

**TERMS OF REFERENCE FOR PAKISTAN OFFSHORE
MARKETING**

Introduction

Pakistan is looking to offer upstream investment opportunities via an offshore exploration bid round.

Bid rounds are facing a number of material challenges:

- licensing activity had already slowed before the pandemic;
- the uncertainty around energy transition is challenging the reserve replacement paradigm for many Oil & Gas players; and
- the carbon intensity of Oil & Gas fields is under increased scrutiny by potential investors.

Against this backdrop it is imperative to develop a robust and competitive bid round strategy and execute with precision and international best practice.

This document outlines draft Terms of Reference on how to develop a successful and internationally competitive bid round. It also highlights some of the key criteria for any consultant supporting this effort.

TERMS OF REFERENCE

Phase 1 – Current State Assessment, Fiscal Competitiveness, Investor Outlook, Bid Round Environment and Bid Round strategy

I.1. Current State Assessment

- I. Understand Ministry's objectives in terms of bid round investment objectives, criteria for success and trade-offs the Ministry is willing to undertake
- II. Develop and train key Ministry staff and leadership on Bid Round strategy, process, exploration investment environment and business development process and international best practices
- III. Review the existing bid round-related data, reports, and investor materials currently held by the Ministry
- IV. Assess the current packages on basis of investor requirements and international standards
- V. Identify gaps and put in place a plan to close gaps

I.2. Fiscal Competitiveness Review

- I. Assess the degree to which current terms are fit for purpose
- II. Benchmark current/proposed terms to assess competitiveness
- III. Suggest areas of improvement to encourage more interest in the bid round, whilst providing the government with a fair share

- IV. Provide advice on what changes may be optimal and benchmark suggested changes/options
- V. Provide final recommendations on any amendments to the terms

I.3. Investor Outlook / market sounding

- I. Assess the current investor market and exploration strategies in terms of capital being allocated and deployed to enable optimal positioning of bid round marketing strategy
- II. Shortlist suitable companies that have the capital, world-class experience in handling the complexity of field operations, drilling experience in these assets, investment strategies, risk appetite, and strong HSE profile. Also consider which types of companies would be ideal candidates and why
- III. Informally sound out key E&P players to understand appetite to bid and understand any key concerns that need to be addressed
- IV. Pre-qualify companies to ensure that they have the necessary skills (as above technical and also financial) as a partner and also an operator before they are able to bid

I.4. Bid Round Environment Competitiveness / Risk Assessment and Mitigation

- I. Review and assess the strategies currently being implemented by other countries for the successful licensing of blocks in the form of case studies
- II. The case studies should help guide the agency to identify the best practices and international trends and identify potential pitfalls to avoid
- III. Assess the key risks with the current bid process and develop a risk matrix
- IV. Develop risk mitigation plan
- V. Assess chance of success for a successful bid process
- VI. Combine best practice with current trends and investor outlook to optimize the bid marketing strategy and plan

I.5. Design Bid Process / Strategy

- I. Taking into account all elements in Phase 1 develop a Bid Round Strategy
- II. Develop the optimal process taking into account for example (not exhaustive):
 - a. requirements for number of stages (i.e. 1 stage or multi-stage);

- b. open process or invitation only;
- c. requirements for pre-qualification;
- d. timing;
- e. likely number of interested parties; and
- f. type of information that will be released to potential bidders and at what stage/sequence.

Phase 2 – Bid Round Implementation

I.6. Bidding Criteria

- I. Develop fit for purpose pre-qualification criteria for bidding taking into account Ministry's objectives and the Bid Round Strategy
- II. Develop bid criteria taking into account technical, operational and financial elements aligned to the Bid Round Strategy
- III. Align the bid criteria with the national needs of Pakistan including energy security, and net zero commitments as well as make it attractive from international companies' perspective.
 - a. Consider what the bid parameters should be/ how many criteria/ensure that the bid criteria focus potential bidders on the areas that are important to Pakistan
 - b. Develop a transparent structure through which the bids can be ranked – e.g. weighted scorecard/economic model to identify which bid gives the greatest value to Pakistan.
- IV. Develop a scorecard and tools to support the evaluation process

I.7. Bid Documents Preparation support

- I. Support the development and drafting of bid documentation to an international standard (as needed). Examples of Bid documents include (not exhaustive):
 - a. Letter of invitation and announcements, cover letter
 - b. Confidentiality agreement
 - c. Information memorandum—comprehensive information on opportunities / economic cases
 - d. Marketing Brochures/ pitch documents
 - e. Explanation on process and timelines
 - f. Explanation on biddable criteria and on selection/evaluation criteria
 - g. Draft PSC or Concession contract
 - h. Draft sales agreements

- i. Example / structure of presentation of bidder's information (including information of JV / Consortium formed)
- j. Example / structure of work plan to be submitted
- k. Example / structure of conceptual development plan to be submitted
- l. Example / structure of infrastructure utilization plan to be submitted
- m. List of information available in data room (both physical and virtual)

I.8. Marketing and Roadshow Activities

- I. Implement national and international marketing efforts as per the strategy defined in Phase 1
- II. These activities may include international road shows, conference participation, direct engagement with relevant E&P companies, development of marketing materials, communications and PR support

Phase 3 – Bid Evaluation, Counterparty Negotiations, Bid Awards

I.9. Bid Evaluations

- I. Communication with and briefing of bidders on the bid round process
- II. Support questions/clarifications that the bidders might have throughout the stages of the bid
- III. Operate and manage the data-rooms (physical/virtual) to an international standard of confidentiality and data integrity
- IV. Establish Bid Review Board and train on Bid appraisals and evaluations
- V. Appraise the bids for workplan feasibility, economic impact and technical and commercial risks
- VI. Evaluate the bids according to the Bid Criteria developed (technical, operational, financial), complete scorecards and develop summary analysis for review by the Bid Review Board
- VII. Review and evaluate technical/commercial deviances/mark-ups in the bids
- VIII. Prepare a report on the evaluation of bids and recommendations on the award of the contract to the top bidder. Lessons on how to improve the process for future rounds should be part of the report.

I.10. Negotiations

- I. Develop a negotiation strategy and define clear negotiable vs non-negotiable areas
- II. Support Ministry negotiation teams with E&P negotiation support

- III. Develop negotiation models (excel based) which allow real time evaluation of offers/counter offers

I.11. Lessons Learned and Capability Development

- I. Develop lessons learned for the Ministry for future/subsequent bid rounds
- II. Develop a how-to manual for bid round best practice for Pakistan including tools, document templates, process design, scorecards and models
- III. Handover and train selected teams from the Ministry on the tools and processes

Key Criteria / Experience / Proprietary Skills Required (for a consultant)

Area	Requirements
Deep Bid Round Experience (03 years minimum)	Experience of designing Bid Round Strategies
	Experience of designing and implementing bid rounds, marketing and road shows
	Experience of Global Fiscal Structures in exploration
	Understanding of exploration trends, investment and capital flows in E&P
	Experience of managing and running data rooms
In-House Proprietary Data and Tools (03 years minimum)	Global E&P Markets and Investment Trends Database
	Global Exploration Trends Market Data and Commercial Intelligence Database
	Global Fiscal Database
	Bid Round Database
	Database of E&P Companies
	Data Room Capability and infrastructure
	Global Exploration Asset Database