        |
| 2. Source of Funds .....   | 1        |
| 3. Current Legal, Regulatory, and Market Regime.....                         | 2        |
| 4. USF Policy .....  | 3        |
| 5. USF Coverage Requirements.....  | 4        |
| 6. USF Service Requirements .....  | 4        |
| 7. USF Contributors and Eligibility .....                                    | 4        |
| 8. Tentative Time Schedule .....   | 5        |
| 9. Project Administration and Correspondence .....                           | 5        |
| <b>Part II Rights and Obligations of USF Service Provider .....</b>          | <b>6</b> |
| 10. Exclusivity .....  | 6        |
| 11. Roll-out of USF Optic Fiber Network and Supply of USF OFC Services ..... | 6        |
| 12. USF Subsidy Payments.....  | 6        |
| 13. Service Availability and Quality Specifications .....                    | 6        |
| 14. Scope of Service .....   | 7        |
| 15. Regulation of Operators.....   | 7        |
| 16. Interconnection and Facilities Sharing.....                              | 7        |
| 17. (Not Applicable) .....   | 8        |
| 18. Type Approval .....  | 8        |
| 19. Regulation of USF Service Charges .....                                  | 8        |
| 20. Authority to Construct and Use Facilities.....                           | 8        |
| 21. Requirement to Procure and Manage the USF Network .....                  | 9        |
| 22. Transfer or Change of Control.....                                       | 9        |
| 23. Access to Public and Private Lands .....                                 | 9        |
| 24. Force Majeure .....  | 9        |
| 25. Dispute Resolution.....  | 9        |
| 26. Technical Auditor .....  | 9        |
| 27. Monitoring Auditor.....  | 10       |
| 28. Compliance with Law .....  | 10       |
| 29. Term of USF Services and Subsidy Agreement .....                         | 10       |
| 30. Other Obligations under USF Services and Subsidy Agreement .....         | 10       |
| 31. Fees Payable by the USF Service Provider.....                            | 10       |
| 32. (Not Applicable) .....   | 10       |

|  |           |
|--|-----------|
| <b>Part III Instructions to Applicants.....</b>                              | <b>12</b> |
| 33. Selection of Successful Applicant .....                                  | 12        |
| 34. Pre-proposal Meeting.....  | 12        |
| 35. Qualification Criteria .....   | 13        |
| 36. Financing Capacity .....   | 13        |
| 37. Operational Experience.....  | 13        |
| 38. Applicant Eligibility.....   | 14        |
| 39. Consortium Applicant.....  | 14        |
| 40. Bid Bond .....   | 15        |
| 41. Responsiveness of Proposals .....  | 16        |
| 42. Content and Format of Proposals.....                                     | 16        |
| 43. Part 1 Structure Requirements – Qualifications and Service Proposal..... | 16        |
| 44. Part 2 Subsidy Proposal .....  | 23        |
| 45. Compliance Checklist .....   | 24        |
| 46. Submission of the Proposal.....  | 24        |
| 47. Delivery of the Proposal .....   | 25        |
| 48. Opening of Proposals.....  | 25        |
| 49. Selection Process and Evaluation of Proposals .....                      | 26        |
| 50. Fraud or Corruption .....  | 27        |
| 51. Period of Validity of Proposal .....                                     | 28        |
| 52. Grounds for Rejection of Proposal .....                                  | 28        |
| 53. Subsequent Disqualification and Ineligibility.....                       | 29        |
| 54. Letter of Intent .....   | 29        |
| 55. Performance Bond .....   | 30        |
| 56. Information Provided by USFCo.....                                       | 30        |
| 57. Communications, Comments and Requests for Clarification.....             | 31        |
| 58. Confidentiality of Proposals .....                                       | 32        |
| 59. USFCo Use of Proposals .....   | 32        |
| 60. Cost of Proposal and Bidding .....                                       | 32        |
| 61. Reservation of Rights.....   | 32        |
| 62. Legal and Formal Requirements.....                                       | 33        |
| <b>Part IV Definitions.....</b>  | <b>34</b> |
| 63. Definitions.....   | 34        |

## **Annexes**

- Annex 1** USF Subsidy Proposal Form
- Annex 2** Bid Bond Form
- Annex 3** Left Blank
- Annex 4** Form of Letter Regarding Compliance with Licence(s)
- Annex 5** Compliance Checklist
- Annex 6** Draft of Proposed USF Services and Subsidy Agreement
- Annex 7** Dispute Resolution Terms
- Annex 8** Tentative Time Schedule & Correspondence Contact

## Part I Introduction

### 1. **Purpose of the RFA Process**

- 1.1 All telecommunications licences 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”).
- 1.2 The purpose of this Request for Applications (“RFA”) is to invite holders of such licences (“USF Contributors”) to submit Proposals, either individually or as part of a consortium, for providing USF Optic Fiber Network connectivity to all unserved Towns/Union Councils for provision of USF OFC Services in “USF Areas” as per Schedule C in Pakistan pursuant to a 10 year USF Services and Subsidy Agreement.
- 1.3 This RFA is part of a universal service program initiated by the Government of Pakistan (“GoP”), which is aimed at increasing access to telecommunications networks and 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.
- 1.4 GoP has created a not-for-profit federal Government owned and controlled Universal Service Fund company (“USFCo”) to administer the USF, including the process initiated by this RFA (“RFA Process”). It is GoP’s intent that USFCo apply part of the USF toward payment of subsidy (the “USF Subsidy”) to be paid pursuant to the USF Services and Subsidy Agreement to assist in meeting the costs of constructing and operating the USF Optic Optic Fiber Network in the USF Areas.
- 1.5 Further information on the proposed USF OFC Services, USF Optic Fiber Network and USF Areas is set out in this RFA.
- 1.6 It is the intention of GoP to act quickly to implement its policy of extending access to telecommunications networks and services in un-served and under-served areas in Pakistan.

### 2. **Source of Funds**

- 2.1 Pursuant to Section 33A of the Act, the sources of funding USF shall consist of
  - (a) grants made by the Federal Government and the Provincial Governments;
  - (b) prescribed contribution by licensees;
  - (c) sale proceeds from the auction of the right to use radio spectrum;
  - (d) loans obtained from the Federal Government; and
  - (e) grants and endowments received from other agencies.
- 2.2 Left Blank.
- 2.3 Left Blank.

### 3. Current Legal, Regulatory, and Market Regime

- 3.1 Before 1996, Pakistan’s telecommunications markets 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 Muzas 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.
- 3.3 The Mobile Cellular Policy (2004) and Pakistan Telecommunications (Re-organisation) (Amendment) Act, 2006 require that PTCL and all mobile licensees provide significant geographic coverage. Yet, in rural areas, teledensity remains very low. Making telecommunications 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 (Re-organisation) Act, 1996* at section 33A require that PTCL and all subsequent fixed and mobile licensees pay into the USF.
- 3.5 Persons who enter into a USF Services and Subsidy Agreement as a result of the RFA Process (“USF Service Providers”) will receive a subsidy payment from the USF to extend USF OFN connectivity to unserved Towns/Union Councils to provide USF Optic Fiber Services by using Renewable Energy Solutions as a source of power to these defined areas, thus facilitating increase in rural teledensity. The amount of the USF subsidy payment will be established in accordance sections 12 and 43 of this RFA. The subsidy payment will be made in one or more instalments, against identified Project Implementation Milestones, in accordance with the USF Services and Subsidy Agreement.
- 3.6 In addition to the Capex Subsidy, USF shall also provide “Opex Subsidy” for a maximum period of up to three years on a declining model basis (see 3.8 below). USF Opex Subsidy shall be payable on regular periodical basis starting from completion of each of the milestones as mentioned in Schedule D of USF Services and Subsidy Agreement.
- 3.7 USF will only be looking for the lowest bidder overall Subsidy (Capex + BTS Connectivity + Opex), and not breakup of USF OPEX Subsidy demanded.
- 3.8 All Applicants shall mention a lumpsum amount of Opex for three years (separately from the usual Capex Subsidy) in their Financial Proposal in appropriate field. This amount shall be equally split over three years to show “Yearly Opex” of the Applicant. Then the

Applicant in adjacent column shall mention the “Yearly Opex Subsidy” for each of the three years making sure that for first year the asked subsidy amount cannot exceed 75% of the “Yearly Opex”, for second year the asked subsidy amount cannot exceed 50%, and for third year the asked subsidy amount cannot exceed 25% (See Annex 1: USF Subsidy Proposal Form with this RFA for elaboration).

3.9 USF OPEX Subsidy for each of the Years i.e. One, Two and Three shall be paid in quarterly installments based on the audited OFC Section/Links in each Milestone. The quarterly installments shall start immediately after completion of each of the Milestones and issuance of Project Implementation Milestone Certification. The payment will be due after verification of Quarterly Reports submitted by SP in accordance with Section 9.01 of USF Services and Subsidy Agreement and in accordance with Schedule of the OPEX Payment Methodology in the following manner:

- (a) After completion of the First Milestone and issuance of Project Implementation Milestone Certification and verification of Quarterly Reports as per OPEX methodology, USF Service Provider shall be paid as quarterly installments of the First Year OPEX Subsidy for the number of audited OFC Sections/Links in the First Milestone. Second and Third year OPEX subsidy for the First Milestone shall be paid to the service provider in the same manner. Thus, over a period of three years (thirty-six (36) months), against First Milestone, USF Service Provider shall be paid twelve (12) quarterly installments in accordance with the number of OFC Sections/Links audited for the Milestone.
- (b) Same process of payment of OPEX Subsidy shall be repeated for each subsequent Project Implementation Milestone, thus USF Service Provider shall get forty-eight (48) instalments covering entire amount of OPEX Subsidy for the Project.

#### 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 unserved.
- 4.2 The USF Policy’s goals include making voice telephony and Internet access data services available and affordable to progressively greater proportions of Pakistan’s rural population.
- 4.3 Left Blank.
- 4.4 The USF Policy will guide the actions of USFCo in administering the Universal Service Fund. That administration includes the use of the USF Services and Subsidy Agreement, with compliance monitoring and penalties for non-performance, including forfeiture of bank guarantees. Technological features of the USF Policy include technological neutrality, an emphasis on shared access points, and mandated infrastructure sharing to facilitate multiple operators in the same area. Economic features include capping USF service prices and a “negative auction” RFA Process to use bidding competition among

licensees to minimize the amount of any particular USF Subsidy, and to maximize overall benefits from the fund. Together, these features establish a USF regime to extend telecommunications services to rural locations in a sustainable manner consistent with fair competition.

#### 5. **USF Coverage Requirements**

The geographic locations that are the subject of this RFA and related USF Subsidy (the “USF Areas”) are identified in detail in Schedule C of the USF Services and Subsidy Agreement enclosed as Annex 6. Applicants must demonstrate that the USF Optic Fiber Networks they propose provide USF OFC services to all of the un-served Towns/Union Councils and connectivity to number of BTSs identified in Schedule C of the USF Services and Subsidy Agreement as being mandatory for USF Optic Fiber Network and USF OFC Services.

#### 6. **USF Service Requirements**

The Traffic Matrix (Bandwidth Capacities) for each Optic Fiber Node included in this Package to be provided by the successful Applicant selected pursuant to this RFA are identified in Schedules A and B of the USF Services and Subsidy Agreement 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”) Licence was issued after adoption of the *Deregulation Policy (2003)*, and persons whose mobile cellular licence 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 licence 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.*USFCo has developed guidelines under Rule 24(12) which are available at

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

USF website [www.usf.org.pk](http://www.usf.org.pk). Applicants should consider the potential application of this restriction in considering their bidding strategy, particularly where multiple Packages are being offered.

8. **Tentative Time Schedule**

- 8.1 The tentative timetable for the RFA events, beginning with publication of the pre-auction notice, is set out in Annex 8 of RFA.

9. **Project Administration and Correspondence**

- 9.1 Nominated Contact for all correspondence relating to this RFA is provided in Annex 8 of this RFA:

**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 USF OFC Services in the USF Areas.

11. **Roll-out of USF Optic Fiber Network and Supply of USF OFC Services**

The USF Optic Fiber Network shall be constructed and otherwise rolled out in accordance with the Project Implementation Milestones, providing USF OFC services to all Towns/Union Councils and connectivity to number of BTSs identified in Schedule C of the USF Services and Subsidy Agreement as being mandatory for USF Optic Fiber Network and USF OFC Service coverage. Once the USF Optic Fiber Network has been rolled out, the USF OFC Services shall be supplied by the USF Service Provider in accordance with the USF Services and Subsidy Agreement.

12. **USF Subsidy Payments**

In order to promote GoP's policy of expanding telecommunications services and access in un-served areas, a USF Subsidy shall be paid to the USF Service Provider to help meet the capital costs and the operational cost of USF Network. The USF Subsidy payments shall be made in accordance with the USF Services and Subsidy Agreement enclosed as Annex 6.

13. **Service Availability and Quality Specifications**

- 13.1 Applicants must demonstrate that the USF Optic Fiber Networks they propose will provide USF OFC services to all of the Towns/Union Councils and connectivity to number of BTSs identified in Schedule C of the USF Services and Subsidy Agreement as being mandatory for USF Optic Fiber Network and USF OFC Services.
- 13.2 The USF Service Provider must roll-out and operate the USF Optic Fiber 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 Optic Fiber Network so that the USF OFC Services meet all applicable quality of service measures and requirements, including those set out in applicable Licence(s) and Services and Subsidy Agreement.
- 13.4 Quality of service reports for the USF OFC Services shall be filed by the USF Service Provider with USFCo in accordance with the USF Services and Subsidy Agreement.
- 13.5 The USF Service Provider must use Renewable Energy Solutions as primary source for powering the new nodes deployed as part of USF Network. Secondary source of power must also be used as a backup to primary source of power for all of USF Network.

Service provider will ensure that at least two power sources (Primary & Secondary) are available at existing/upgraded sites. However, use of alternate energy will not be mandatory for upgrade nodes.

14. **Scope of Service**

14.1 **USF OFC Services** – The USF OFC Network and Services, which include proposed Bandwidth capacities for each Optic Fiber Node included in this Package, shall be provided in the USF Areas in accordance with the USF Services and Subsidy Agreement.

14.2 **Optional Services** – In addition to the USF OFC Services, a USF Service Provider may provide other services in the USF Areas, to the extent the USF Service Provider is authorized to provide such services under applicable Licence(s). A USF Service Provider shall be free to apply for additional licences 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 Licences.

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 licences;
- (d) the Interconnection Regulations; and
- (e) the USF Services and Subsidy Agreement.

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

16.3 USF Service Providers shall share infrastructure and essential facilities developed using USF Subsidy funding in accordance with the USF Rules and the USF Services and Subsidy Agreement. The USF Service Provider will provide Optic Fiber connectivity to the un-served Towns/Union Councils from the nearest City or Town having Optic Fiber connectivity. The Service Provider may co-locate his equipment with the existing Operator or may consider connecting to its own nearest ADM/Repeater.

17. **(Not Applicable)**

18. **Type Approval**

Any telecommunications 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 Service Charges**

19.1 The USF Service Provider's charges for the USF Services shall not exceed the following maximum tariffs for same or equivalent services.

- (i) For IRU based OFC connectivity, the maximum Tariff shall be Rs. 15,000/- per Km per year inclusive of CAPEX and O&M.
- (ii) For Capacity based OFC connectivity, the maximum Tariff shall be Rs. 2,700/- per Mbps per year inclusive of O&M.
- (iii) For Dark Fiber-based OFC connectivity, the maximum tariff shall be Rs. 10,000/- per Km per year inclusive of CAPEX and O&M.
- (iv) For any other services the tariff shall not exceed 25% of the wholesale tariff of equivalent services in metropolitan areas that will be taken as a benchmark and shall be defined by USF.

20. **Authority to Construct and Use Facilities**

20.1 Subject to the terms of the USF Services and Subsidy Agreement, a USF Service Provider will be authorized to construct or otherwise procure all telecommunications facilities required to provide the USF OFC Services.

20.2 A USF Service Provider may utilise any appropriate Optic Fiber Transmission technology, subject to any limitation in its Licence, in the provision of the USF OFC Services that meet the USF Service requirements identified in the USF Services and Subsidy Agreement.

20.3 All telecommunications facilities, equipment and Renewable Energy Solutions installed by a USF Service Provider as part of the USF Optic Fiber Network shall be:

- (a) new when first installed;
- (b) field-proven (in accordance with section 43.7); and
- (c) compliant with internationally recognized standards.

20.4 Any permissions or authorizations required from authorities in the USF Areas, in connection with the installation/deployment of the USF Optic Fiber Network facilities, equipment and Renewable Energy Solutions shall be the responsibility of the USF Service Provider.

21. **Requirement to Procure and Manage the USF Network**

A USF Service Provider shall be required to own and operate the USF Network in accordance with the USF Services and Subsidy Agreement.

22. **Transfer or Change of Control**

Transfers and changes in the ownership or control of a USF Service Provider or USF Optic Fiber Network will be subject to USFCo approval in accordance with the USF Services and Subsidy Agreement.

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 USF Services and Subsidy Agreement, from certain failures to perform its obligations under the USF Services and Subsidy Agreement if an event of force majeure has prevented the performance of the obligations.

25. **Dispute Resolution**

The USF Services and Subsidy Agreement includes a number of mechanisms to facilitate resolution of disputes, including the appointment by USFCo 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 arbitration and court processes in accordance with the laws of Pakistan.

26. **Technical Auditor**

A Technical Auditor shall be appointed by USFCo in accordance with the USF Services and Subsidy Agreement and other applicable processes. The Technical Auditor may be an appropriately qualified employee of USFCo and/or expert consultant, and will perform identified functions in accordance with the USF Services and Subsidy Agreement including:

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

27. **Monitoring Auditor**

A Monitoring Auditor shall be appointed by USFCo in accordance with the USF Services and Subsidy Agreement and other applicable processes. The Monitoring Auditor may be an appropriately qualified employee of USFCo and/or expert consultant including:

- a) Making a determination as to whether or not the USF Services meet the service specifications and requirements identified in Schedules A and B.
- b) Making a determination as to whether or not the deployed infrastructure is as per agreed BoQ, at the time of project implementation.
- c) Issuing an indication in writing to USFCo of any snags, reported during monitoring visit, along with their severity levels.

28. **Compliance with Law**

A USF Service Provider shall be required to comply with all laws of Pakistan applicable to its USF OFC Services activities at all times, including the Act, all regulations, rules, orders, decisions and guidelines issued under the Act.

29. **Term of USF Services and Subsidy Agreement**

The USF Services and Subsidy Agreement shall have a term of ten (10) years, commencing from the effective date of the agreement and any other extended period due to Force Majeure or delay in Project.

30. **Other Obligations under USF Services and Subsidy Agreement**

The USF Services and Subsidy Agreement contains specific obligations of the USF Service Provider, including obligations regarding the roll-out of the USF Optic Fiber Network and provision of the USF OFC Services. The agreement also includes specific remedies for non-performance, including drawing on the Performance Bond or exercising the lien on USF Optic Fiber Network assets, as well as insurance requirements, indemnification, and USF Service Provider representations and warranties.

31. **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 OFC Services till the term of the contract, in accordance with the Act and other laws of Pakistan and regulations made thereunder.

32. **(Not Applicable)**

**End of Part II**



### **Part III**

## **Instructions to Applicants**

### **33. Selection of Successful Applicant**

USFCo plans to execute a USF Services and Subsidy Agreement 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 35, 36, 37 and 38 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 defined USF Areas.

### **34. Pre-proposal Meeting**

- 34.1 USFCo shall conduct a “pre-proposal meeting” at the office of USFCo unless otherwise directed. The purpose of the meeting will be for USFCo to provide answers to the written questions posed and comments made by potential Applicants (see sections 57.5 and 58.6 regarding the submission of questions and comments), and to otherwise clarify or amend the RFA Process and related documentation. All authorised representatives of potential Applicants shall be entitled to attend the meeting.
- 34.2 USFCo will keep a register of all those who are present at the pre-proposal meeting. All representatives from the Applicants and USFCo attending the meeting shall sign the register.
- 34.3 USFCo 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 USFCo on the USFCo website.
- 34.4 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 USFCo re-issues the affected RFA documents with a specific identification of the resulting amendments.
- 34.5 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 promptly acknowledge receipt of any amended documents by email to the USFCo project administrator identified in section 9.1.
- 34.6 USFCo 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

35. **Qualification Criteria**

- 35.1 USFCo will determine whether an Applicant qualifies as a Qualified Applicant for the purposes of the award of a USF Services and Subsidy Agreement.
- 35.2 For the purpose of this RFA the qualification criteria are described in sections 36, 37 and 38.

36. **Financing Capacity**

- 36.1 The Applicant must satisfy USFCo that the proposed USF Service Provider has sufficient financing capacity for the investments required to construct the USF Optic Fiber Network and to provide the USF OFC 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 300,000,000 (Pak Rupees Three Hundred Million only); or
  - (b) Possession or access to a line of credit equal to PKR 300,000,000 (Pak Rupees Three Hundred Million only).
- 36.2 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 36.1 and 43.5if:
- (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.

37. **Operational Experience**

- 37.1 The Applicant must have operated a telecommunications network that meets all of the following requirements:
- (a) The network has a transmission backbone component for OFC services.
  - (b) The network includes physical transmission facilities, such as wires, cables, or optic fiber systems owned and operated by the USF Service Provider; and
  - (c) The network has been operated by the USF Service Provider for a minimum of one (1) year.
- 37.2 In complying with section 37.1above , 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:
  - (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.

38. **Applicant Eligibility**

- 38.1 The Applicant must be an Active Tax Payer (verifiable through ATL) and have a valid NTN and Sales Tax registration. NTN and Sales Tax registration certificates are mandatory and must be provided within the technical proposal.
- 38.2 As indicated elsewhere in this RFA, the Applicant must be a USF Contributor. In the case of a Consortium Applicant, the Consortium Applicant leader must be a USF Contributor.
- 38.3 The Applicant must also not have any “conflict of interest”, this meaning any association with consultants or other advisors retained by USFCo or GoP to advise on the design or implementation of the RFA Process; or participating in more than one Proposal in this RFA Process.
- 38.4 The USF Service Provider proposed by the Applicant must be incorporated under the Companies Ordinance, 1984.
- 38.5 The Applicant must possess valid Licence(s) for the relevant region and telecommunication services, issued by PTA. The Applicant must satisfy USFCo that the proposed USF Service Provider is in substantial compliance with the conditions of its Licence(s). In complying with this requirement, the Applicant may rely on the Licence(s) of any shareholder in the USF Service Provider that meets the requirements of section 36.2.

39. **Consortium Applicant**

- 39.1 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:

39.1.1 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 LDI licence holder; but shall include no more than one LL, WLL or LDI licence holder.

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

39.1.3 Notwithstanding section 39.1.2, all members of the consortium shall be jointly and severally liable to USFCo in respect to the performance of the USF Services and Subsidy Agreement.

40. **Bid Bond**

40.1 The Bid Bond shall be provided as per section 43.1 (f) and Annex 2 of this RFA. USFCo will not be obligated or liable to pay any accumulated interest on the Bid Bond.

40.2 The Bid Bond of all unsuccessful Applicants will be released not later than 30 days after the execution of the USF Services and Subsidy Agreement.

40.3 The successful Applicant's Bid Bond will be released not later than 30 days after:

- i) the execution of the USF Services and Subsidy Agreement; and
- ii) furnishing of the Performance Bond pursuant to section 55.

40.4 Notwithstanding section 40.3, the Bid Bond shall be forfeited by an Applicant in any of the following cases:

(a) the Applicant withdraws its Proposal prior to execution of the USF Services and Subsidy Agreement;

(b) where the successful Applicant has received from USFCo a Letter of Intent to execute the USF Services and Subsidy Agreement and the USF Service Provider proposed by the Applicant fails or refuses to submit the Performance Bond in accordance with sections 54 and 55 of this RFA;

(c) if after the issuance of the Letter of Intent USFCo determines that Applicant is disqualified pursuant to section 52.1 of the RFA; and

(d) the USF Service Provider proposed by the successful Applicant does not execute the USF Services and Subsidy Agreement within 15 days of concluding final negotiations with USFCo or fails to engage in final negotiation of the USF Services and Subsidy Agreement.

40.5 Consequent to clause 40.4 (a), the Applicant shall have to submit a bid bond of Rs. 20 million for participation in next USF Project.

41. **Responsiveness of Proposals**

- 41.1 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 USFCo and purchased an official copy of the RFA in accordance with the Notice of Request for Applications document issued by USFCo.
  - (b) The Proposal is complete and submitted in accordance with all the requirements of this RFA, including the content requirements identified in sections 42, 43 and 44 and the submission requirements identified in sections 46 and 47.
  - (c) The Proposal is received before the closing date and time for submission identified in section 47.3.
- 41.2 Proposals that do not comply substantially with the above requirements will be rejected as non-responsive.

42. **Content and Format of Proposals**

Bid shall be well formatted starting with Table of Contents referring page numbers. Coloured separators, tags or flags shall be used to identify different sections/items of Table of Contents stacked in to Box Files.

- 42.1 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 Optic Fiber Network and the USF OFC Service proposal of the Applicant; and
  - (b) **Part 2** - “USF Subsidy Proposal”, which shall set out the proposed USF Subsidy amount for the USF Areas.
- 42.2 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.

43. **Part 1 Structure Requirements – Qualifications and Service Proposal**

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

43.1 **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 USF Services and Subsidy Agreement promptly and in good faith.
  - (d) The cover letter must confirm that the Proposal is open for acceptance by USFCo for 180 (one hundred and eighty) days from the bid closing date identified in section 47.3 of this RFA.
  - (e) Attached to the cover letter must be one or more Powers of Attorney or notarised 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 2,000,000 (2 million) in the form of Annex 2 to this RFA and issued by a reputable bank located in Pakistan with AAA rating that is acceptable to USFCo.
    - (ii) The Applicant shall submit the Bid Bond as specified in Annex 2.
    - (iii) The Bid Bond of a Consortium must be in the name of the lead member of the consortium, who shall be expressly authorized to submit the same under the consortium agreement.

#### 43.2 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 USF Services and Subsidy Agreement; 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 43.2(b), 43.2(d) and 43.2(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.

#### 43.3 **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 USFCo in respect of performance of the USF Services and Subsidy Agreement;
- (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.

#### 43.4 **Documentation on the Applicant's Licence(s)**

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

- (a) a copy of each Licence 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 36.2;
- (b) a copy of the most recent renewal of any such Licence; and
- (c) a declaration in the form of Annex 4 to this RFA, representing that the Applicant is in compliance with all applicable licence conditions, and is otherwise in good standing with the PTA.

#### 43.5 **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 two years prior to the submission of the Proposal, the financial statements of any shareholder that meets the requirements of section 36.2 must be provided. The financial statements of said shareholder must be provided for the preceding two years and must be prepared in accordance with internationally accepted accounting standards.

#### 43.6 **Documentation on Operational Experience of the Applicant**

- (a) Where the Applicant will rely on the experience of a Person identified in section 37.2, the Applicant must demonstrate that arrangements are in place to provide the proposed USF Service Provider with access to the technology, professional know-how and operational experience required to operate the USF Optic Fiber Network and to provide the USF OFC 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 37.2(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's satisfaction that the Person will have a significant and continuing participation in running the operations of the USF Service Provider for the life of the USF Services and Subsidy Agreement; 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 37.2) has operated in the manner described. Details should be provided concerning:
- (i) the number of years of operation;
  - (ii) the telecommunications management experience of the proposed USF Service Provider;
  - (iii) the types of telecommunications services provided; and
  - (iv) the experience of the proposed USF Service Provider in rolling out a telecommunications network.
- (c) The operational experience listed in section 37.1 above shall constitute experience of only one Person and not the aggregate experience of two or more Persons.

#### 43.7 **Field Proven Equipment, Software and Solutions**

- (a) All proposed equipment and software shall have been satisfactorily field-proven in actual service. To meet this requirement, the proposed suppliers shall have supplied equipment and software of the type described in the Proposal to at least two telecommunications network operators and the equipment and software shall have been in satisfactory service with those telecommunications network operators for a minimum period of one year prior to the date of submission of the Proposal.
- (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 OFC Services, including the local access facilities, the backbone

transmission facilities, the switching and routing facilities, applicable network interfaces and Renewable Energy Solutions.

- (c) The Applicant shall submit evidence that the proposed suppliers of the equipment, identified pursuant to sub-section (a) above, have been in the business of manufacturing telecommunications equipment for at least three years before the date of the Proposal.
- (d) The Applicant shall submit the names, addresses, telephone numbers and fax numbers of the two network operators referred to in sub-section (a) above. The Applicant shall also submit letters from either the proposed equipment suppliers or the two network operators certifying satisfactory performance of the proposed equipment and software. USFCo reserves the right to verify the quality of the equipment and software and its satisfactory performance in actual service with the two network operators.
- (e) 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.
- (f) All solutions and practices followed to provide telecommunication services shall be in accordance to the international standards defined by ITU-T. The solutions and practices must be well known and observed by the Industry.
- (g) As an alternative to meeting the requirements of sub-sections (a), (c) and (d) above, the Applicant must demonstrate satisfactory performance of the proposed equipment and software as part of the operations it has identified pursuant to section 37.1 of this RFA for a minimum period of one year prior to the date of submission of the Proposal.

#### 43.8 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 Optic Fiber Network will meet the requirements specified in the USF Services and Subsidy Agreement, including, but not limited to, the USF OFC Services specifications in Schedules A and B to that agreement. The network description provided by the Applicant must also clearly demonstrate that the USF Service Provider will:
  - (i) extend Optic Fiber transmission facilities into the USF Areas, with sufficient planned capacity to meet the requirements of the USF OFC Services; and
  - (ii) provide defined network and node capacities to all Towns/Union Councils and connectivity to number of BTSs (as per service request) as identified

in Schedule C of the USF Services and Subsidy Agreement as being mandatory for USF Optic Fiber Network and USF OFC Services.

- (b) The network description shall include:
- (i) a description of the Optic Fiber transmission network, interface technology to be employed, including applicable technical standards, and a network map illustrating the intended network architecture and USF Optic Fiber Network installations;
  - (ii) a summary description of the roll-out and service provision plans for the USF Optic Fiber Network and USF OFC Services, that meet or exceed the Project Implementation Milestones;
  - (iii) (Not Applicable);
  - (iv) the specific USF Optic Fiber Network bandwidth capacity estimated by the Applicant as required to meet traffic requirements in the USF Areas over the first five 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 plan and build the USF Optic Fiber network identifying specific interconnection points for smooth flow of intelligence in upward and downward modes.
  - (vi) the Applicant shall also provide the information identified in the “Design Parameters” included in Annex 5.

**43.9 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 Optic Fiber Network and provision of the USF OFC Services; and
- (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) A brief description of Renewable Energy Solution, energy it can generate and whether that generation is sufficient as a primary source for running of the USF OFC Network, details of the vendor, after-sale service and availability of the spare parts.

**43.10 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 and B to the USF Services and Subsidy Agreement, including performance monitoring, reporting and fault resolution processes.

43.11 **Tariffs and Charges** - The Proposal must include a statement by the Applicant confirming that its tariffs and service charges for the USF Services will meet the tariff requirements identified in the USF Services and Subsidy Agreement.<sup>2</sup>

43.12 **Additional Information**

- (a) The Applicant's comments on the draft USF Services and Subsidy Agreement 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.

44. **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) **USF Areas** – The Applicant's USF Subsidy Proposal must state the proposed amount of USF Subsidy for implementation of the USF Network and delivery of the USF Services throughout the USF Areas and Opex subsidy upto three years.
- (c) **Calculation of Subsidy** – The Proposal must include a concise financial analysis detailing the calculation of the proposed USF Subsidy amount. The information furnished in this regard will be kept strictly confidential by USFCo; however, and as indicated in section 48.2, USFCo shall be entitled to publicly announce the total amount of each Applicant's USF Subsidy Proposal. The financial analysis must clearly demonstrate the breakdown of projected USF Optic Fiber Network costs, itemized to show the costs of the USF Optic Fiber Network components identified pursuant to section 43.8, per each link.
- (d) **Projected Financial Statements** - The Applicant must provide projected financial statements for years one through five of the USF Service Provider, including an income statement, balance sheet and statements of sources and application of funds for the USF Service Provider prepared in accordance with internationally accepted accounting standards. For this purpose, the financial statements shall treat the USF Subsidy amount as if it were part of the debt, equity

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<sup>2</sup> See Section 2.06 of the Agreement.

or deferred income of the USF Service Provider. The financial statements shall include projections of fee revenues from the USF OFC Services and any Optional Services.

45. **Compliance Checklist**

- 45.1 A “Compliance Checklist” is attached as Annex 5 to this RFA. Applicants must include a completed Compliance Checklist in each copy of their Proposals.
- 45.2 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 “Non-Compliant”.
- 45.3 Without derogating from the provisions of sections 45.1 and 45.2, 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.

46. **Submission of the Proposal**

- 46.1 The Applicant shall prepare three copies of the Proposal, clearly marking the first copy “Original Proposal” and the 2<sup>nd</sup> & 3<sup>rd</sup> copies “Copy of Proposal”.
- 46.2 The Applicant shall also prepare one electronic copy of the Proposal (i.e., a USB containing copy of the Proposal that is in a format readable by Microsoft Office or Adobe Acrobat software).
- 46.3 All copies of the Proposal shall be clearly marked with the name of the Applicant.
- 46.4 In the event of any discrepancy between copies, the original shall govern.
- 46.5 As indicated in section 42, the Proposal consists of two separate parts: Part 1, the Qualification and Service Proposal; and Part 2, the USF Subsidy Proposal. Each part of the Proposal shall be separated into clearly labelled envelopes, with each envelope containing the three hard copies and the USB copies of the applicable part of the Proposal. The envelopes containing the separate parts of the Proposal shall be packaged together in a single box or other container. The container shall be sealed; that is securely packed and closed, so that it is not possible to open it without visual evidence thereof.
- 46.6 Each Proposal package shall be clearly marked with the following information:

Proposal to Provide USF Telecommunications Services (Optic Fiber Connectivity to Towns/Union Councils)

Name of Applicant:

Local Contact Name, Phone Number and E-Mail Address:

*“DO NOT OPEN, EXCEPT IN PRESENCE OF USFCo EVALUATION COMMITTEE”*

46.7 USFCo will provide a written receipt confirming the delivery of each Proposal received prior to the closing date and time.

46.8 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 46.5), and delivered with the assembled Proposal package.

47. **Delivery of the Proposal**

47.1 The Proposal packages shall be delivered at the address identified in Annex 8 of RFA before the closing date and time mentioned in section 47.3.

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

47.3 **Closing Date for Submission of the Proposal** - The sealed Proposal package shall be delivered to USFCo at the address specified in section 47.1 no later than date and time identified in Annex 8 of this RFA.

47.4 **Late Proposal** - Proposals received after the closing date and time identified in section 47.3 will be returned to the Applicant(s).

48. **Opening of Proposals**

48.1 USFCo will publicly open the duly received Proposals, in the presence of authorised representatives of any Applicants who desire to attend, at least thirty minutes after the deadline for submission of bids identified in section 47.3, in the conference room of USFCo, 3<sup>rd</sup> Floor, Evacuee Trust Complex, Agha Khan Road, F-5/1, Islamabad. The opening will proceed whether one or more representatives of Applicants are present or absent. Following opening of the Proposals, USFCo will proceed with evaluation of the Proposals in accordance with section 48.

48.2 All Proposals shall be opened one at a time, with a representative of USFCo reading out the name of the Applicants and any other Applicant information that USFCo 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.

48.3 USFCo 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. A copy of the record shall be distributed to all Applicants.

#### 49. **Selection Process and Evaluation of Proposals**

- 49.1 Subject to any request for clarification submitted by USFCo pursuant to section 57.7, 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 USFCo reserve the right to request Applicants to provide additional information and documents to assist them in evaluating the Proposals. However, neither the GoP nor USFCo, 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.
- 49.2 USFCo 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 35 of this RFA. Applicants that fail to satisfy the criteria identified in section 35 for becoming a Qualified Applicant will be rejected. USFCo will identify the grounds for rejection in a letter to each Applicant that fails to qualify as a Qualified Applicant.
- 49.3 USFCo will open and review each Qualified Applicant's "USF Subsidy Proposal" (Part 2 of the Proposal). USFCo 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 USFCo shall read out or otherwise announce the amount of USF Subsidy proposed by each Qualified Applicant. USFCo will prepare minutes for the USF Subsidy Proposal opening meeting. The minutes will be sent to all Qualified Applicants and will be published by USFCo on its website.
- 49.4 **Awarding USF Services and Subsidy Agreement** – Subject to section 61, the USF Services and Subsidy Agreement will be awarded to the Qualified Applicant that proposes the lowest USF Subsidy for the USF Areas.
- 49.5 **Ties** - In the event that there is more than one Qualified Applicant bidding the lowest USF Subsidy for one or more USF Areas, USFCo 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 section 44.
  - (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 8 and before the date and time specified in the written notice referred to in section 49.5(a). New USF Subsidy Proposals will not be accepted after the date and time specified in the written notice referred to in section 49.5(a).

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

## 50. **Fraud or Corruption**

The Bidders, his suppliers, contractors and their subcontractors shall observe the highest standard of ethics during the procurement and execution of the contracts<sup>3</sup>. In pursuance of this policy, the RFA:

- (a) defines, for the purposes of this provision, the terms set forth below as follows:
- (i) "corrupt practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
  - (ii) "fraudulent practice" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
  - (iii) "collusive practice"<sup>4</sup> is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
  - (iv) "coercive practice"<sup>5</sup> is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
  - (v) "obstructive practice" is
    - a. deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to

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<sup>3</sup> In this context, any action taken by a bidder, supplier, contractor, or a sub-contractor to influence the procurement process or contract execution for undue advantage is improper.

<sup>4</sup> "Parties" refers to participants in the procurement process (including public officials) attempting to establish bid prices at artificial, non competitive levels.

<sup>5</sup>In this context, a "party" refers to a participant in the procurement process or contract execution.

prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or

- b. acts intended to materially impede the exercise of the USF's inspection and audit rights.
- (b) will reject a proposal for award if it determines that the Bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for the contract in question;
- (c) will cancel the portion of the subsidy allocated to a contract if it determines at any time that representatives of the USF Service Provider who is beneficiary of the subsidy is engaged in corrupt, fraudulent, collusive, or coercive practices during the procurement or the execution of that contract, without the USF Service Provider having taken timely and appropriate action satisfactory to the USF to remedy the situation;
- (d) will sanction a firm or individual, including declaring them ineligible, either indefinitely or for a stated period of time, to be awarded a USF Subsidized contract if at any time USFCo determines that they have, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a USF Subsidized contract; and
- (e) will have the right to require that a provision be included in bidding documents and in contracts subsidized by USF, requiring bidders, suppliers, contractors and consultants to permit USFCo to inspect their accounts and records and other documents relating to the Bid submission and contract performance and to have them audited by auditors appointed by USFCo. .

51. **Period of Validity of Proposal**

The Proposal shall remain valid for 180 days from the closing date identified in section 47.3 of this RFA.

52. **Grounds for Rejection of Proposal**

52.1 USFCo 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 36, 37, 38, 41, 43, 44 and 46 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) It is determined that the Applicant has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices (as defined in section 50) in competing for the contract in question.
  - (e) Default by a USF Contributor in making USF contribution payments.
  - (f) The Applicant submitting the Proposal is determined by USFCo to have a conflict of interest (as that term is defined in section 38.3).
- 52.2 On the occurrence of any of the forfeiture events identified above in section 52.1, USFCo shall be entitled to select another Applicant. In such an event, USFCo may award the USF Services and Subsidy Agreement to the USF Service Provider proposed by the Qualified Applicant that proposed the next lowest USF Subsidy for the USF Areas for which the first-selected Applicant proposed the lowest USF Subsidy.
53. **Subsequent Disqualification and Ineligibility**
- 53.1 If evidence of any of the activities referred to in sub-sections 52.1 (c) through (e) is disclosed after the USF Services and Subsidy Agreement has been executed, USFCo may terminate the USF Services and Subsidy Agreement without compensation. Disclosure of such evidence will also entitle USFCo to seek repayment of any part of the USF Subsidy that may have been paid. 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 USFCo.
- 53.2 USFCo will declare an Applicant ineligible, either indefinitely or for a stated period of time, to be awarded a USFCo financed contract if it at any time it determines that the Applicant has engaged in corrupt, fraudulent, collusive or coercive practices in applying for, or in performing, a USFCo financed contract.
54. **Letter of Intent**
- 54.1 USFCo will issue a Letter of Intent (“LOI”) to the successful Qualified Applicant to confirm USFCo’s intention to grant the USF Services and Subsidy Agreement 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 7 working days from the date of issuance of LOI.
- 54.2 If the USF Service Provider proposed by the Applicant to whom the LOI is directed does not submit the required Performance Bond within 7 working days from the date of issuance of LOI, USFCo may:
- (a) Cause the Applicant to forfeit the Bid Bond pursuant to section 40.4 above;
  - (b) Disqualify the 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 USF Areas.

- 54.3 An Applicant to whom a LOI is directed must accept the LOI by notice in writing (the “Letter of Acceptance”) to USFCo within three (3) working days from the date of issuance of LOI.
- 54.4 It is the intention of USFCo that the USF Services and Subsidy Agreement (the “Contract”) will be finally negotiated and signed within 3 working days from the date of receipt of Performance Bond. In the event that USFCo and the recipient of the Performance Bond are unable to finalize the terms of the Contract within the 3 working days period, USFCo shall be entitled to terminate negotiations, return the Performance Bond and issue another LOI to the Qualified Applicant that has submitted the next lowest USF Subsidy proposal for the USF Areas.
- 54.5 Once the Contract has been entered into with the USF Service Provider put forward by the winning Applicant, USFCo shall publish the results of the RFA Process including at least the following information: (i) name of each Applicant who submitted a Proposal; (ii) name of Applicants whose Proposals were rejected, and the reason(s) for their rejection; (iii) the USF Subsidy Proposal amounts as read out at the subsidy proposal opening; (iv) the name of the winning Applicant; and (v) a summary of the resulting Contract. The information shall also be published on USFCo’s website may be published in any other manner directed by USFCo or GoP.

55. **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 USF Services and Subsidy Agreement. The Performance Bond shall be prepared in the form of Schedule F to the USF Services and Subsidy Agreement, and shall be furnished within seven (07) working days from the date of issuance of LOI.

56. **Information Provided by USFCo**

- 56.1 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. USFCo will ensure that all Applicants are provided with the same information during the Proposal process, in accordance with sections 34.5 and 34.6 of this RFA.
- 56.2 USFCo 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 USFCo 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 USFCo prior to use of or reliance on that information.

57. **Communications, Comments and Requests for Clarification**

- 57.1 All deliveries, notices or other communications made by USFCo 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 USFCo pursuant to this RFA Process.
- 57.2 All deliveries, notices or other communications made by Applicants to USFCo 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 USFCo, to the contact person and address specified in section 9.1.
- 57.3 Subject to section 4891, 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 USFCo. Any communications, or attempted communications, in contravention of this section shall be grounds for immediate disqualification.
- 57.4 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.
- 57.5 A prospective Applicant requiring any clarification of this RFA or the draft USF Services and Subsidy Agreement may pose one or more questions to USFCo in writing by e-mail or personal delivery up to twenty one (21) days prior to the closing date for Proposals. USFCo will respond in writing to such written questions following the pre-proposal meeting described in section 33 above. Written questions received by USFCo less than twenty one (21) days prior to the closing date will not be answered.
- 57.6 A prospective Applicant may make comments on the structure and contents of this RFA or the draft USF Services and Subsidy Agreement. Such comments should be sent in writing by e-mail or personal delivery to USFCo up to twenty one (21) days prior to the closing date for Proposals. USFCo will respond in writing to such written comments following the pre-proposal meeting described in section 34 above. USFCo will not respond to written comments received by USFCo less than twenty one (21) days prior to the closing date.
- 57.7 To assist in the examination and evaluation of Proposals, USFCo 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 USFCo shall not be considered. USFCo'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 USFCo 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

USFCo determines constitutes a change to an Applicant's Proposal shall not be taken into account by USFCo in evaluating the Proposal.

58. **Confidentiality of Proposals**

58.1 Except for the public opening of USF Subsidy Proposals pursuant to section 48, USFCo shall treat all Proposals received in relation to this RFA as confidential during the period before the award of the USF Services and Subsidy Agreement.

58.2 USFCo 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 62.3.

58.3 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 USFCo or GoP to Applicants or any other Persons not officially concerned with such process except as specifically permitted by sections 48, 49, and 54.5 of this RFA.

59. **USFCo Use of Proposals**

Subject to compliance with intellectual property laws of Pakistan, and section 9 above, USFCo 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.

60. **Cost of Proposal and Bidding**

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

61. **Reservation of Rights**

61.1 USFCo 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 USFCo.

61.2 USFCo reserves the right to modify or terminate the RFA Process at any time in its sole discretion.

61.3 USFCo is not legally obligated to execute the USF Services and Subsidy Agreement. It may terminate the RFA Process or revoke an award of the USF Services and Subsidy Agreement at any time before the USF Services and Subsidy Agreement is executed.

62. **Legal and Formal Requirements**

- 62.1 **Governing Law** - This RFA and any USF Services and Subsidy Agreement executed pursuant to this RFA shall be exclusively subject to, and interpreted in accordance with, the laws of Pakistan.
- 62.2 **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.
- 62.3 **Limitation of Liability**- Neither GoP nor any of its Ministries, agencies, employees, representatives, advisors or consultants, including USFCo 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 USFCo'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.
- 62.4 **Language** - The Proposal, the accompanying documents, and all correspondence relating to this RFA shall be submitted in the English language.

**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 USFCo as an Applicant for purposes of this RFA, having obtained a copy of this RFA from USFCo;

“**Bandwidth**” means the range within a band of frequencies or wavelengths or an amount of data that can be transmitted in a fixed amount of time usually expressed in bits per second (bps) or bytes per second (Bps)

“**Bid Bond**” means the financial security for the bid, including any pay order or demand draft in the name of USFCo, that an Applicant must furnish to USFCo in accordance with section 40 of this RFA;

“**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 39.1 of this RFA;

“**Contract**” means the USF Services and Subsidy Agreement signed with one or more successful Qualified Applicants 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;

“**Final Implementation Date**” means the date identified in paragraph 5 of Schedule D of SSA;

“**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;

“**Letter of Acceptance**” means the letter described in section 54.3 of this RFA;

“**Letter of Intent**” or “**LOI**” means the letter described in section 54.1 of this RFA;

“**Licence**” means any telecommunications licence 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 Licence 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 USF Services and Subsidy Agreement and any Licences held by a USF Service Provider;

“**Parties**” refers to participants in the procurement process;

“**Party**” refers to a participant in the procurement process or contract execution.

“**Performance Bond**” means the financial security for performance a USF Service Provider must furnish in accordance with section 55 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 Services identified in Schedule D of the USF Services and Subsidy Agreement;

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

“**PSTN**” means the public switched telecommunications network of Pakistan;

“**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 42.1(a) of this RFA;

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

“**Renewable Energy**” means energy that is produced by alternative or renewable resources that are replenished naturally and are non-polluting and environmental friendly, as compared to the conventional which do not deplete when consumed;

“**Renewable Energy Solution**” means solutions, systems or set-ups generating power from Renewable Energy;

“**RFA**” means this Request for Applications, including all annexes hereto, as amended or modified by USFCo;

“**Technical Auditor**” means the Person appointed in accordance with the USF Services and Subsidy Agreement;

“**USF Areas**” mean the Towns/Union Councils and connectivity to number of BTSs identified in Schedule C of the USF Services and Subsidy Agreement as being mandatory for USF Network and USF Services;

“**USF Contributor**” means any Person who’s Licence includes identified USF Contribution requirements, and who is identified by PTA as being fully compliant with those requirements;

“**USF Optic Fiber Communication Services**” or “**USF OFC Services**” or “**USF Services**” means transport of information through an Optic Fiber, to be provided by the USF Service Provider pursuant to SSA;

“**USF Optic Fiber Network**” or “**USF OFN**” or “**USF Network**” means the network, that may consist of Optical Fiber Nodes, Network Elements (active and passive) and transports information through Optic Fiber Cable to be deployed by the USF Service Provider to provide USF Optic Fiber Communication Services pursuant to the Services and Subsidy Agreement;

**For the purpose of definition:**

- (a) “Network” means a telecommunication system that transports information through electrical, optical or electro magnetic/radio means over multiple links/nodes; and
- (b) “Optic Fiber” means fiber made of glass or plastic that carries light along its length and includes a cable containing one or more optical fibers, typically individually coated with plastic layers and contained in a protective tube suitable for the environment where the cable will be deployed;

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

“**USF Service Provider**” means the Person put forward by an Applicant that will provide the USF Services in accordance with the USF Services and Subsidy Agreement;

“**USF Services and Subsidy Agreement**” 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 Services and payment of the USF Subsidy to be granted pursuant to this RFA;

**“USF Subsidy”** means the subsidy to be paid by USFCo to the USF Service Provider in accordance with the USF Services and Subsidy Agreement and includes USF Capex Subsidy and USF Opex Subsidy;

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

**“USF OPEX Subsidy”** means the subsidy to be paid by USFCo to the USF Service Provider for partially supporting its operational expenses for OFC Network Uptime (SLA) and connectivity to BTSs in target areas mentioned in Schedule C and as mentioned in Schedule D for operating USF Networks and providing USF Services in the USF Areas. USF OPEX Subsidy may include costs of backhauling, security, maintenance services, utilities, insurance, property management, transportation and vehicle expenses and wages of the manpower deployed for or associated with USF Network and USF Services in USF Area;

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

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

**“USFCo”** means the Universal Service Fund, a company setup under Section 42 of the Companies Ordinance 1984 and its successors.

**End of Part IV**

## Annex 1: USF Subsidy Proposal Form

### RFA TO PROVIDE USF TELECOMMUNICATIONS SERVICES

To: The Chief Executive Officer  
 USFCo  
 3<sup>rd</sup> Floor, Evacuee Trust Complex,  
 Agha Khan Road, F-5/1,  
 Islamabad, Pakistan

#### Applicant's USF Subsidy Proposal:

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

| Description  | Total Cost of project   | Amount of Proposed USF Subsidy<br>(in Pakistan rupees)   |
|--|---|--|
| USF Areas: <i>As identified in Schedule C of USF Services and Subsidy Agreement</i>  | <i>[Enter amount of total cost of Project]<br/>{The amount must be set out in both words and numbers}</i> | <i>[Enter amount of USF Subsidy proposed]<br/>{The amount must be set out in both words and numbers}</i>   |
| <b>Break-up of Total Cost &amp; Proposed USF Subsidy</b><br><b>{All amounts must be set out in both words and numbers}</b> |   |  |
| <b>CAPEX of USF OFC Network</b>  | <i>[Enter amount of total CAPEX cost]</i>   | <i>[Enter amount of USF Subsidy proposed for CAPEX]</i>  |
| <b>OPEX Subsidy for OFC Network</b>  | <i>[Enter one-third amount of total OPEX mentioned on the left as OPEX for first year]</i>                | <i>[Enter amount of USF OPEX Subsidy proposed for first year]<br/>{This amount should not exceed 75% of the total OPEX for first year mentioned on the left}</i>   |
|  | <i>[Enter one-third amount of total OPEX mentioned on the left as OPEX for second year]</i>               | <i>[Enter amount of USF OPEX Subsidy proposed for Second year]<br/>{This amount should not exceed 50% of the total OPEX for second year mentioned on the left}</i> |
|  | <i>[Enter one-third amount of total OPEX mentioned on the left as OPEX for third year]</i>                | <i>[Enter amount of USF OPEX Subsidy proposed for third year]<br/>{This amount should not exceed 25% of the total OPEX for third year mentioned on the left}</i>   |

Table 1: Proposed USF Cost and Subsidy

|   |  |                     | Subsidy Per Node per year |
|---|--|---------------------|---------------------------|
| A | Total OPEX Subsidy for OFC Network Rs. XXX for 3 years |                     |                           |
| B | OPEX per Annum   | [Total OPEX at A/3] |                           |
| C | 1st Year demanded Subsidy (max 75%)                    | OPEX for Year One   |                           |
| D | 2nd year demanded subsidy (max 50%)                    | OPEX for Year Two   |                           |
| E | 3rd year demanded subsidy (max 25%)                    | OPEX for Year Three |                           |

Table 2: OPEX Subsidy per Node per Year

- The proposed subsidy is to be the sum of CAPEX and OPEX of Nodes, OFC connectivity i.e.

**Proposed USF Subsidy = USF CAPEX Subsidy + USF OPEX of OFC Network** In the event of any discrepancy between the USF Subsidy amount and total cost of the Project set out in words and numbers, the amount set out in words shall govern.

- 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 \_\_\_\_\_ day of \_\_\_\_\_, 20XX.

Witness Signature: \_\_\_\_\_ Print Name: \_\_\_\_\_

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20XX.

**Annex 2: Bid Bond Form**

Bid Bond in the form of Demand Draft in the name of USFCo.

**Annex 3**  
**Left Blank**

#### **Annex 4: Form of Letter Regarding Compliance with Licence(s)**

[Month] [Day], 2026

The Chief Executive Officer  
USFCo  
Third Floor, Evacuee Trust Complex,  
Agha Khan Road, F-5/1,  
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 Licence(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 licences issued by the PTA:

[list all PTA issued licences, including appropriate licence 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 licence(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 / sub-clause of RFA / SSA / Annexure / Schedules shall be provided as softcopy and as signed hardcopy in the following format:

| Document  | Clause No. | Compliance (FC/NC/NA) | Proposal Page Reference | Remarks in case of Partially or Not Complied |
|-----------|------------|-----------------------|-------------------------|--|
| RFA       |            |                       |                         |  |
|           |            |                       |                         |  |
| SSA       |            |                       |                         |  |
|           |            |                       |                         |  |
| Schedules |            |                       |                         |  |
|           |            |                       |                         |  |
| Annexes   |            |                       |                         |  |
|           |            |                       |                         |  |

Note: FC- Fully Complied, NC – Not Complied, NA – Not Applicable.

#### 2. Design Parameters

Following table of design parameters shall be filled up for the proposed solution:

| ITEM  | VALUE  |
|---|--|
| Vendor  | <i>[Enter Name of Vendor and Proposed Equipment Model]</i>                         |
| Towns/Union Councils                              | <i>[Enter Total Number of Town/Union councils to be connected]</i>                 |
| Villages  | <i>[Enter Total Number of Villages to be connected]</i>                            |
| Route Length (Kms)                                | <i>[Enter Total Proposed Route Length]</i>   |
| BTS OFC Connectivity & Services                   | <i>[Enter Total Number of BTS with OFC Connectivity]</i>                           |
| Type & No. of Nodes                               | <i>[Enter Type (Existing or New Node) &amp; Total Number of Nodes]</i>             |
| Fiber Type (Standard)                             | <i>[Enter Fiber Type]</i>  |
| Cable Type and No. of Pairs                       | <i>[Enter Cable Type (Direct, Duct or Arial) with Total Number of Fiber Pairs]</i> |
| Wavelength of Light                               | <i>[Enter Wavelength of Light]</i>   |
| Average Attenuation for Fiber Optic Cable (dB/km) | <i>[Enter Average Attenuation for Fiber Optic Cable (dB/km)]</i>                   |
| Fiber Optic Cable Cutoff Wavelength               | <i>[Enter Fiber Optic Cable cutoff]</i>  |

|   |  |
|---|--|
|   | <i>Wavelength</i>  |
| Chromatic Dispersion                          | <i>[Enter Chromatic Dispersion]</i>                                |
| Optical Safety                                | <i>[Enter Optical Safety]</i>                                      |
| Protection and Reliability                    | <i>[Enter Protection of Network and Equipment and Reliability]</i> |
| Cross Connect Capabilities                    | <i>[Enter Cross Connect Capabilities]</i>                          |
| Ethernet Facilities                           | <i>[Enter Ethernet Facilities]</i>                                 |
| Synchronization Capabilities                  | <i>[Enter Synchronization Capabilities]</i>                        |
| NMS Capacity                                  | <i>[Enter NMS Capacity]</i>  |
| NMS Software Platform                         | <i>[Enter NMS Software Platform]</i>                               |
| NMS Response Time                             | <i>[Enter NMS Response Time]</i>                                   |
| Depth of Laid Cable                           | <i>[Enter Depth of Laid Cable]</i>                                 |
| Renewable Energy Solution Technology          | <i>[Enter Technology Name]</i>                                     |
| Renewable Energy Solution<br>(OFC Node Count) | <i>[Enter Node Count]</i>  |
| Commercial Power<br>(OFC Node Count)          | <i>[Enter Node Count]</i>  |
| DG with capacities<br>(OFC Node Count)        | <i>[Enter Node Count]</i>  |
| Battery Backup time                           | <i>[Enter Backup time]</i>   |
| Battery Life                                  | <i>[Enter Battery Life]</i>  |

### 3. Additional Information

- a) GIS information (ArcGIS/Mapinfo/Google Earth KMZ) of the planned routes shall be provided including following information.
  - i) Location of the nodes with names
  - ii) OFC routes with distance
- b) Cable route & network connectivity diagrams (compatible with MS Visio) shall be provided including following information:
  - i) Nodes with names, capacity, BoM (without Price), ownership (USF or SP existing/planned etc)
- c) Links with distances, number of pairs & type, BoM (without Price), ownership (USF or SP existing/planned) Detailed requirements, design, criteria, assumptions, and calculations for proposed power solution should be provided. The design calculations shall also include the power of Primary and Secondary source of power, number of batteries, offered backup time, required charging time of the primary source, required charging time by the secondary source of the primary source, lifetime and operating temperature. All calculations shall be supported by the offered products' datasheets.
- d) Recommended format of BoQ is to be filled-in and submitted with the bid (i.e. without financial values in Q&S technical part and with financial values in subsidy proposal). Applicants must provide BoQ as per format and manner provided in the following tables. The applicant may define/choose/add suitable line items and may combine line items as well in accordance with their technical design.

## i. Technical BoQ

### ISP Solution

#### Active Node Category 1

| Item  | Qty Per Site | Total Sites |
|---|--------------|-------------|
| Transmission Equipment-Model (Chassis)      | [xx]         | [xx]        |
| 10GE Optical Card (8 Ports)                 | [xx]         |             |
| 1+1 control/supervisory Card for Redundancy | [xx]         |             |
| GE Card (8 Ports)                           | [xx]         |             |

#### Active Node Category 2

| Item  | Qty Per Site | Total Sites |
|---|--------------|-------------|
| Transmission Equipment-Model (Chassis)      | [xx]         | [xx]        |
| 10GE Optical Card (8 Ports)                 | [xx]         |             |
| 50G Optical Card (1 Port)                   | [xx]         |             |
| 1+1 control/supervisory Card for Redundancy | [xx]         |             |
| GE Card (8 Ports)                           | [xx]         |             |

#### Access System Category 1

| Item                     | Qty Per Site | Total Sites |
|--------------------------|--------------|-------------|
| Access System OLT        | [xx]         | [xx]        |
| Passive Splitters (1x32) | [xx]         |             |

#### Access System Category 2

| Item                     | Qty Per Site | Total Sites |
|--------------------------|--------------|-------------|
| Passive Splitters (1x32) | [xx]         | [xx]        |

#### Cabinet Category 1

| Item                                | Qty Per Site | Total Sites |
|-------------------------------------|--------------|-------------|
| Cabinet (Outdoor)                   | [xx]         | [xx]        |
| Rectifiers                          | [xx]         |             |
| Cooling System (AC/Heat Exchangers) | [xx]         |             |
| Power Distribution Unit (PDU)       | [xx]         |             |

#### Cabinet Category 2

| Item                                | Qty Per Site | Total Sites |
|-------------------------------------|--------------|-------------|
| Cabinet (Indoor)                    | [xx]         | [xx]        |
| Rectifiers                          | [xx]         |             |
| Cooling System (AC/Heat Exchangers) | [xx]         |             |
| Power Distribution Unit (PDU)       | [xx]         |             |

### Power Solution

**Power Category 1**

| S/No | Item Description                   | Capacity | Qty Per Site | Total Sites |
|------|------------------------------------|----------|--------------|-------------|
| 1    | Primary Source - Solar             | [xx]     | [xx]         | [xx]        |
| 2    | Secondary Source - Grid/Commercial | [xx]     | [xx]         |             |
| 3    | Battery Bank                       | [xx]     | [xx]         |             |

**Power Category 2**

| S/No | Item Description       | Capacity | Qty Per Site | Total Sites |
|------|------------------------|----------|--------------|-------------|
| 1    | Primary Source - Solar | [xx]     | [xx]         | [xx]        |
| 2    | Secondary Source – DG  | [xx]     | [xx]         |             |
| 3    | Battery Bank           | [xx]     | [xx]         |             |

**Site Civil Work****Site Civil Work Category 1**

| S/No | Scope Description                   | Qty Per Site | Total Sites |
|------|-------------------------------------|--------------|-------------|
| 1    | Site Acquisition (New)              | [xx]         | [xx]        |
| 2    | Civil Work / Site Renovation / etc. | [xx]         |             |

**Site Civil Work Category 2**

| S/No | Scope Description                   | Qty Per Site | Total Sites |
|------|-------------------------------------|--------------|-------------|
| 1    | Site Acquisition (Existing)         | [xx]         | [xx]        |
| 2    | Civil Work / Site Renovation / etc. | [xx]         |             |

### OSP Solution

#### OSP Category 1

| OFC Link Category | Total OFC Length (Km) |
|-------------------|-----------------------|
| Duct Buried       | [xx]                  |

#### OSP Category 2

| OFC Link Category | Total OFC Length (Km) |
|-------------------|-----------------------|
| Aerial            | [xx]                  |

#### Details of all OFC Links

| District | UC/Town/Village to be served | UC/Town/Village | OFC Link Name | Site A | Latitude  | Longitude | Site B | Latitude  | Longitude | OFC Link Length (Km) |
|----------|------------------------------|-----------------|---------------|--------|-----------|-----------|--------|-----------|-----------|----------------------|
| [xxx]    | [xxx]                        | UC              | [xxx] - [xxx] | [xxx]  | [xx.xxxx] | [xx.xxxx] | [xxx]  | [xx.xxxx] | [xx.xxxx] | [xx]                 |
| [xxx]    | [xxx]                        | UC              | [xxx] - [xxx] | [xxx]  | [xx.xxxx] | [xx.xxxx] | [xxx]  | [xx.xxxx] | [xx.xxxx] | [xx]                 |
| [xxx]    | [xxx]                        | Village         | [xxx] - [xxx] | [xxx]  | [xx.xxxx] | [xx.xxxx] | [xxx]  | [xx.xxxx] | [xx.xxxx] | [xx]                 |
| ...      | ...                          | ...             | ...           |        |           |           |        |           |           | ...                  |

#### Site wise Category Mapping

Site wise category mapping is required to tag each site with its corresponding ISP, OSP, Power and Site Civil work category. Example is given below.

| S.No. | Site/ Node/ UC | ISP Solution  |                        |                  | Power Solution | Site Civil Work          | Remarks |
|-------|----------------|---------------|------------------------|------------------|----------------|--------------------------|---------|
|       |                | Node Category | Access System Category | Cabinet Category | Power Category | Site Civil Work Category |         |
| 1     | [xxx]          | Category 1    | Category 1             | Category 1       | Category 1     | Category 1               |         |
| 2     | [xxx]          | Category 2    | Category 2             | Category 1       | Category 2     | Category 2               |         |
| 3     | [xxx]          | Category 1    | Category 2             | Category 2       | Category 1     | Category 2               |         |
| ...   | ...            | ...           | ...                    | ...              | ...            | ...                      | ...     |

## ii. Financial BoQ

### ISP Solution

#### Active Node Category 1

| Item  | Qty Per Site | Total Sites | Unit Cost | Unit Subsidy | Total Cost | Total Subsidy |
|---|--------------|-------------|-----------|--------------|------------|---------------|
| Transmission Equipment-Model (Chassis)      | [xx]         | [xx]        |           |              |            |               |
| 10GE Optical Card (8 Ports)                 | [xx]         |             |           |              |            |               |
| 1+1 control/supervisory Card for Redundancy | [xx]         |             |           |              |            |               |
| GE Card (8 Ports)                           | [xx]         |             |           |              |            |               |

#### Active Node Category 2

| Item  | Qty Per Site | Total Sites | Unit Cost | Unit Subsidy | Total Cost | Total Subsidy |
|---|--------------|-------------|-----------|--------------|------------|---------------|
| Transmission Equipment-Model (Chassis)      | [xx]         | [xx]        |           |              |            |               |
| 10GE Optical Card (8 Ports)                 | [xx]         |             |           |              |            |               |
| 50G Optical Card (1 Port)                   | [xx]         |             |           |              |            |               |
| 1+1 control/supervisory Card for Redundancy | [xx]         |             |           |              |            |               |
| GE Card (8 Ports)                           | [xx]         |             |           |              |            |               |

#### Access System Category 1

| Item                     | Qty Per Site | Total Sites | Unit Cost | Unit Subsidy | Total Cost | Total Subsidy |
|--------------------------|--------------|-------------|-----------|--------------|------------|---------------|
| Access System OLT        | [xx]         | [xx]        |           |              |            |               |
| Passive Splitters (1x32) | [xx]         |             |           |              |            |               |

#### Access System Category 2

| Item                     | Qty Per Site | Total Sites | Unit Cost | Unit Subsidy | Total Cost | Total Subsidy |
|--------------------------|--------------|-------------|-----------|--------------|------------|---------------|
| Passive Splitters (1x32) | [xx]         | [xx]        |           |              |            |               |

#### Cabinet Category 1

| Item                                | Qty Per Site | Total Sites | Unit Cost | Unit Subsidy | Total Cost | Total Subsidy |
|-------------------------------------|--------------|-------------|-----------|--------------|------------|---------------|
| Cabinet (Outdoor)                   | [xx]         | [xx]        |           |              |            |               |
| Rectifiers                          | [xx]         |             |           |              |            |               |
| Cooling System (AC/Heat Exchangers) | [xx]         |             |           |              |            |               |
| Power Distribution Unit (PDU)       | [xx]         |             |           |              |            |               |

**Cabinet Category 2**

| Item                                | Qty Per Site | Total Sites | Unit Cost | Unit Subsidy | Total Cost | Total Subsidy |
|-------------------------------------|--------------|-------------|-----------|--------------|------------|---------------|
| Cabinet (Indoor)                    | 1            | [xx]        |           |              |            |               |
| Rectifiers                          | 1            |             |           |              |            |               |
| Cooling System (AC/Heat Exchangers) | 1            |             |           |              |            |               |
| Power Distribution Unit (PDU)       | 1            |             |           |              |            |               |

**Power Solution****Power Category 1**

| S/No | Item Description                   | Capacity | Qty Per Site | Total Sites | Unit Cost | Unit Subsidy | Total Cost | Total Subsidy |
|------|------------------------------------|----------|--------------|-------------|-----------|--------------|------------|---------------|
| 1    | Primary Source - Solar             | [xx]     | [xx]         | [xx]        |           |              |            |               |
| 2    | Secondary Source - Grid/Commercial | -        | [xx]         |             |           |              |            |               |
| 3    | Battery Bank                       | [xx]     | [xx]         |             |           |              |            |               |

**Power Category 2**

| S/No | Item Description       | Capacity | Qty Per Site | Total Sites | Unit Cost | Unit Subsidy | Total Cost | Total Subsidy |
|------|------------------------|----------|--------------|-------------|-----------|--------------|------------|---------------|
| 1    | Primary Source - Solar | [xx]     | [xx]         | [xx]        |           |              |            |               |
| 2    | Secondary Source – DG  | [xx]     | [xx]         |             |           |              |            |               |
| 3    | Battery Bank           | [xx]     | [xx]         |             |           |              |            |               |

**Power Category 3**

| S/No | Item Description                 | Capacity | Qty Per Site | Total Sites | Unit Cost | Unit Subsidy | Total Cost | Total Subsidy |
|------|----------------------------------|----------|--------------|-------------|-----------|--------------|------------|---------------|
| 1    | Primary Source - Grid/Commercial | -        | [xx]         | [xx]        |           |              |            |               |
| 2    | Secondary Source – Solar         | [xx]     | [xx]         |             |           |              |            |               |
| 3    | Battery Bank                     | [xx]     | [xx]         |             |           |              |            |               |

**Site Civil Work****Site Civil Work Category 1**

| S/No | Scope Description                   | Qty Per Site | Total Sites | Unit Cost | Unit Subsidy | Total Cost | Total Subsidy |
|------|-------------------------------------|--------------|-------------|-----------|--------------|------------|---------------|
| 1    | Site Acquisition (New)              | [xx]         | [xx]        |           |              |            |               |
| 2    | Civil Work / Site Renovation / etc. | [xx]         |             |           |              |            |               |

**Site Civil Work Category 2**

| S/No | Scope Description                   | Qty Per Site | Total Sites | Unit Cost | Unit Subsidy | Total Cost | Total Subsidy |
|------|-------------------------------------|--------------|-------------|-----------|--------------|------------|---------------|
| 1    | Site Acquisition (Existing)         | [xx]         | [xx]        |           |              |            |               |
| 2    | Civil Work / Site Renovation / etc. | [xx]         |             |           |              |            |               |

**OSP Solution**

| <b>OFC Link Category</b> | <b>Total OFC Length (Km)</b> | <b>Unit Cost</b> | <b>Unit Subsidy</b> | <b>Total Cost</b> | <b>Total Subsidy</b> |
|--------------------------|------------------------------|------------------|---------------------|-------------------|----------------------|
| Category 1 (Duct)        | [xx]                         |                  |                     |                   |                      |
| Category 2 (Aerial)      | [xx]                         |                  |                     |                   |                      |

Above are the same tables as provided in Qualification and Services Proposal with item-wise cost & subsidy added.

**Annex [6]**

**Draft of Proposed USF Services and Subsidy Agreement**

**UNIVERSAL SERVICE FUND  
SERVICES and SUBSIDY AGREEMENT**

---

**BETWEEN**

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

**AND  
[•]**

**MADE AS OF  
[•MONTH•] [•DAY•], 20XX**

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**TABLE OF CONTENTS**

ARTICLE ONE - INTERPRETATION ..... - 1 -

1.01 Definitions..... - 1 -

1.02 Headings ..... - 4 -

1.03 Extended Meanings..... - 5 -

1.04 Currency..... - 5 -

1.05 Schedules ..... - 5 -

ARTICLE TWO - PROVISION OF USF NETWORK AND USF SERVICES ..... - 5 -

2.01 General..... - 5 -

2.02 Implementation of the USF Network..... - 6 -

2.03 Provision of USF Services ..... - 6 -

2.04 Service Availability and Quality..... - 6 -

2.05 Facilities Access and Sharing ..... - 6 -

2.06 USF Service Charges ..... - 7 -

ARTICLE THREE - OWNERSHIP AND CONTROL ..... - 7 -

3.01 Ownership and Operation of USF Network..... - 7 -

3.02 Change of Control of USF Service Provider ..... - 8 -

ARTICLE FOUR - IMPLEMENTATION AND SERVICE FAILURES ..... - 8 -

4.01 Failure to Meet Project Implementation Milestone Schedule..... - 8 -

4.02 Failure to Maintain Service Availability and Quality Specifications ..... - 9 -

4.03 Additional Penalties or Remedies ..... - 9 -

ARTICLE FIVE - PAYMENT OF THE USF SUBSIDY..... - 9 -

5.01 Payment of USF Subsidy ..... - 9 -

ARTICLE SIX - PERFORMANCE SECURITY ..... - 10 -

6.01 Performance Bond ..... - 10 -

6.02 Equipment Lien..... - 11 -

ARTICLE SEVEN - INSURANCE ..... - 11 -

7.01 Insurance ..... - 11 -

7.02 General..... - 11 -

7.03 Changes in the Insurance Industry ..... - 12 -

ARTICLE EIGHT - TECHNICAL/MONITORING AUDITOR..... - 12 -

8.01 Appointment of Technical/Monitoring Auditor..... - 12 -



|   |  |        |
|---|--|--------|
| 8.02  | Role of Technical Auditor .....                              | - 13 - |
| 8.03  | Role of Monitoring Auditor .....                             | - 14 - |
| 8.04  | Cooperation with Technical/Monitoring Auditor .....          | - 14 - |
| ARTICLE NINE - REPORTING .....                        |  | - 14 - |
| 9.01  | Reports .....  | - 14 - |
| ARTICLE TEN - DISPUTE RESOLUTION .....                |  | - 16 - |
| 10.01   | Dispute Escalation Process .....                             | - 16 - |
| 10.02   | Referral to Appeal Committee .....                           | - 17 - |
| 10.03   | Arbitration or Court Proceedings .....                       | - 17 - |
| 10.04   | Dispute Resolution Costs .....                               | - 17 - |
| 10.05   | Exemption from Dispute Resolution Processes .....            | - 17 - |
| ARTICLE ELEVEN - REPRESENTATIONS AND WARRANTIES ..... |  | - 18 - |
| 11.01   | Mutual Representations and Warranties .....                  | - 18 - |
| 11.02   | Representations and Warranties of USF Service Provider ..... | - 18 - |
| ARTICLE TWELVE - INDEMNIFICATION .....                |  | - 19 - |
| 12.01   | Indemnification .....  | - 19 - |
| ARTICLE THIRTEEN - FORCE MAJEURE .....                |  | - 19 - |
| 13.01   | Force Majeure .....  | - 19 - |
| 13.02   | Technical Amendments .....                                   | - 21 - |
| 13.03   | No Payment for Unperformed Services .....                    | - 22 - |
| 13.04   | Duration of Force Majeure Event Beyond Six Months .....      | - 22 - |
| ARTICLE FOURTEEN - CONFIDENTIALITY .....              |  | - 23 - |
| 14.01   | Confidentiality .....  | - 23 - |
| ARTICLE FIFTEEN - TERM AND TERMINATION .....          |  | - 23 - |
| 15.01   | Term .....   | - 23 - |
| 15.02   | Termination – Bankruptcy, Winding Up, Etc. ....              | - 23 - |
| 15.03   | Termination – Material Breach .....                          | - 24 - |
| 15.04   | Termination – Remedies .....                                 | - 24 - |
| ARTICLE SIXTEEN - GENERAL .....                       |  | - 24 - |
| 16.01   | Records, Audit and Inspection .....                          | - 24 - |
| 16.02   | Time of the Essence .....                                    | - 25 - |
| 16.03   | Expenses .....   | - 25 - |



16.04 Public Announcements ..... - 25 -  
16.05 Benefit of the Agreement..... - 25 -  
16.06 Entire Agreement ..... - 25 -  
16.07 Severability ..... - 25 -  
16.08 Amendments and Waiver..... - 25 -  
16.09 Assignment ..... - 26 -  
16.10 Subcontractors and Other Suppliers..... - 26 -  
16.11 Notices ..... - 26 -  
16.12 Governing Law ..... - 26 -

ARTICLE SEVENTEEN - COMPLIANCE WITH ENVIRONMENTAL LAWS..... - 27 -

- Schedule A – (Part – I) USF Fiber Optic Network Availability and Quality Specifications  
(Part – II) Technical Specifications
- Schedule B – Traffic Matrix for unserved Towns/Union Councils, Network & Services  
Availability
- Schedule C – USF Areas
- Schedule D – USF Project Implementation and Subsidy Payment Schedule
- Schedule E – Material Events of Default
- Schedule F – Performance Bond
- Schedule G – Environmental Assessment
- Schedule H – Service Provider’s Technical Proposal
- Schedule I – Service Provider’s Financial Proposal
- Schedule J – Bid Clarifications
- Schedule K – Request for Application (RFA)
- Schedule L – Letter of Lien
- Schedule M – Integrity Pact
- Schedule N – OPEX Methodology
- Schedule O – Insurance

## UNIVERSAL SERVICE FUND SERVICES AND SUBSIDY AGREEMENT

THIS AGREEMENT is made as of [•Month•] [•Day•], 20XX;

B E T W E E N:

USF, a company setup under the Companies Ordinance 1984 having its principal office at 3<sup>rd</sup> Floor, Evacuee Trust Complex, Agha Khan Road, F-5/1, Islamabad through its Chief Executive Officer, (hereinafter referred to as “USFCo”)

- and -

[•]

(hereinafter referred to as “USF Service Provider”).

WITNESSES THAT:

WHEREAS USFCo wishes to ensure the supply of certain USF Services to certain unserved and under-served areas and to facilitate the implementation of a USF Network to provide such services;

AND WHEREAS the USF Service Provider has been selected by USFCo through competitive process to construct the USF Network and provide the USF Services in certain unserved and under-served areas;

AND WHEREAS the USF Service Provider wishes to construct the USF Network and to provide USF 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**

In this Agreement, 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;

“**Bandwidth**” means the range within a band of frequencies or wavelengths or an amount of data that can be transmitted in a fixed amount of time usually expressed in bits per second (bps) or bytes per second.

**“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;

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

**“Effective Date”** means the effective date of this Agreement, 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 Section 13.01(c);

**“Force Majeure Event”** has the meaning ascribed thereto in Article 13;

**“Force Majeure Notice”** has the meaning ascribed thereto in Article 13;

**“GoP”** means the Government of Pakistan;

**“Indemnification Notice”** has the meaning ascribed thereto in Section 12.01(b);

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

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

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

**“Performance Bond”** has the meaning ascribed thereto in Section ARTICLE Six - ;

**“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 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 Service Provider, or the company or joint venture that incorporated the USF 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;

**“Renewable Energy”** means energy that is produced by alternative or renewable resources that are replenished naturally and are non-polluting and environmental friendly, as compared to the conventional which do not deplete when consumed;

**“Renewable Energy Solution”** means solutions, systems or set-ups generating power from Renewable Energy;

**“Relationship Executive Committee”** has the meaning ascribed thereto in Section 10.01(d)(i);

**“Relationship Liaison Committee”** has the meaning ascribed thereto in Section 10.01(c)(i);

**“Relationship Manager”** has the meaning ascribed thereto in Section 10.01(b)(i);

**“RFA”** means the Request for Applications document issued by USFCo for this project, including all annexes thereto, as amended or modified by USFCo;

**“Report”** means a Report required in accordance with Section 9.01;

**“Technical Amendment”** has the meaning ascribed thereto in Section 13.02;

**“Technical Auditor”** means the person appointed in accordance with Section 8.01(a);

**“Term”** means the term of the Agreement identified in Section 15.01;

**“USF Areas”** mean the Towns/Union Councils and connectivity to number of BTSs identified in Schedule C of the USF Services and Subsidy Agreement as being mandatory for USF Network and USF Services;

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

**“USF Contributor”** means any Person whose License includes identified USF Contribution requirements, and who is identified by PTA as being fully compliant with those requirements;

**“USF Optic Fiber Communication Services”** or **“USF OFC Services”** or **“USF Services”** means transport of information through an Optic Fiber, to be provided by the USF Service Provider pursuant to SSA;

**“USF Optic Fiber Network”** or **“USF OFN”** or **“USF Network”** means the network, that may consist of Optical Fiber Nodes, Network Elements (active and passive) and transports information through Optic Fiber Cable to be deployed by the USF Service Provider to provide USF Optic Fiber Communication Services pursuant to the Services and Subsidy Agreement;

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

**“USF Services and Subsidy Agreement”** or **“Agreement”** means this agreement and all amendments made hereto by written agreement between the parties;

**“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);

**“USF Services”** means the Telephony Services and the Internet Access Services; and

**“USF Subsidy”** means the subsidy to be paid by USFCo to the USF Service Provider in accordance with the USF Services and Subsidy Agreement and includes USF CAPEX Subsidy and USF OPEX Subsidy;

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

**“USF OPEX Subsidy”** means the subsidy to be paid by USFCo to the USF Service Provider for partially supporting its operational expenses for OFC Network Uptime (SLA) and connectivity to BTSs in target areas mentioned in Schedule C and as mentioned in Schedule D for operating USF Networks and providing USF Services in the USF Areas. USF OPEX Subsidy may include costs of backhauling, security, maintenance services, utilities, insurance, property management, transportation and vehicle expenses and wages of the manpower deployed for or associated with USF Network and USF Services in USF Area;

## 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 – (Part – I) USF Fiber Optic Network Availability and Quality Specifications  
(Part – II) Technical Specifications

Schedule B – Traffic Matrix for unserved Towns/Union Councils, Network & Services Availability

Schedule C – USF Areas

Schedule D – USF Project Implementation and Subsidy Payment Schedule

Schedule E – Material Events of Default

Schedule F – Performance Bond

Schedule G – Environmental Assessment

Schedule H – Service Provider’s Technical Proposal

Schedule I – Service Provider’s Financial Proposal

Schedule J – Bid Clarifications

Schedule K – Request for Application (RFA)

Schedule L – Letter of Lien

Schedule M – Integrity Pact

Schedule N – OPEX Methodology

Schedule O – Insurance

**ARTICLE TWO - PROVISION OF USF NETWORK AND USF SERVICES**

2.01 **General**

Subject to the provisions of this Agreement, the USF Service Provider will construct the USF Network according to the accepted BoQ to provide the USF Services. USFCo will provide the USF Subsidy to assist in meeting the costs of constructing the USF Network Infrastructure and partial operational costs for providing the USF Services in the USF Areas as per Schedule D.

## 2.02 **Implementation of the USF Network**

- (a) The USF Service Provider shall implement the USF Network powered by Renewable Energy Solution as a primary source, in accordance with the Project Implementation Milestones, and Final Implementation Date, identified in Schedule D.
- (b) In implementing the USF Network, the USF Service Provider shall comply with all planning and approvals processes, and applicable environmental guidelines including those identified in Article 17 and Schedule G.

## 2.03 **Provision of USF Services**

- (a) The USF Service Provider shall provide the USF Services in accordance with the service specifications and requirements identified in Schedules A and B.
- (b) The USF Service Provider shall provide the USF Services in the USF Areas identified in Schedule C as being mandatory for USF Network and USF Service coverage in accordance with the network and service roll-out requirements identified in Schedule D, throughout the term of the contract.
- (c) In addition to the USF Services, the USF Service Provider may provide any other services authorized by the Licence or another PTA-issued licence held by the USF Service Provider in Pakistan.
- (d) The USF Services shall be provided by the USF Service Provider pursuant to an agreement with wholesale or retail customers of the USF Services. The Customer Service Agreement, lease agreement or interconnection agreement shall be in a form approved by the PTA.
- (e) The successful Applicant will connect through USF Network the un-served Towns/Union Councils from the nearest city or town having optic fiber connectivity. He may co-locate his equipment with the existing Operator or may consider connecting to its own nearest node.

## 2.04 **Service Availability and Quality**

The USF Service Provider shall provide the USF Services in accordance with the quality of service requirements identified in Schedules A and B and QoS (Quality of service) requirements identified in the relevant services licence issued and amended by PTA from time to time. Strict compliance with the data rate, performance benchmarks and network availability as per the PTA license is mandatory.

## 2.05 **Facilities Access and Sharing**

- (a) As required pursuant to Rule 27 of the USF Rules, the USF Service Provider shall share the USF Network, infrastructure and facilities (i.e., dark fiber, buildings, power etc.) 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. The USF service

- provider shall make available one dedicated Dark Fiber Pair free of cost for Defense Services and shall share the USF Network, infrastructure and facilities (i.e. buildings, power, etc.)
- (b) Where the USF Service Provider and USF contributor requesting facilities access and sharing are not able to successfully negotiate the terms of access, following a reasonable period 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 16.01 to the PTA.
  - (d) The USF 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 Service Charges**

- (a) The USF Service Provider's charges for the USF Services shall not exceed the following maximum tariffs for same or equivalent services.
  - (i) For IRU based OFC connectivity, the maximum Tariff shall be Rs. 15,000/- per Km per year inclusive of CAPEX and O&M.
  - (ii) For Capacity based OFC connectivity, the maximum Tariff shall be Rs. 2,700/- per Mbps per year inclusive of OPEX and O&M.
  - (iii) For Dark Fiber-based OFC connectivity, the maximum tariff shall be Rs. 10,000/- per Km per year inclusive of CAPEX and O&M.
  - (iv) For any other services the tariff shall not exceed 25% of the wholesale tariff of equivalent services in metropolitan areas that will be taken as a benchmark and shall be defined by USF.

## **ARTICLE THREE - OWNERSHIP AND CONTROL**

### 3.01 **Ownership and Operation of USF Network**

- (a) The USF Services shall be provided primarily over network transmission and facilities (i.e. wires, fibre optic lines, cables, etc.) owned and operated by the USF Service Provider.
- (b) The USF 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. USF network shall not be switched off or transferred to any other network during the term of the agreement unless directed by the PTA or any other authorized government agency. However, if USF network is required to be shut down or

transferred to other network after getting necessary approvals from PTA, the Service provider will ensure continuation of USF services as per terms and conditions of the signed SSA. Regardless of whether the USF 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 Services remain entirely those of the USF Service Provider.

### 3.02 **Change of Control of USF Service Provider**

For so long as the Performance Bond provided by the USF Service Provider pursuant to Section 6.01 remains in place, the transfers and changes in the ownership or Control of a USF Network will be subject to fulfillment of Service Provider's PTA licence obligations on ownership and control reporting and/or approvals the USF Service Provider may require from other applicable Government agencies.

## 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, then 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) loss of eligibility for all or part of the USF Subsidy;
  - (ii) forfeiture of all or part of the Performance Bond;
  - (iii) 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 and the total amount of such liquidated damages shall not exceed 15% of the total subsidy of the project.
  - (iv) repayment of any USF Subsidy amounts previously paid to the USF Service Provider;
  - (v) payment of liquidated damages equal to all or part of USFCo's estimate of the costs of providing the USF Services in the USF Areas left unserved due to the failure, provided that the total amount of such liquidated damages shall not exceed 15% of the total subsidy of the project.
  - (vi) provided that in case of termination of SSA Agreement without achieving a single milestone due to force majeure event or otherwise the USF Service Provider shall be bound to return total mobilization advance, otherwise, USFCo has the right to forfeit the Performance Bond to the extent of mobilization amount.

- (b) Such penalty or penalties shall be specified in a written notice delivered by USFCo to the USF Service Provider in accordance with Section 16.11. 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 Service Provider to maintain the Service Availability and Quality Specifications for the USF 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;
  - (iii) imposition of penalty on per day per node basis on outage observed on USF nodes as per Schedule N of SSA;
  - (iv) recovery of any USF Subsidy amounts previously paid to the USF Service Provider;
  - (v) 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 Service Provider in accordance with Section 16.11. 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 Service Provider the USF Subsidy in accordance with the subsidy instalment payments identified in Schedule D. Further USF Service Provider will be responsible for paying any fees, taxes or charges otherwise applicable to the USF Service Provider till the term of the contract, in accordance with the Act and other laws of Pakistan and regulations made there under.

## ARTICLE SIX - PERFORMANCE SECURITY

### 6.01 Performance Bond

- (a) The USF 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 **20%** of the total USF Subsidy to be paid to the USF service provider. The Performance Bond will be maintained for the entirety of the implementation Phase of the project. However, during the monitoring phase, the Performance Bond shall be proportionately reduced each year, subject to satisfactory monitoring reports of the project. The validity of the Performance Bond will be 5 years or any extended period either due to Force Majeure or due to delay by the Service Provider, however the USF Service Provider shall have the option to submit a single Performance Bond valid for 5 years or successive five annual Performance Bonds with minimum one year validity in accordance with Schedule “F” or F/1. In case USF Service Provider opts for successive five annual Performance Bonds option then it shall:
1. submit first Performance Bond as per requirements of this RFA with validity of one year;
  2. submit second Performance Bond of same value during implementation phase and proportionately reduced value for each year during monitoring phase, subject to satisfactory monitoring reports of the project, with minimum one-year validity, one month before the expiry date of the first Performance Bond. Similarly, it shall submit third, fourth and fifth performance bonds annually, provided that the expiry date of the fifth performance Bond shall be the same as that of the expiry date of the 5-year Performance Bond would have been;
  3. be entitled, after submitting the new Performance Bond, to get released previous Performance Bond from USFCo within 05 days of the effective date of the new Performance Bond;
  4. 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
  5. not object to encashment of Performance Bond by USFCo in its custody because of 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) Left Blank.
- (e) The Performance Bond shall be forfeited, in whole or in part, by the USF Service Provider as provided for in Article Four.

## 6.02 **Equipment Lien**

As required pursuant to Rule 26(6) of the USF Rules, all assets deployed by the USF Service Provider in implementing the USF Network shall be subject to a lien exercisable by USFCo pursuant to the documented terms of the lien.

## ARTICLE SEVEN - **INSURANCE**

### 7.01 **Insurance**

The USF Service Provider shall maintain or cause to be maintained on behalf of itself and all subcontractors to whom the USF Service Provider has subcontracted (in relation to the implementation or operation of the USF Network or provision of the USF Services) at all times during the Term of this Agreement, in the form specified in Schedule O 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 50,000,000/- [Rupees Fifty Million 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 including Renewable Energy Solution and provide the USF 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.

### 7.02 **General**

- (a) All insurance provided for in Section 7.01 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 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 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.

### 7.03 **Changes in the Insurance Industry**

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

## **ARTICLE EIGHT - TECHNICAL/MONITORING AUDITOR**

### 8.01 **Appointment of Technical/Monitoring Auditor**

- (a) A Technical/Monitoring Auditor shall be appointed by USFCo in accordance with the USF Services and Subsidy Agreement and other applicable processes. The Technical Auditor may be an appropriately qualified employee of USFCo and/or expert consultant.
- (b) The Technical/ Monitoring Auditor may be an external consultant who shall be a person of demonstrated telecommunications engineering expertise.
- (c) Where the Technical/ Monitoring Auditor is an external consultant, USFCo shall enter into an agreement (the "Technical Auditor Agreement") with the Technical Auditor. The Technical/ Monitoring Auditor Agreement shall:
  - (i) define the role of the Technical/ Monitoring Auditor in accordance with this Agreement;
  - (ii) prescribe the methodology, tests and reporting structure to be used by the Technical/ Monitoring 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/Monitoring Auditor Agreement available to the USF Service Provider.

- (d) USFCo shall be solely responsible for the selection of Technical/Monitoring Auditor and for any fees to be payable, and expenses to be reimbursable, to the Technical Auditor.
- (e) If the Technical/Monitoring 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/Monitoring Auditor who, for all purposes of this Agreement, shall from and after such appointment perform the functions of the Technical/Monitoring Auditor.
- (f) If the Technical Auditor has been replaced during the execution of the project USFCo will inform the USF Service Provider about this change.

## 8.02 **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 Services meet the service specifications and requirements identified in Schedules A and B;
  - (ii) issuing a Project Implementation Milestone Certification to the USFCo to indicate that a Project Implementation Milestone has been completed in accordance with Schedule D; and
  - (iii) issuing an indication in writing to the USFCo 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 Article Thirteen, which may include, but is not limited to, one or more of the following:
  - (i) issuing a Force Majeure Certification to USFCo in accordance with Article Thirteen;
  - (ii) issuing an indication in writing to USFCo that a Force Majeure Event has not occurred in accordance with Article Thirteen; and
  - (iii) proposing a Technical Amendment made in accordance with Article Thirteen.

### 8.03 **Role of Monitoring Auditor**

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

- a) Making a determination as to whether or not any of the USF Network and USF services provided are as per SSA 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 Services meet the service specifications and requirements identified in Schedules A and B.
  - ii. Making a determination as to whether or not the deployed infrastructure is as per agreed BoQ, at the time of project implementation.
  - iii. Issuing an indication in writing to USFCo of any snags, reported during monitoring visit, along with their severity levels.

### 8.04 **Cooperation with Technical/Monitoring Auditor**

The USF Service Provider shall co-operate with the Technical/Monitoring Auditor, in performing his or her 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, statistical data collection, reporting etc; and
- (b) providing any information regarding the USF Network or the USF Services requested by the Technical/Monitoring Auditor, and related access to technical personnel of the USF Service Provider.

## **ARTICLE NINE - REPORTING**

### 9.01 **Reports**

- (a) The USF Service Provider shall provide to USFCo, within 14 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 with details of Renewable Energy Solution;
  - (ii) detailed report on the achievement of the Project Implementation Milestones set out in Schedule D, which should also highlight the risks and bottlenecks during the implementation phase with their proposed measures and the forecasted project progress against the milestones set out in Schedule D;

- (iii) a report on the achievement of the quality of service and other service requirements for the USF 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 general demand for and usage of the USF Services, and the USF Service Provider's current charges for the USF Services;
- (v) a report on demand for the USF Network and USF Services, indicating:
  - (I) technical capacity and readiness of the USF Network to provide the Services;
  - (II) the USF Service Provider's marketing and distribution plan for the USF Services;
  - (III) the number of requests received by the USF Service Provider for the Services;
  - (IV) the number of requests received by the USF Service Provider for the Services that remain outstanding; and
  - (V) the average time it takes for the USF Service Provider to fulfil a request for the Services; and
  - (VI) such other information as determined by the Relationship Liaison Committee.
- (b) The Reports shall be filed by the USF Service Provider with USFCo within 14 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 Article Ten.
- (d) The USF Service Provider shall also provide Monthly progress reports and real-time remote access of USF Network, to the USFCo in an agreed manner and medium for;
  - (i) Overall Bandwidth usage and Interface wise Bandwidth utilization.
  - (ii) Downtime outage report with root cause analysis (RCA);
  - (iii) Alarm History and
  - (iv) Quality of Service of USF Optic Fiber Network and USF OFC Services.
- (e) During Monitoring phase of the project, monthly reports will be submitted by SP as per KPI details mentioned in Schedule N. OPEX subsidy shall be processed after the submission of quarterly reports which will consist of consolidated monthly reports.

## **ARTICLE TEN - DISPUTE RESOLUTION**

### **10.01 Dispute Escalation Process**

- (a) The Parties shall act reasonably in interpreting this Agreement and the Schedules hereto. In the event of a dispute under this Agreement, the Parties will first engage in the dispute escalation processes identified in this Section 10.01. 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 this Agreement 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 Service Provider’s President / Chief Executive Officer.
- (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 Service Provider’s President / Chief Executive Officer 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 10.02; or
  - (II) commence arbitration or court proceedings in accordance with Section 10.03.

#### 10.02 **Referral to Appeal Committee**

Any dispute that has not been resolved by application of the Disputes Escalation Process described in Section 10.01 may be referred to the Appeal Committee to be constituted pursuant to Rule 31 of the USF Rules.

#### 10.03 **Arbitration or Court Proceedings**

Any dispute that has not been resolved by application of the Disputes Escalation Process described in Section 10.01, or that is not pending before the Appeal Committee pursuant to Section 10.02, may become the subject of arbitration or court proceedings commenced by either Party in accordance with applicable rules and procedures.

#### 10.04 **Dispute Resolution Costs**

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

#### 10.05 **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 10.01 for disputes requiring injunctive relief or other urgent relief.
- (b) The dispute resolution processes described in this Article Ten apply only to disputes arising under this Agreement. 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 Article Ten derogates from PTA's rights or powers under the Act. The provisions of Article 10 are subject to the Act and any 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 Article 10 with the provisions of the Act or related regulations, the Act and regulations shall prevail.

## **ARTICLE ELEVEN - REPRESENTATIONS AND WARRANTIES**

### **11.01 Mutual Representations and Warranties**

Each of the USF 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 Services or the performance of obligations under this Agreement.

### **11.02 Representations and Warranties of USF Service Provider**

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

- (a) unless the USF Service Provider obtains USFCo's prior written approval, all telecommunications facilities and equipment installed by the USF Service Provider in its USF Network shall be new when first installed and shall comply with Pakistan's type-approval requirements and internationally recognized standards;
- (b) the USF Network constructed by it and the USF Services provided by it shall at all times comply with all applicable Pakistan's laws and regulations including, but not limited to, telecommunications, environmental, import and export regulations;
- (c) all telecommunications facilities, equipment and Renewable Energy Solution installed by the USF Service Provider in its USF Network will be maintained by the USF Service Provider in good working order, ordinary wear and tear excepted;
- (d) the USF Network constructed by it and the USF 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 Services in accordance with this Agreement;
- (f) all representations and warranties made in the Proposal as to facts materially related to the USF Network and USF Services, including facts pertaining to the USF Service Provider's corporate structure, organization, operations, general skills and capabilities relevant to the USF Network and USF Services, remain true and correct and will be observed by the USF Service Provider in all material respects; and
- (g) the USF 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.

## **ARTICLE TWELVE - INDEMNIFICATION**

### **12.01 Indemnification**

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

## **ARTICLE THIRTEEN - FORCE MAJEURE**

### **13.01 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 within 30 business days of occurrence of such event. Subsequently SP shall provide initial evidence in support of the notice within 30 business days after such notice.

- (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 reasonable time, which shall not be more than 15 business days after receipt of the evidence against Force Majeure Event, 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 and whether a Technical Amendment to this Agreement is required in accordance with Section 13.02 ; 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 13.01(c), the Parties may agree to amend this Agreement 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 objective of extending USF Network facilities and USF Services into rural communities that do not then have access to such types and capacities of telecommunications facilities and services.
- (e) Left Blank.
- (f) Left Blank.
- (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 recommence 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 Service Provider alone, substantial or material fires, explosions, breakage of or other accidents to plant, machinery, equipment or other facilities of the USF 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.

### 13.02 **Technical Amendments**

- (a) Where the Technical Auditor issues a Force Majeure Certification to USFCo in accordance with Section 13.01, indicating that a Force Majeure Event has prevented the implementation, activation or operation of the USF Network or the provision of the USF Services in certain parts of the USF Areas described in Schedule C or in accordance with the implementation and payment schedule described in Schedule D, the Technical Auditor may propose amendments to SSA or its Schedules.
- (b) If the Technical Auditor proposes Technical Amendment in accordance with Section 13.02(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 – (Part – I) USF Fiber Optic Network Availability and Quality Specifications;
  - (ii) Schedule A – (Part – II) USF Fiber Optic Connectivity up to Tehsil Level
  - (iii) Schedule B – Traffic Matrix for unserved Towns/Union Councils, Network & Services Availability;
  - (iv) Schedule C
  - (v) Schedule D - USF Project Implementation and Subsidy Payment Schedule
  - (vi) Schedule F – Performance Bond.
  - (vii) Letter of Lien
- (c) Notwithstanding any other provisions of this Article, any Technical Amendment shall be proposed by USFCo in accordance with the following:

- (i) the Technical Auditor shall consult with USFCo prior to proposing 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, providing the USF Services.

**13.03 No Payment for Unperformed Services**

- (a) If the USF Service Provider fails to construct the USF Network or provide the USF Services in accordance with this Agreement 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 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 equipment to be installed as per the approved BoQ, the length of the resulting delay and the progress achieved towards the Project Implementation Milestone.

**13.04 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 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 13.03(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 Service Provider under this Agreement; and
- (b) the USF Service Provider may be deemed by USFCo to be in material breach of this Agreement in accordance with section 15.03, 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 in connection with the circumstances of the Force Majeure event.

(b)(i) Where a Project is only partially completed due to Force Majeure Event for which Force Majeure Certification has been issued, and the Force Majeure Event is likely to continue and where the Service Provider is unable to complete the project and has also submitted the closure request, the final project payment will be adjusted

on an equitable basis (subject to the provision that the total amount payable shall not exceed the Subsidy amount) taking into account, the approved BoQ and coverage provided as per Schedule C to the SSA.

## **ARTICLE FOURTEEN - CONFIDENTIALITY**

### **14.01 Confidentiality**

Except as specifically provided for in this Agreement or as required by applicable laws or regulation, or, neither USFCo nor the USF 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 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 FIFTEEN - TERM AND TERMINATION**

### **15.01 Term**

This Agreement commences on the Effective Date and continues for a term of ten (10) years and any other extended period either due to Force Majeure or delay in Project.

### **15.02 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 Service Provider forthwith upon the happening of any of the following events of default:
  - (i) where the USF 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 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 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 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 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 15.02(a) occurs and USFCo wishes to terminate this Agreement, USFCo must give the USF Service Provider notice of its decision to terminate within 60 days of such default coming to its attention.

#### 15.03 **Termination – Material Breach**

- (a) Subject to Section 15.03(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 15.03.

#### 15.04 **Termination – Remedies**

- (a) On termination by the USFCo pursuant to Sections 15.02 or 15.03, 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 Service Provider pursuant to Section 15.03, the USF Service Provider shall be entitled to payment of all USF Subsidy instalments payable pursuant to Schedule D for Project Implementation Milestones achieved prior to the effective date of termination.
- (c) The provisions of this Article Fifteen 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 SIXTEEN - GENERAL**

#### 16.01 **Records, Audit and Inspection**

- (a) The USF Service Provider shall maintain all records required for preparation of the reports described in Section 9.01. The USF 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 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 Service Provider's places of business for the purpose of auditing or otherwise inspecting the information and records of

the USF Service Provider pertaining in any way to the performance of this Agreement.

16.02 **Time of the Essence**

Time is of the essence of this Agreement.

16.03 **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.

16.04 **Public Announcements**

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

16.05 **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.

16.06 **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.

16.07 **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.

16.08 **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.

16.09 **Assignment**

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

16.10 **Subcontractors and Other Suppliers**

Subject to Section 13.01, the USF Service Provider shall remain responsible for the due performance of this Agreement regardless of its engagement of subcontractors or other suppliers.

16.11 **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 by the parties, addressed to the recipient as follows:

To USFCo:

USFCo  
3<sup>rd</sup> Floor, Evacuee Trust Complex, Agha Khan Road, F-5/1  
Islamabad  
Pakistan

Attention: Chief Executive Officer

To USF 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.

16.12 **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 Licence; 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 SEVENTEEN - COMPLIANCE WITH ENVIRONMENTAL LAWS.**

17.01

It shall be the responsibility of the USF Service Provider to comply with all Federal, provincial or local environmental laws, rules and regulations including laws relating to Alternate or Renewable Energy applicable in Pakistan, including, without limitation, the laws referred to in the Environmental Assessment which is attached as Schedule G.

17.02

The USF Service Provider shall also comply with the Environmental Management Framework (EMF) and related processes described in Schedule G.

[End of Agreement]



IN WITNESS WHEREOF the Parties have executed this Agreement.

USFCo

Per: \_\_\_\_\_  
[insert name], Chief Executive Officer  
c/s

USF SERVICE PROVIDER

Per: \_\_\_\_\_  
[insert name and title]  
c/s

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

\_\_\_\_\_)  
Witness for USFCo )

\_\_\_\_\_)  
[insert name]

\_\_\_\_\_)  
Witness for USF Service Provider )

\_\_\_\_\_)  
[insert name]



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**SCHEDULE A**

**(Part-I)**

**Will be Provided to the Register Bidders Only**

## **Schedule A (Part – II)**

**Will be Provided to the Register Bidders Only**

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**SCHEDULE B**

**Will be Provided to the Register Bidders Only**



**UNIVERSAL SERVICE FUND**  
EMPOWERING COMMUNITIES

**Universal Service Fund**

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

## **USF NEXT GENERATION OPTICAL FIBER NETWORK & SERVICES**

### **SCHEDULE C TO SSA**

**USFCo**  
**3<sup>rd</sup> Floor, Evacuee Trust Complex, Agha**  
**Khan Road, F-5/1, Islamabad**  
**Pakistan**

**Tel: 051 9212308-09**  
**Fax: 051 9214261**  
**URL: [www.usf.org.pk](http://www.usf.org.pk)**

**Will be Provided to the Register 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*], 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). The above subsidy comprises of Rs. [*insert Capex Subsidy*] as Capex Subsidy for OFC Network, and Rs. [*insert OPEX Subsidy for OFC Network*] as OPEX Subsidy.

#### USF CAPEX Subsidy Payment Schedule

2. Subject to the provisions of Article Thirteen 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:

| <b>Project Mobilization Payment</b>  |  | <b>Installment Payable<br/>(Percentage of USF<br/>Subsidy)</b> |
|--|--|--|
| Payable within fifteen (15) Business Days of Effective Date or date of the invoice, as the case maybe. The mobilization advance will be adjusted against payment of initial milestone/s. |  | 10%<br>[CAPEX of USF<br>OFC Network]                           |
| <b>Milestone<br/>Number</b>  | <b>Project Implementation Milestone</b>  | <b>Installment Payable<br/>(Percentage of USF<br/>Subsidy)</b> |
| 1  | Demonstration that the USF Optic Fiber Network and Services are available to 25% of the total unserved Villages identified in Schedule C. Payment against the milestone will be made according to the value of the BoQ installed maximum upto 25%. | Max. upto 25%<br>[CAPEX of USF<br>OFC Network]                 |
| 2  | Demonstration that the USF Optic Fiber Network and Services are available to 50% of the total unserved Villages identified in Schedule C Payment against the milestone will be made according to the value of the BoQ installed maximum upto 50%.  | Max. upto 50%<br>cumulative [CAPEX<br>of USF OFC<br>Network]   |
| 3  | Demonstration that the USF Optic Fiber Network and Services are available to 75% of the total unserved Villages identified in Schedule C Payment against the milestone will be made according to the value of the BoQ installed maximum upto 75%.  | Max. upto 75%<br>cumulative<br>[CAPEX of USF<br>OFC Network]   |

|   |   |  |
|---|---|--|
| 4 | Demonstration that the USF Optic Fiber Network and Services are available to 100% of the total unserved Villages identified in Schedule C Payment against the milestone will be made according to the value of the BoQ installed maximum upto 100%. | Max. upto 100% cumulative [CAPEX of USF OFC Network] |
|---|---|--|

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, all four (04) Project Implementation Milestones must be implemented within sixteen (16) months of the Effective Date and the First Project Implementation Milestone must be implemented within eight (08) months.
4. For the purposes of the Project Implementation Milestones set out in the table above, “available” means that the USF Optic Fiber Network and Services are fully operational and are available for commercial use in each of the identified Towns/Union Councils and Villages in accordance with the SSA, including, but not limited to, the service requirements and quality of service standards identified in Schedules A and B.
5. 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.
6. Within 45 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.
7. 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.
8. Each installment of the USF Subsidy will be paid to the USF Service Provider within 45 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.
  - a. The milestone payment will be adjusted on an equitable basis taking into account the approved BoQ, delivered BoQ, Optical nodes, Optical network and BTS connectivity provided subject to the provision that the total amount of payable subsidy shall not exceed CAPEX Subsidy. Same principle would apply for USF OPEX Subsidy
9. Where a Project is only partially completed due to Force Majeure Event for which Force Majeure Certification has been issued or where by service provider is unable to complete the project and service provider has submitted the closure request, the final project payment

will be adjusted on an equitable basis (subject to the provision that the total amount payable shall not exceed CAPEX Subsidy) taking into account, the delivered BoQ, Optical nodes, Optical network and BTS connectivity provided as per Schedule C to the SSA. Same principle would apply for USF OPEX Subsidy.

10. 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.
11. The USF Service Provider shall send USFCo a written confirmation of receipt of all USF Subsidy installments.
12. All Payment to the service providers shall be made subject to the confirmation of being active on the Active Taxpayer List (ATL) of concerned authority.

#### **USF OPEX Subsidy Payment Schedule**

13. Subject to the provisions of Article Thirteen of the Agreement and this Schedule D, the USF OPEX Subsidy for each of the Years i.e. One, Two and Three shall be paid in quarterly instalments based on the successfully audited nodes, BTS Connectivity and compliance to USF Service Charges (Section 2.06 of SSA) in respective Milestones. The quarterly instalments shall start immediately after completion of each of the Milestones and issuance of Project Implementation Milestone Certification. The payment will be due after verification of Quarterly Reports submitted by SP in accordance with Section 9.01 of USF Services and Subsidy Agreement and in accordance with Schedule of the OPEX Payment Methodology in the following manner:
  - (a) After completion of the First Milestone and issuance of Project Implementation Milestone Certification and verification of Quarterly Reports as per OPEX methodology, USF Service Provider shall be paid quarterly installments of the First Year OPEX Subsidy for the number of audited nodes in the First Milestone. Second and Third year OPEX subsidy for the First Milestone shall be paid to the service provider in the same manner. Thus, over a period of three years (thirty-six (36) months), against First Milestone, USF Service Provider shall be paid twelve (12) quarterly installments in accordance with the number of nodes audited for the Milestone.
  - (b) Same process of payment of OPEX Subsidy shall be repeated for each subsequent Project Implementation Milestone, thus USF Service Provider shall get forty-eight (48) instalments covering entire amount of OPEX Subsidy for the Project.
  - (c) After completion of the Fifth Milestone and issuance of Project Implementation Milestone Certification and verification of Quarterly Reports as per OPEX methodology, USF Service Provider shall be paid quarterly installments of the First Year OPEX Subsidy for the number of BTS's connected in the Fifth Milestone. Second and Third year OPEX subsidy for the Fifth Milestone shall be paid to the service provider in the same manner. Thus, over a period of three years (thirty-six (36) months), against Fifth Milestone, USF Service Provider shall be paid twelve (12) quarterly installments in accordance with the number of BTS's connected audited for the Milestone.
14. In case of cumulative downtime of USF OFC Network for more than 2 days (48 hours) in a quarter for which the OPEX Subsidy is being given, USFCo shall be entitled to deduct proportionate amount on per Node per Day basis from the current installment of OPEX

Subsidy. Similarly, in case of cumulative downtime of USF BTS Connectivity for more than 2 days (48 hours) in a quarter for which the OPEX Subsidy is being given, USFCo shall be entitled to deduct proportionate amount on per BTS per Day basis from the current installment of OPEX Subsidy. Please refer to Schedule N for OPEX subsidy calculation and deductions.

**a) OPEX Calculation for OFC Network**

|   |  |                     | Subsidy Per Node per year |
|---|--|---------------------|---------------------------|
| A | Total OPEX Subsidy for OFC Network Rs. XXX for 3 years |                     |                           |
| B | OPEX per Annum   | [Total OPEX at A/3] |                           |
| C | 1st Year demanded Subsidy (max 75%)                    | OPEX for Year One   |                           |
| D | 2nd year demanded subsidy (max 50%)                    | OPEX for Year Two   |                           |
| E | 3rd year demanded subsidy (max 25%)                    | OPEX for Year Three |                           |

Table 1: OPEX distribution mechanism

|            | Year One                 |         |         |         | Year Two                 |         |         |         | Year Three               |         |         |         |
|------------|--------------------------|---------|---------|---------|--------------------------|---------|---------|---------|--------------------------|---------|---------|---------|
|            | 16 installments (in Rs.) |         |         |         | 16 installments (in Rs.) |         |         |         | 16 installments (in Rs.) |         |         |         |
| <b>MS1</b> | C x S/4                  | C x S/4 | C x S/4 | C x S/4 | D x S/4                  | D x S/4 | D x S/4 | D x S/4 | E x S/4                  | E x S/4 | E x S/4 | E x S/4 |
| <b>MS2</b> | C x S/4                  | C x S/4 | C x S/4 | C x S/4 | D x S/4                  | D x S/4 | D x S/4 | D x S/4 | E x S/4                  | E x S/4 | E x S/4 | E x S/4 |
| <b>MS3</b> | C x S/4                  | C x S/4 | C x S/4 | C x S/4 | D x S/4                  | D x S/4 | D x S/4 | D x S/4 | E x S/4                  | E x S/4 | E x S/4 | E x S/4 |
| <b>MS4</b> | C x S/4                  | C x S/4 | C x S/4 | C x S/4 | D x S/4                  | D x S/4 | D x S/4 | D x S/4 | E x S/4                  | E x S/4 | E x S/4 | E x S/4 |

Table 2: Total OPEX subsidy for four milestones spread over forty-eight instalments.

C = 1st Year Subsidy (max 75%)

D = 2<sup>nd</sup> Year Subsidy (max 50%)

E = 3rd Year Subsidy (max 25%)

S = No of Nodes

### b) OPEX Calculation for BTS Tower Connectivity

|   |  |                     | Subsidy Per BTS Connectivity per year |
|---|--|---------------------|---------------------------------------|
| A | Total OPEX Subsidy for BTS Connectivity is Rs. XXX for 3 years |                     |                                       |
| B | OPEX per Annum   | [Total OPEX at A/3] |                                       |
| F | 1st Year demanded Subsidy (max 75%)                            | OPEX for Year One   |                                       |
| G | 2nd year demanded subsidy (max 50%)                            | OPEX for Year Two   |                                       |
| H | 3rd year demanded subsidy (max 25%)                            | OPEX for Year Three |                                       |

Table 3: OPEX distribution mechanism

|            |  | Year One                |         |         |         | Year Two                |         |         |         | Year Three              |         |         |         |
|------------|--|-------------------------|---------|---------|---------|-------------------------|---------|---------|---------|-------------------------|---------|---------|---------|
|            |  | 4 installments (in Rs.) |         |         |         | 4 installments (in Rs.) |         |         |         | 4 installments (in Rs.) |         |         |         |
| <b>MS5</b> |  | F x T/4                 | F x T/4 | F x T/4 | F x T/4 | G x T/4                 | G x T/4 | G x T/4 | G x T/4 | H x T/4                 | H x T/4 | H x T/4 | H x T/4 |

Table 4: Total OPEX subsidy for one milestone spread over twelve instalments.

F = 1st Year Subsidy (max 75%)  
 G = 2<sup>nd</sup> Year Subsidy (max 50%)  
 H = 3rd Year Subsidy (max 25%)  
 T = No of BTS

## SCHEDULE E

### Material Events of Default

#### 1. Breach by USF Service Provider

- (a) 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 Fifteen:
- (i) Failure by USF Service Provider to meet the Final Implementation Date identified in paragraph 5 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 Service Availability and Quality Specifications set out in Schedules A and B, the cumulative effect of which significantly affects public use or enjoyment of the USF Services in the USF Areas.
  - (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 52 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 Services, to such regulatory authority's reasonable satisfaction.
  - (viii) The USF Service Provider commits any other material breach of this Agreement which breach is not capable of being cured.

#### 2. Breach by USFCo

- (a) 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 Fifteen, 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** \_\_\_\_\_ (20% of USF total 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**  
**Third Floor, Evacuee Trust Complex,**  
**Agha Khan Road, F-5/1,**  
**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 5 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** \_\_\_\_\_ (20% 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**  
**Third Floor, Evacuee Trust Complex,**  
**Agha Khan Road, F-5/1,**  
**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.

**1.** This IBG is irrevocable and shall remain valid for 1 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**

**Optical Fiber Cable Project**

**ENVIRONMENTAL ASSESSMENT**

**Document is available at website of USFCo at:**

**<https://usf.org.pk/rules-policies-guidelines> (Tab GUIDELINES)**

## LETTER OF LIEN

Universal Service Fund  
Third Floor, Evacuee Trust Complex,  
Agha Khan Road, F-5/1, Islamabad  
Sub:

LETTER OF LIEN TO THE EXTENT OF \_\_\_\_\_ [●<sup>1</sup>]

Dear Sirs,

In consideration of you, Universal Service Fund, a company listed under the Companies Ordinance 1984 having its principal office at Third Floor, Evacuee Trust Complex, Agha Khan Road, F-5/1, 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 1 hereto (the “Property under Lien”) in your favour for the purpose of securing the provision of services in the USF area for a period of ten years from the Effective Date of SSA or repayment of the Subsidy Amount upto an amount of Rs. [●<sup>2</sup>] (Rupees \_\_\_\_\_ Only) and other moneys payable under the SSA.

This Letter of Lien and its Annex/s will be updated for each milestone and as and when required.

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 1 to this Letter and our assets as may hereafter be acquired by us for deployment of the USF Network in the USF Areas, 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 Services in the USF Areas in accordance with the SSA, or repayment by us of the USF Subsidy and other moneys payable under the SSA.

#### **1.02 No further lien**

---

<sup>1</sup> Insert Value of USF Subsidy only as mentioned in SSA

<sup>2</sup> Insert Value of USF Subsidy only as mentioned in SSA

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 Article 7 of the SSA.

### 1.06 **No change**

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.

### 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 non-compliance 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 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) )

\_\_\_\_\_  
[insert name]

\_\_\_\_\_  
Witness (2) )

\_\_\_\_\_  
[insert name]

**Annex 1**

(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)

\_\_\_\_\_  
[insert name]

\_\_\_\_\_  
Witness (2)

\_\_\_\_\_  
[insert name]

**SCHEDULE M**

**Integrity Pact**

**DECLARATION OF FEES, COMMISSION AND BROKERAGE ETC.  
PAYABLE BY THE SUPPLIERS OF GOODS, SERVICES & WORKS IN  
CONTRACTS WORTH RS.10.00 MILLION OR MORE**

Contract Number: XXXXXXXXXX  
Dated: XXXXXXXXX  
Contract Value: Rs:XXXXXXXXXXXX)  
Contract Title: XXXXXXXXXX

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

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

M/s----- Certifies that it has made and will make full disclosure of all agreements and arrangements with all persons in respect of or related to the transaction with GoP and has not taken any action or will not take any action to circumvent the above declaration, representation or warranty.

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

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

\_\_\_\_\_  
USF Co (Buyer)

\_\_\_\_\_  
M/s ----- [Seller/Supplier]



**UNIVERSAL SERVICE FUND**

MINISTRY OF INFORMATION TECHNOLOGY

GOVERNMENT OF PAKISTAN

## **Methodology for USF OFC Project OPEX Subsidy Confirmation**

## 1. Preamble

The objective of this document is to present the Monitoring Methodology for OPEX disbursement to verify that Service Providers (SPs) are meeting their contractual obligations of USF Services and Subsidy Agreement (SSA) regarding OPEX claim.

Schedule D of the SSA defines payment mode for OPEX subsidy.

## 2. Methodology for OPEX Subsidy disbursement

Service Provider's (SP) NOC/NMS will be visited along with SP representative to obtain the required NOC data, directly from NOC terminal/database. NOC data will be collected from SP NOC on monthly basis, for all USF sections/links/nodes, based on KPI's listed below.

NOC data which will be collected includes the following but not limited to:

- a) System generated reports and analysis:
  - Topology/Connectivity Diagram (mentioning interfaces providing connectivity to BTS)
  - Unplanned Outage details of USF OFC Network (Sections/Links/Nodes) not limited to Downtime, Uptime, Duration, Reasons and RCA (Availability trends)
  - Traffic and BW allocation and utilization logs (Provisioning of MRTG graphs)
  - Fault logs & Active alarms
  - Cross-connect detail with client info/tag
  - Interface-wise launch power & optical RX levels
  - NMS extracted OTDR traces
  - NMS extracted backups
  - Inventory details (TELCO)
  - Provisioning of L-14 diagram to track repair work of OFC sections
  - Details of used and unused OFC pairs
- b) The required data shall be submitted in agreed formats (other formats should be intimated to USF Company and a prior approval taken before submission of data).
- c) Non-provision of the required data in required format in any of the subsequent quarters will result in a corresponding payment deduction.
- d) A field visit may also be carried out if required to verify the network statistics.

## 2.1. System generated logs for calculation of downtime

The Service Provider shall ensure that system generated data portraying downtime status of all sections/links/nodes/services etc. of USF OFC Project pertaining to the Milestone of the quarter for which OPEX subsidy is being claimed is provided to USF QAM department.

These reports shall include but not limited to attributes listed above for which outage duration of the OPEX quarter in question would be calculated based on USF OFC Network & Services availability data. All system generated data is to be saved monthly on 1<sup>st</sup> day of each month for lasted month. If there are system limitations in data extraction like data truncation, buffer size capacity issues or otherwise, SP shall make sure to extract and submit data twice a month (15<sup>th</sup> day of ongoing month and 1<sup>st</sup> day of next). The data shall be archived to be accessible during the quarter in question and thereafter for a period of thirty-six months, till validity of OPEX subsidy duration.

## 2.2. OPEX Subsidy Deduction Calculation

For the case of OPEX subsidy for OFC Network, if the cumulative downtime/outage in days of Node exceeds two (02) days in a quarter for which the OPEX Subsidy is being given, USFCo shall be entitled to deduct proportionate amount on per Node per day basis, on number of days exceeding two (02), from the current installment of OPEX Subsidy. This includes, but is not limited to, the Node isolation due to Fiber outage. The method of calculation of per Node per day shall be to divide the OPEX subsidy for OFC Network of that quarter by the total number of Nodes and then by the number of days in that quarter.

For the case of OPEX subsidy for BTS Connectivity, Per BTS connectivity outage will be determined by calculating cumulative downtime/outage of an interface/port of the Node, providing connectivity to BTS, exceeds two (02) days in a quarter for which the OPEX Subsidy is being given, USFCo shall be entitled to deduct proportionate amount on per BTS per day basis, on number of days exceeding two (02), from the current installment of OPEX Subsidy. The method of calculation of per BTS per-day shall be to divide the OPEX subsidy for BTS Connectivity of that quarter by the total number of BTS connected sites and then by the number of days in that quarter.

In addition, USF will have the right to verify and validate the KPIs and Statistics provided. SP will be requested to provide support in Root Cause Analysis, where requested.

Formula details for both OPEX cases are given below:

### **OFC Network OPEX Deduction:**

$$\begin{aligned} & \text{OPEX Per Node Per Day} \\ & = \left[ \frac{\text{Total OPEX subsidy for OFC Network of a Quarter in MS (X)}}{\text{Total number of nodes}} \right] \div \text{No. of Days in Quarter} \end{aligned}$$

*Per Node Deduction = Per node outage in days exceeding 02 × OPEX Per Node Per Day*

*Total Node OPEX Deduction = Sum of all Per Node Deductions of a Quarter in MS (X)*

**BTS Connectivity OPEX Deduction:**

$$\begin{aligned} & \text{OPEX Per BTS Per Day} \\ &= \left[ \frac{\text{Total OPEX subsidy for BTS Connectivity of a Quarter in MS (5)}}{\text{Total number of BTS in MS (5)}} \right] \\ & \div \text{No. of Days in Quarter} \end{aligned}$$

*Per BTS Deduction = Per BTS connectivity outage in days exceeding 02 × OPEX Per BTS Per Day*

*Total BTS connectivity OPEX Deduction = Sum of all Per BTS Deductions of a Quarter in MS (5)*

**2.3. System generated logs and traffic stats for USF OFC Networks**

NOC data which will be collected includes the following but not limited to:

- System generated reports will be analyzed for KPI(s) listed above in section 2.

Deductions in OPEX subsidy shall be calculated on the basis of system generated reports for the OPEX duration as given in Schedule D of the SSA.

**2.4. Inspection of Nodes & Fiber**

USF will regularly perform monitoring audits of the OFC network for which SP shall arrange a separate visit to a sample of the sections/nodes, for USF resource or associated partner, as mentioned in Schedule C. The following but not limited to, will be checked:

- Sections/Nodes health check.
- Verification of installed BOQ as per contract
- Verification of operational status of connectivity/services/BOQ/nodes as per contract.
- Ensuring that there are no service affecting alarms on the nodes.

**2.5. NMS / NOC Visit**

NMS / NOC visit will be conducted at the end of Technical Audit of a Milestone or Monitoring visit in addition to monthly visits, in which not limited to the following will be collected.

- NMS visibility status of each USF OFC sections/nodes.
- Operational status of USF OFC sections/nodes/services and alarm status shall be checked.

- If major alarms exist, these shall be conveyed to the Service Provider who shall rectify these alarms and send a report to USF or his designated officer.
- These snags shall be checked during subsequent monitoring visits.

### **3. Reporting**

OPEX quarter will start immediately after completion of each of the Milestone and issuance of Project Implementation Milestone Certification. Once the OPEX quarter is due, OPEX quarterly report shall be submitted to USF within 30 days of quarter due date. Report shall contain data mentioned in section 2 above. In case any outage minutes are claimed under FM/Node inaccessibility, they shall be clearly mentioned in the report together with the duration and inaccessibility certificates validated by District administration/ relevant authorities. The report along with all supporting documents mentioned in Section 2 and sub clauses shall form part of OPEX payment file/case

In case of outage of an interface/port, providing connectivity to BTS, occurs due to unavailability of BTS site, for reasons beyond the control of USF SP, this shall be clearly mentioned in the report together with duration and supporting evidence.

**SCHEDULE O**  
**Insurance of SSA**

Two type insurance shall maintain

Insured: Universal Service Fund Accounts  
Vendor Name and address.....

- Effective from: D-M-Y to D-M-Y
- Maintained Period: x months
- **Name of USF Project / Lot:**
- Project Cost:
- Amount of insured:
- Detail of Asset alongwith Location:

- a) COMMERCIAL GENERAL LIABILITY INSURANCE:  
(bodily injury, death or property mangle including loss of use, with minimum combined limits of not less than Rs 50,000,000 full legal defence costs premises and operation liability.

Insured: Universal Service Fund Accounts  
Vendor Name and address.....

- Effective from: D-M-Y to D-M-Y
- Maintained Period: x month
- **Name of USF Project / Lot**
- Project Cost:
- Amount of insured:
- Detail of Asset alongwith Location

- b) PROPERTY INSURANCE:  
(Property insurance covering property and assets used to operate the USF Network including the Renewable Energy Solution (all risk of physical loss or damage with minimum limit equal to the full replacement cost of value

## **Annex 7: Dispute Resolution Terms and Processes**

- (1) USFCo 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, action or arbitration proceedings for at least, twenty-eight (28) days after any unresolved disagreement or dispute has been notified to the Chief Executive Officer of USFCo 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, action or arbitration in accordance with the laws of Pakistan and applicable procedures.

### Annex 8: Tentative Time Schedule & Correspondence Contact

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

| Tentative Time Schedule  |                               |
|--|-------------------------------|
| OFC-UC-PB-LOT14V   |                               |
| Event  | Calendar Date                 |
| Publication of Specific Procurement notice   | Wednesday, 29 April 2026      |
| Distribution of RFA document   | Thursday, 14 May 2026         |
| <b>Deadline for Registration of bidders</b>  | <b>Thursday, 11 June 2026</b> |
| Deadline for submission of questions by bidders  | Monday, 8 June 2026           |
| Answers to questions   | Monday, 15 June 2026          |
| <b>Deadline for Submission of Proposals</b>  | <b>Thursday, 18 June 2026</b> |
| Opening of the Qualifications & Service Proposal   | Thursday, 18 June 2026        |
| Complete evaluation of Qualifications & Service Proposals and announcement of Qualified Applicants | Monday, 29 June 2026          |
| Opening of USF Subsidy Proposal of Qualified Applicants  | Monday, 6 July 2026           |
| Financial Evaluation & Issue of LOI to the Qualified Applicant with lowest subsidy offer           | Friday, 17 July 2026          |
| Receipt of Performance Bond  | Friday, 24 July 2026          |
| Execution of USF Services and Subsidy Agreement and related transaction documents                  | Friday, 31 July 2026          |

- The sealed Proposal package shall be delivered to USFCo at the address specified in clause 4 of this Annex no later than **1100 hrs** on **Thursday, June 18, 2026**. The proposals shall be opened at **1130 hrs** on the same day.
- 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.
- All correspondence shall be addressed to:

**Chief Technical Officer, USFCo.**

3<sup>rd</sup> Floor, Evacuee Trust Complex,  
 Agha Khan Road, F-5/1  
 Islamabad, Pakistan

Telephone: 051-9212308 & 9212309

Fax: 051-9214261

e-mail: [projects.tenders@usf.org.pk](mailto:projects.tenders@usf.org.pk)