**KARANDAAZ PAKISTAN**

**Request for Proposal**

**RFP No. 14**

“LEGAL FIRM FOR CORPORATE INVESTMENT AND CREDIT TRANSACTIONS”

**Date: November 06, 2016**

**Deadline for Questions: November 11, 2016**

**Deadline for Karandaaz Responses: November 15, 2016**

**Deadline for submission of proposals: November 21, 2016**

**SECTION 1. LETTER OF INVITATION**

**RFP No.14**

**November 06, 2016, Islamabad**

1. The purpose of this RFP is to solicit proposals from legal firms interested in working with Karandaaz Pakistan on “**Corporate Investment and Credit transactions”** for a period of one year.
2. Karandaaz Pakistan invites sealed proposals from interested and eligible organizations. More details on the Services required are provided in the Terms of Reference (Section 4 of RFP).
3. The company will be selected under open competitive procedures, in accordance with the procurement policies and procedures of Karandaaz Pakistan.
4. Both financial and technical proposals must be submitted before 05:00 pm Pakistan Standard Time on November 21, 2016. Offerors must prepare hard copy of the technical proposal and a copy of the cost proposals, and submit in separate **sealed** envelopes to the attention of ‘The Procurement Team’ 1-E, Ali Plaza, D Chowk, Mezzanine Floor, Naziumudin Road, Blue Area, Islamabad. The proposals must also be sent via an email to [procurement@karandaaz.com.pk](mailto:procurement@karandaaz.com.pk) clearly mentioning the RFP number.
5. Any bidder/potential contractor feeling aggrieved may lodge a written complaint at ProcComplaint@karandaaz.com.pk not later than fifteen (15) days after the completion of evaluation process; however mere fact of lodging a complaint shall not warrant suspension of the procurement/award process.

Yours sincerely,

**The Procurement Team**

Karandaaz Pakistan

**SECTION 2. INSTRUCTIONS TO FIRMS**

**A. General**

1. **Scope of Proposal**

Karandaaz Pakistan issues this Request for Proposal (RFP) for the following services:

“***Corporate Investment and Credit transactions***”

Throughout this RFP:

1. The term “in writing” means communicated in written form (e.g., by mail, e-mail, fax)
2. “Day” means calendar day
3. **Fraud and Corruption**

Firms shall comply with Karandaaz Pakistan’s policy regarding fraud and corruption given in Section 3 of the RFP.

1. **Eligibility**

The minimum qualification criteria is mentioned in Section 24. The firm has an obligation to disclose to Karandaaz Pakistan any situation of actual or potential conflict that impacts its capacity to serve Karandaaz Pakistan’s best interests. Failure to disclose such situations may lead to the disqualification of the firm or the termination of its Contract. Karandaaz Pakistan’s policy with regard to conflict of interest is given Section 3 of the RFP. Firms shall provide such evidence of their continued eligibility satisfactory to Karandaaz Pakistan, upon request.

1. **One Proposal Per Firm**

Each firm shall submit only one proposal, either individually or as a partner in a joint venture. A firm that submits or participates in more than one proposal shall cause all the proposals with the firm’s participation to be disqualified.

1. **Cost of Preparation of Proposal**

The firm shall bear all costs associated with the preparation and submission of its proposal. Karandaaz Pakistan shall not be responsible or liable for those costs, regardless of the conduct or outcome of the bidding process.

**B. Request for Proposal**

1. **Contents of the RFP**

The RFP includes the documents listed below and any Addendum issued in pursuant to point 8 of this section ‘Amendment of RFP’.

Section 1 - Letter of Invitation

Section 2 - Instructions to firms

Section 3 – Procurement Policy – vendor conduct

Section 4 - Terms of Reference

Annexure A – Proposal Submission Form

1. **Clarification of RFP**

All questions and/or clarifications regarding this RFP must be submitted via email to Procurement@karandaaz.com.pk no later than 5:00 pm local time on November 11, 2016. All correspondence and/or inquiries regarding this solicitation must reference the RFP number. No phone calls or in-person inquiries will be entertained; all questions and inquiries must be in writing

Questions and requests for clarification—and the responses thereto—will be circulated to all RFP recipients who have indicated an interest in bidding by 5:00 pm on November 15, 2016.

Only the written answers will be considered official and carry weight in the RFP process and subsequent evaluation. Any verbal information received from a Karandaaz employee or other entity should not be considered as an official response to any questions regarding this RFP.

1. **Amendment of RFP**

At any time prior to the deadline for submission of bids, Karandaaz Pakistan may amend the RFP by issuing an Addendum.

Any Addendum issued shall be part of the RFP and will be communicated via the Karandaaz Pakistan website. Firms are advised to monitor the site for updates.

To give prospective firms reasonable time in which to take an Addendum into account in preparing their bids, Karandaaz Pakistan may, at its discretion, extend the deadline for the submission of bids, pursuant to point 17 ‘Deadline for Submission of Proposals’ of this section.

**C. Preparation and Submission of Proposals**

1. **Language of proposal**

All documents relating to the proposal shall be written in the English language.

1. **Documents Comprising the Proposal**

The proposal shall consist of the following:

**Technical Proposal:**

Technical proposal consisting of the following:

* Firm’s organization and experience (Credentials: history, specialization, key relevant advisory engagements, ratings as per Chambers and Partners and Legal 500);
* Composition and Bios of the Partner and Associates that will work directly on the Karandaaz transactions;
* Comments and suggestions on the terms of reference, counterpart staff, and facilities to be provided by the Karandaaz Pakistan;
* Description of approach and methodology in responding to the terms of reference;
* Examples of past experience
* Prior history of working with Karandaaz Pakistan

**Financial Proposal:**

* Provide breakdown of rates (hourly & daily) for Partner(s), Associate(s) and Analysts(s) that will work directly on the transactions;

1. **Currencies of Bid and Payment**

Firms may express the price only in **PKR**.

1. **Proposal Validity**

Proposal shall remain valid for ninety (90) days after the proposal submission deadline date established by Karandaaz Pakistan. A proposal valid for a shorter period shall be rejected as non-responsive.

In exceptional circumstances, prior to the expiration of the proposal validity period, Karandaaz Pakistan may request all firms who submitted their proposals to extend the period of validity of their proposal for a specified additional period. The request and the responses shall be made in writing. If the firm agrees to extend the validity of its proposal, it shall be done without any change in the original proposal and with the confirmation of the availability of the key experts. The firm has the right to refuse to extend the validity of its proposal in which case such proposal will not be further evaluated.

If any of the Key Experts become unavailable for the extended validity period, the firm shall provide a written adequate justification and evidence satisfactory to the Client together with the substitution request. In such case, a replacement Key Expert shall have equal or better qualifications and experience than those of the originally proposed Key Expert. The technical evaluation score, however, will remain to be based on the evaluation of the CV of the original Key Expert.

If the firm fails to provide a replacement Key Expert with equal or better qualifications, or if the provided reasons for the replacement or justification are unacceptable to the Client, such Proposal will be rejected.

1. **Proposal Security**

In this procurement, a proposal security is not required.

1. **Alternative Proposals**

Alternative proposals shall not be considered.

1. **Format, Signing, and Submission of Proposals of Proposal**

The firm shall prepare and email a scanned copy of the documents comprising the Proposal as described in point 10 on official company letterhead. Each document shall be signed by a person duly authorized to sign on behalf of the firm.

The Proposal shall contain no alterations or additions, except those to comply with instructions issued by Karandaaz Pakistan, or as necessary to correct errors made by the firm, in which case such corrections shall be initialled by the person or persons signing the Proposal.

1. **Deadline for Submission of Proposals**

Proposals must be received by Karandaaz Pakistan no later than 05:00 pm Pakistan Standard Time on November 21, 2016.

Karandaaz Pakistan may extend the deadline for submission of proposals by issuing an amendment in accordance with point 8 ‘Amendment of RFP’, in which case all rights and obligations of Karandaaz Pakistan and the firms previously subject to the original deadline shall then be subject to the new deadline.

1. **Late Proposals**

Any Proposal received late by Karandaaz Pakistan will be considered only at the discretion of the evaluation team.

1. **Withdrawal, Substitution, and Modification of Proposals**

Firms may withdraw, substitute or modify their proposals by giving notice in writing before the deadline for submission of proposals prescribed in point 16 ‘Deadline for Submission of Proposal’ of this section.

Each firm’s withdrawal, substitution or modification notice shall be prepared, sealed, marked, and delivered in accordance with point 15 ‘Format, Signing, and Submission of Proposals of Proposal’, with the subject line as: Responding to RFP for “**Corporate Investment and Credit transactions**” - “WITHDRAWAL,” SUBSTITUTION” or “MODIFICATION” as appropriate. No Proposal may be substituted or modified after the deadline for submission of proposals.

**E. Proposal Opening and Evaluation**

1. **Proposal Opening**

Karandaaz Pakistan shall open the proposals, including modifications made pursuant to point 18, within 5 working days after the deadline.

1. **Confidentiality**

Information relating to the examination, evaluation, comparison, and post-qualification of proposals, and recommendation of contract award, shall not be disclosed to firms or any other persons not officially concerned with such process until publication of the contract award. Any effort by a firm to influence Karandaaz Pakistan in the examination, evaluation, comparison, and post-qualification of the Proposals or contract award decisions may result in the rejection of its proposal. Notwithstanding the above, from the time of proposal opening to the time of contract award, if any firm wishes to contact Karandaaz Pakistan on any matter related to the bidding process, it should do so in writing at the address indicated in point 7 ‘Clarification of RFP’.

1. **Clarification of Bids**

To assist in the examination, evaluation, and comparison of proposals, Karandaaz Pakistan may, at its discretion, ask any firm for clarification of the firm’s proposal. The request for clarification and the response shall be in writing, but no change in the price or substance of the proposal shall be sought, offered, or permitted except as required to confirm the correction of arithmetic errors discovered by Karandaaz Pakistan in the evaluation of the proposals in accordance with point 25 ‘Correction of Errors’.

1. **Preliminary Examination of Proposals**

Prior to the detailed evaluation of proposals, Karandaaz Pakistan shall first review each Proposal and check the power of attorney or any other form demonstrating that the representative has been duly authorized to sign the proposal etc.

1. **Determination of Firm’s Eligibility and Qualifications**

Then Karandaaz Pakistan shall determine whether the firm meets the eligibility and qualification requirements of the bidding documents. Firms failing to comply with the eligibility criteria indicated in point 3 ‘Eligibility’ shall be disqualified.

Further, Karandaaz Pakistan shall determine whether the proposal is substantially responsive to the requirements of the bidding documents.

Karandaaz Pakistan’s determination of a proposal’s responsiveness is to be based on the contents of the proposal itself. A substantially responsive proposal is one, which conforms to all the terms, conditions, and specifications of the RFP, without material deviation or reservation. A material deviation or reservation is one (a) which affects in any substantial way the scope, quality, or performance of the service; (b) which limits in any substantial way, inconsistent with the RFP, Karandaaz Pakistan’s rights or firm’s obligations under the contract; or (c) whose rectification would affect unfairly the competitive position of other firms presenting substantially responsive Proposals.

1. **Evaluation of Technical Proposal**

The successful law firm shall qualify with the following minimum eligibility criteria:

1. Corporate offices in Karachi, Lahore and Islamabad;
2. Strong bench of partners (minimum 8) and associates (minimum 30);
3. Specifically the law firm and the managing partner bidding for the engagement and who will lead each transaction will have substantive at least twenty years’ experience covering the following specializations of corporate and structured finance:
   1. Legal due diligence with respect to private equity transactions;
   2. Advising on and structuring of private equity investment transactions through offshore and onshore structures;
   3. Shareholder, share purchase, share subscription, put option, call option, non-compete, other customary definitive agreements used in private equity transactions;
   4. Structured finance transactions, including securitization(s), corporate bond issuance and risk participation agreements;
   5. Senior and subordinated loan agreements.

*The firms meeting the minimum qualification criteria will be evaluated on “****Quality based selection*** *(QBS).*

* **Company Profile 20%**
  + Years of Experience over the minimum criteria (5%)
  + Cumulative years of experience of the partners (5%)
  + Number of offices in Pakistan (5%)
  + Ranking for Banking and Finance, Corporate, M&A and Capital Markets assigned by Legal 500 and Chambers and Partners (5%)
* **Partner Experience (40%)** 
  + Total years of relevant experience (5%)
  + Total number of relevant transactions (5%)
  + Specific transaction experience of the specializations mentioned in the minimum eligibility criteria (30%):
* **Firm Experience (40%)**

Total number of transactions and years of experience, in serving clients that include:

* + Leading international development finance institutions investing in Pakistan; (10%)
  + Reputable international financial sponsors (private equity fund managers and sovereign wealth funds) investing in Pakistan; (10%)
  + Impact investor(s) investing in Pakistan; (15%)
  + Multinational corporate and investment banks that have financed companies in Pakistan through structured credit and capital market transactions (5%)

1. **Correction of Errors**

Proposals determined to be substantially responsive shall be checked by Karandaaz Pakistan for any arithmetic errors. Errors shall be corrected by Karandaaz Pakistan as follows:

Where there is a discrepancy between the amounts in figures and in words, the amount in words shall govern.

The amount stated in the proposal shall be adjusted by Karandaaz Pakistan in accordance with the above procedure for the correction of errors and, with the concurrence of the firm, shall be considered as binding upon the firm. If the firm does not accept the corrected amount, the proposal shall be rejected.

1. **Currency for Price Evaluation**

PKR

**F. Award of Contract**

1. **Award Criteria**

Subject to 31 below, Karandaaz Pakistan shall award the contract to a responsible firm with a complete financial and technical proposal.

1. **Karandaaz Pakistan’s right to accept Any proposal and to reject any or all proposals**

Notwithstanding point 28 above, Karandaaz Pakistan reserves the right to accept or reject any proposal, and to cancel the bidding process and reject all bids, at any time prior to the award of contract, without thereby incurring any liability to the affected firm or firms or any obligation to inform the affected firm or firms of the grounds for Karandaaz Pakistan’s action.

1. **Notification of Award and Signing of Agreement**

The firm whose Proposal has been accepted shall be notified of the award by Karandaaz Pakistan prior to expiration of the proposal validity period in writing.

Karandaaz Pakistan will also promptly notify in writing each unsuccessful firm. After publication of the award. Also, Karandaaz Pakistan shall entertain a complaint from any firm that claims to have suffered or that may suffer, loss or injury due to a breach of a duty by the company in the conduct of this bidding process. Any bidder/potential contractor feeling aggrieved may lodge a written complaint at ProcComplaint@karandaaz.com.pk not later than fifteen (15) days after the completion of evaluation process; however mere fact of lodging a complaint shall not warrant suspension of the procurement/award process.

**SECTION 3. PROCUREMENT POLICY – VENDOR CONDUCT**

1. **Corrupt or fraudulent practices**

Bidders, suppliers, contractors and their agents (whether declared or not), contractors, sub-consultants, firms or suppliers, and any personnel thereof, shall observe the highest standard of ethics during the procurement and execution of contracts.

Karandaaz Pakistan shall not award contract if it is determined that the bidder, or any of its personnel, or its agents, or its consultants, sub-contractors, firms, suppliers and/or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question. As part of bidding/ solicitation documents, Karandaaz Pakistan will seek declaration of ‘Non collusive non corrupt practices’ from each bidder. Format for such declaration is prescribed in section 3 of the standard bidding document. In pursuance of this policy, following terms are defined as follows:

1. “Corrupt practice” is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
2. “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;
3. “Collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
4. “Coercive practice” 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;
5. “Obstructive practice” is deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation.
6. **Avoidance of conflict of interest**

Any firm participating in the procurement process should disclose any actual or perceived conflict of interest situation/condition. Any firm found to have a conflict of interest shall be ineligible for award of a contract.

A firm shall be considered to have a conflict of interest in a procurement process if:

1. Such firm is providing goods, works, or non-consulting services resulting from or directly related to consulting services for the preparation or implementation of a project that it provided or were provided by any affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm; or
2. Such firm submits more than one bid, either individually or as a joint venture partner in another bid, except for permitted alternative bids. This will result in the disqualification of all bids in which the bidder is involved. However, this does not limit the inclusion of a firm as a sub-contractor in more than one bid. Only for certain types of procurement, the participation of a bidder as a sub-contractor in another bid may be permitted subject to the company’s no objection and as allowed by the standard bidding documents applicable to such types of procurement; or
3. Such firm (including its personnel) has a close business or family relationship with a professional staff of the company who: (i) are directly or indirectly involved in the preparation of the bidding documents or specifications of the contract, and/or the bid evaluation process of such contract; or (ii) would be involved in the implementation or supervision of such contract unless the conflict stemming from such relationship has been resolved in a manner acceptable to the company throughout the procurement process and execution of the contract; or
4. Such firm does not comply with any other conflict of interest situation as specified in the standard bidding documents relevant to the specific procurement process.
5. **Duty of care**

The supplier in performance of services for Karandaaz Pakistan shall exercise duty of care. Duty of care holds the supplier responsible for the safety and well-being of its personnel and any third party affected by its activities.

**TERMS OF REFERENCE**

**Thematic Area**: Karandaaz Pakistan Corporate Investment & Credit

**Project Title:** Hiring of a firm for Corporate Investment & Credit Transactions

**Expected Start Date:** December 2016

**End Date:** December 2017

**Task Manager:** Chief Investment Officer, Karandaaz Pakistan

**About Karandaaz Pakistan**

KARANDAAZ PAKISTAN, a private company established in August 2014, promotes access to finance for small businesses through a commercially directed investment platform, and financial inclusion for individuals by employing technology enabled digital solutions. The company has financial and institutional support from leading international development finance institutions; principally the United Kingdom Department for International Development (DFID) and the Bill & Melinda Gates Foundation. The Consultative Group to Assist the Poor (CGAP), a member of the World Bank Group, provides technical support to Karandaaz Pakistan.

Karandaaz Pakistan has three core work streams:

1. **Corporate Investment and Credit (CIC)** focuses on providing credit and capital to high impact small and medium-size businesses, and business models that have potential to generate sustainable employment and offer attractive risk-adjusted financial returns.
2. **Digital Financial Services (DFS)** focuses on expanding the poor’s access to digital financial services in Pakistan by working across the ecosystem of local actors – policy-makers, regulators, government departments, businesses, researchers and academics. The DFS Unit facilitates digitization of government and other payment streams, encourages experimentation with businesses, and provides support to innovative DFS start-ups.
3. **Knowledge Management and Communications(KMC)** focuses developing and communicating credible data to inform the core themes of the Company, including DFS innovation, women’s empowerment and youth employment.

**About the Project**

Karandaaz Pakistan is seeking to engage a Pakistani corporate law firm with deep experience in structured finance, corporate finance and principal investing, along with an established track record of serving international development finance institutions and reputable private institutional sponsors. The selected law firm will provide legal advisory services with respect to structuring and completing its financing and investment transactions, conduct legal diligence on private investment targets, and negotiate and prepare definitive agreements.

**Scope of Work**

The selected law firm will advise on the following indicative type and number of transactions:

1. Risk Participation Agreement

2. Senior Loan (Women Enterprise) Facility

3. Digital Credit Financing Facility

4. Secondary Market (Securitization) Program

5. Private equity investments: Shareholder, Share Subscription and other prospective definitive agreements

The scope of advisory services will broadly cover the following types of agreements and associated functions:

**Structuring**:

Advise on the structuring of Karandaaz’ investment and financing transactions in order to optimize the investment from legal and regulatory aspects of:

a) Equity/ Quasi equity and debt investments by Karandaaz in SMEs

b) Funding/ risk sharing agreements with various financial institutions

**Due Diligence**:

The legal advisor will conduct legal due diligence of targets including but not limited to review of legal and regulatory aspects of the transaction, review of material contracts with regards to their scope and impact, management control and corporate affairs, legal issues in relation to human resource related matters including any employee stock options, any pending or expected litigation and any such matter that may pose a material risk to Karandaaz’ investment or reputation

Definitive Legal Agreements: The Legal Advisor will draft, negotiate, review and finalize a legal agreement based on a Term Sheet or transaction structure provided by the CIC team. Legal Agreements shall include all documentation required to close the transaction and ensure the protection of Karandaaz’ investments. Documents shall include but not be limited to:

* Financing Agreements: Senior and Subordinated Loan
* Financing Agreements: Risk Participation
* Financing Agreements: Securitization
* Shareholders Agreements
* Share Subscription Agreements
* Share Purchase Agreements
* Put Option Agreements
* Other definitive agreement customary in private equity transactions (non-compete, service etc.)

**Legal Opinion(s)**:

The Legal Advisor shall, where requested, provide a comprehensive legal opinion, covering, inter alia, the valid existence of the target Company or partner institution and the validity and enforceability of the legal agreements. The specific structure of the Legal Opinion document shall be agreed in advance between the Legal Advisor and Karandaaz.

**Registration and Approvals**:

The legal advisor shall assist Karandaaz in obtaining all necessary regulatory and other approvals and certifications required to successfully close any aspect of investment and financing transactions.

**Timeline**

Upon signing of the contract, the selected firm will provide the required services for a period of *one year*.

Interested parties are kindly requested to submit technical and financial at Karandaaz office address: 1-E, Ali Plaza, Mezzanine Floor, D-Chowk, Blue Area, Islamabad. The proposals must also be emailed to procurement@karandaaz.com.pk

**Annexure A - PROPOSAL SUBMISSION FORM**

Dear Sir/Madam,

Having examined the Solicitation Documents, the receipt of which is hereby duly acknowledged, “THE FIRM NAME” undersigned, offer to provide services for “RFP No. 14 Corporate Investment & Credit Transactions” to Karandaaz Pakistan in accordance Karandaaz Pakistan requirements. “THE FIRM NAME” undertake, if our proposal is accepted, to commence and complete delivery of all services specified in the contract within the time frame stipulated.

“THE FIRM NAME” agree to abide by this proposal for a period of 90 days from date fixed for opening of proposal in the invitation for proposal, and it shall remain binding upon us and may be accepted at any time before the expiration of that period.

We understand that you are not bound to accept any proposal you may receive.

Dated: this------day of -------2015

**Name, Designation and Signature of the “firm Representative”**