

Appointment of Sponsor in Saudi Arabia

Pakistan International Airlines Corporation Limited (PIACL) invites application from reputable and financially sound firms / companies for appointment of a Sponsor in Kingdom of Saudi Arabia. Currently PIACL operates more than 60 flights per week to KSA. With reference to the request for Proposal (RFP) such firms / companies must meet the minimum laid down requirements / documentation, as per the detail below.

PIACL reserves the right to reject or accept any or all application; however, the reason for the same will be communicated on request.

Interested parties may send their application along with complete proposal (Two sets) for Sponsor appointment on the following address through registered mail or courier service within 30 days from the date of publishing advertisement in sealed envelopes clearly marked as "Appointment of Sponsor in Saudi Arabia".

The tender will be opened on the 30th day of the completion of one month from the date of printing advertisement in newspapers. An application must accompany copies of all required documents as advised in the RFP below and should be in ENGLISH.

Incomplete application shall not be entertained.

For any query please contact the undersigned,

Deputy General Manager
Agency Affairs Section
Room No. 202-A, Head Office Building,
Pakistan International Airlines, 75200 – Pakistan
Tel: +92 21 9904 4969, Email: khisapk@piac.aero.

Request for Proposal

- i. Should be a locally registered firm / company and possess trading license for Travel Trade and Cargo Sales Services.
- ii. Provision of last three (03) years Balance Sheet and Profit & Loss Account certified / audited by Chartered Accountancy or equivalent eligible firm as per local laws. All reports / documents submitted by a potential candidate must be in English.
- iii. Should have a turnover of USD five million or equivalent per annum pertaining to aviation / travel trade.
- iv. Should have minimum 03 years' experience in the respective field of Passenger & Cargo Sales. Preference will be given to parties having a proven track record in the field of passenger & Cargo sales.
- v. Should be a Sponsor / GSA of at least one major airline including PIA.
- vi. Should be familiar with IATA / BSP / CASS or equivalent procedures in the territory.
- vii. Owners, Directors, Shareholders should not have been involved in default / bankruptcy proceedings
- viii. Applicant should not have gone into any legal dispute in the past with PIACL.
- ix. Office premises should be easily accessible to general public.
- x. Should have sufficient qualified staff with ability of selling international air transportation Passenger / Cargo.
- xi. Company's legal documentation and profile must be submitted along with the application.
- xii. Any Additional documents/ information, if so required, will be intimated prior to the appointment.
- xiii. Selected candidate will be required to establish furnished sales offices in PIA designated territories and should be easily accessible to general public. Preference will be given to applicants whose office is located on Ground Floor.

Criteria for Technical & Financial Evaluation

A. TECHNICAL EVALUATION

For technical evaluation, the applicant must read and provide complete detail and all relevant information and must submit proposals along with copies of the requested document. Incomplete proposal /document will not be accepted.

S. #	Technical Parameters	Remarks (documentary proof should be provided)
1	Should be a locally registered firm / company and possess trading license as per local laws for Travel Trade. (Documentary Proof)	
2	Provision of last three (03) years Balance Sheet Account certified / audited by Chartered Accountancy or equivalent eligible firm as per local laws. All reports / documents submitted by a potential candidate must be in English. (Documentary Proof)	
3	Should have a turnover of USD Five (5) million per annum. (Documentary Proof)	
4	Should have sufficient experience in the field of dealing aviation industry. (Documentary Proof)	
5	Owners, Directors, Shareholders should not have been involved in default / bankruptcy proceedings. (Documentary Proof)	
6	Applicant should not have gone into any legal dispute in the past with PIACL. (Documentary Proof)	
7	Should have an established office and sufficient staff with ability of selling international air transportation. (Documentary Proof)	
8	Should not have been in losses during last three (3) consecutive years. (Documentary Proof)	
9	Company's legal documentation and profile must be submitted along with the application. (Documentary Proof)	
10	Should be familiar with IATA / BSP / CASS or equivalent procedures in the territory. (Documentary Proof)	

B. FINANCIAL EVALUATION

For in depth financial evaluation, Agents must provide following information:

1. Financial Statements including Annual Balance Sheet and Profit & Loss Statement for last 03 years will be required.
2. Financial documents must be certified by a registered Chartered Accountancy or equivalent eligible firm and should be in English.
3. While evaluating financial position of the applicants, points will be awarded under following financial heads;
 - **Shareholder's Equity:**
Equity size of all the applicants will be compared.
 - **Liquidity Position:**
Current ratio (Proportion of Current Assets to Current Liabilities) of all applicants will be compared.
 - **Asset Management:**
Assets Turnover ratio (Total Sales/Total Assets) of all applicants will be compared.
 - **Profitability Margin:**
Net Profit Margin (Net Profit/Total Sales, in percentage) of all applicants will be compared.

Points will be awarded on the basis of the following formula:-

Shareholder's Equity in PKR		
FROM	TO	POINTS
1.00	50 Million	0.50
51 Million	100 Million	0.75
101 Million	150 Million	1.00
151 Million	200 Million	1.25
201 Million	250 Million	1.50
251 Million	300 Million	1.75
301 Million	+	2.00

Current Ratios		
FROM	TO	POINTS
0.01	0.49	0.20
0.50	0.99	0.40
1.00	1.49	0.60
1.50	1.99	0.80
2.00	+	1.00

Asset Turnover		
FROM	TO	POINTS
0.01	0.49	0.20
0.50	0.99	0.40
1.00	1.49	0.60
1.50	1.99	0.80
2.00	+	1.00

Net Profit Margin		
FROM	TO	POINTS
1%	5%	0.20
6%	10%	0.40
11%	15%	0.60
16%	20%	0.80
21%	+	1.00

Draft
SPONSERSHIP AGREEMENT

THIS AGREEMENT is made on Corresponding to By and between:

PAKISTAN INTERNATIONAL AIRLINES CORPORATION, a corporate established and existing under the laws of the Islamic Republic of Pakistan having its head office at Quad-e-Azam International Airport Karachi, Pakistan, representing in this agreement by country manager Saudi Arabia, at Al Bassam Business Center, Off Hail street, P.O Box No. 2033, Jeddah 21451 (hereinafter referred to as "PIA") of the one part;

AND

M/s....., an establishment existing under the laws of the Kingdom of Saudi Arabia, with main office of, represented in this "Agreement" by dated in (Hereinafter referred as the "SPONSOR" of the other part);

Whereas, under the laws of Kingdom of Saudi Arabia foreign airlines are required to have a Saudi sponsor guarantee the fulfillment of their obligations under the Saudi laws and regulations, and to officially represent the airline before the authorities, and

Whereas, the second party agrees to sponsor PIA in the of Kingdom of Saudi Arabia, on the terms and conditions contained hereunder.

NOW THEREFORE, THE PARTIES AGREED AS FOLLOWS:

Article (1): Interpretation:

The terms "PIA" and "SPONSOR" shall, wherever the context so permits, include their respective administrators, successors-in-interest and assigns.

Article (2): Obligations of Sponsor:

- 2.1 M/s.....Company shall Sponsor the business and other activities of PIA for the territory..... of the Kingdom of Saudi Arabia (hereinafter referred as "Territories")
- 2.2 The Sponsor shall obtain all licenses, permissions, approvals, and certificates from the Government of Saudi Arabia, including but not limited to the

sponsorship license from the presidency of Civil Aviation, necessary for him to become and act as the sponsor of PIA in the Territory as passenger / cargo agent. The Sponsor shall provide all necessary financial and other guarantees to all the concerned Ministries of the Government of Saudi Arabia such as Bank Guarantee for GACA (for Hajj operation), and shall also pay all the applicable license fees/taxes/fees in connection with the net administrative fee that he shall receive as Sponsor.

- 2.3 The Sponsor shall arrange for the maintenance and continuation of the lease of all PIA's existing offices and residences in the territory or shall provide suitable substitutes / of the same acceptable to PIA along with all utility charges(Electricity, water, telephone, baldia, Gas etc) and security charges(including Saudi National Security Guard Salaries). The sponsor shall also arrange at his own expense for the transfer / registration of all movable properties including vehicles, ground handling and other technical equipment of PIA in his own name or shall provide suitable substitutes for the same acceptable to PIA.
- 2.4 The sponsor shall comply at his own cost with all regulations / formalities of the Government of Saudi Arabia In connection with the conduct of the business of PIA in the Territory.
- 2.5 The Sponsor according to the enforced Saudi regulations shall, as and when required by PIA, arrange for, obtain and maintain all visas, Iqamas, work permits and other approvals / permissions / licenses for;
 - 2.5.1 All locally based PIA employees (contractual and daily wages whose Iqamas have been transferred in favor of M/SCompany), and their families
 - 2.5.2 All PIA employees transferred to and from the Territories and their families.
 - 2.5.3 All PIA employees, whether locally based or non-locally based and their families (on duty) visiting the Territory or other cities in the Kingdom of Saudi Arabia
- 2.6 That in connection with the above, the sponsor shall also furnish all the necessary guarantees to the Government of Saudi Arabia, and shall pay all the cost of issuance and renewal of Iqamas / Employees & Dependent taxes of Pak-based / local PIA employees (Contractual and Daily Wages) and their families, Return Air Tickets taxes once in a year for PIA Contractual employees and their families as per Employment Agreement. Exit/Re-entry expenses will be the responsibility of Sponsor four times a year for Pak-based/local employees (Contractual & Daily Wages) of PIA and their families as per Article 40 (i) of Saudi Labor Law.

- 2.7.1 The Sponsor shall arrange to obtain Hajj duty visas each year, which shall not be less than two hundred and eighty (280) visas and in accordance with the Saudi regulations enforced at any time.
- 2.7.2 The Sponsor shall be responsible to arrange up to two hundred (200) visit visas from the concerned authorities each year for PIA officials who are required to visit Saudi Arabia on official duty.
- 2.8 The Sponsor shall pay 100% of all costs and expenditures incurred in running the business of PIA in the Territory, provided that these expenditures will not exceed the agreed payment in Appendix A, as follows:
 - 2.8.1 The payment of rents of all PIA Sales and Admin Offices in the KSA Territory, and PIA Town Office ,Cargo Office (Jeddah, Makkah ,Medina, Riyadh ,Dammam, Abha ,Yanbu , Taif , Al-Qaseem ,Al Jubail) and any other new office. Such rent shall include cost of electricity, repair, security and cleaning and other utilities.
 - 2.8.2 The payment of Building's insurance premium of all PIA offices in KSA.
 - 2.8.3 Maintenance, furnishing, renovation, expansion and refurbishment of all PIA offices. The Sponsor shall carry out such furnishing, renovation, expansion, and refurbishment as and when required by PIA according to PIA branding.
 - 2.8.4 Advertising uni-poles / billboard, signboards, and sales promotion / public relations activities.
 - 2.8.5 Payment of salaries and allowances of (03) PIA Coordinators / Government Relation Officers at (CP / WP & EP) for coordination with the Saudi Government agencies & Sponsor.
 - 2.8.6 A Sponsor shall support with amount of SAR 250,000 Annually for all miscellaneous charges i.e. janitorial and other expenses as when required for office running.
 - 2.8.7 The GOSI (General Organization of Social Insurance) payment will be paid by the sponsor for both Saudi and expatriate employee.
- 2.9 The Sponsor shall provide 01 new executive car for PIA Office & 02 VIP Cars for CM KSA for the use of PIA officials. The Sponsor shall replace such cars with new cars every three year and shall pay for their insurance and maintenance.
- 2.10 The sponsor shall pay for Sales Promotion / Public Relations / Community activities and for other miscellaneous expenses e.g. IT / Automation / Training and administrative costs. The total cost will not exceed SAR 150,000. (SAUDI RIYALS ONE HUNDRED AND FIFTY THOUSAND) per year and PIA shall submit a statement to the sponsor showing the expenditure during the month and the remaining balance on monthly basis.

- 2.11 The sponsor will contribute Actual amount "A Class" for Managers & families and "B Class" for Staff and their families per annum towards the cost of medical insurance of employees and their families.
- 2.12 The Sponsor shall set up offices for PIA from time to time at such locations in the Territory as may be required and designated by PIA. The Sponsor shall pay 100% of all the costs / expenditures, incurred in setting up such offices, which shall be operated under the guidelines, supervision and authority of the concerned PIA Manager for the Territory.
- 2.13 The Sponsor shall represent PIA in all litigation against or by PIA in the "Territory" under the direction and advice of PIA, which shall be binding on the Sponsor and will also share 50% of all GACA Penalties.
- 2.14 The Sponsor shall make his best efforts to recover all amounts due or payable to PIA by any person on account of any reason whatsoever, and shall pay such amounts to PIA only upon recovery of the same.
- 2.15 Except the damages caused by plans or sins intentionally or fraudulently committed by employees, the Sponsor shall protect and promote the interest of PIA and its personnel in the Territory and shall participate in PIA's advertising and sales promotion activities.
- 2.16 The Sponsor shall advise, assist, defend and indemnify PIA, its employees against all claims proceeding lodged by any person whomsoever which may arise out of the execution of this agreement.
- 2.18 2.17 Provide the Country Manager (Saudi Arabia) PIA, Jeddah with "Power of Attorney" in the required form from time to time.
- 2.19 Sponsor will indemnify PIA against claims of any Tax & Zakat obligations resulting from PIA commercial activities and operations in KSA, incur or pay by reason of any service rendered by the Sponsor under the terms of this Agreement.
- 2.20 Sponsor shall provide at its own cost a Saudi National / Expatriate Government Relationship Officer to deal with GACA and Saudi Government Offices on behalf of PIA.
- 2.21 PIA KSA will hire the Audit Firm in KSA to prepare the VAT Return and VAT preparation fee by Audit Firm will be fully charged to Sponsor Account.
- 2.22 In case of Negative balance payable to Sponsor on Account of Sponsor Fee in any quarter due to Loss such amount will be carry forwarded to the next quarter.

Article (3): Payment:

3.1 In consideration to the services provided by the Sponsor hereunder, PIA shall pay to Sponsor an Administrative Fee equivalent to (....%) percent of the net

passenger and cargo revenues earned and received by PIA through sales done in PIA's own offices in the Territory and by PIA appointed IATA agents located in the Territory. The amount, payable as administrative fee to the Sponsor shall be calculated on the basis of only "net net revenues" as defined by PIA, on passenger revenues and cargo revenues earned and received by PIA, and shall not extend to any other revenues earned by PIA including revenues earned on account of interline sales, carriage of excess baggage and mail. For the purpose of assessing the net net revenues on which the administrative fee shall be calculated after deducting/recovering full VAT amount, the Sponsor shall accept as final the figures provided by PIA Finance Department.

3.2 The administrative fee shall be paid to the Sponsor on quarterly basis during 90 days after the due date, after deduction of all expenses paid or incurred on behalf of the Sponsor by PIA and after deduction of all amounts due or payable to PIA, from the Sponsor. PIA shall not be liable for any loss caused to the Sponsor on account of any delay due to any circumstances beyond the control of PIA.

3.3 Administrative fee percentage shall be increased to (...%) i.e.&..... percent) for any quarter in which payment is delayed by 90 days beyond the mentioned due date in 3.2.

ARTICLE (4): Term/Renewal/Termination:

4.1 This agreement unless earlier terminated shall be valid till 31December, 2022 from the effective date of 1st January, 2020 and may be renewed / extendable by written agreement of the parties on mutually satisfactory terms.

4.2 This agreement may be terminated by either party without assigning any reason, by giving to the other, (90) ninety days advance written notice of termination by registered mail/courier service.

4.3 If this agreement is terminated by PIA, the Sponsor shall continue to perform all his obligations hereunder until the expiry of the ninety days period specified in the termination notice. Upon receipt of the termination notice by either party under this agreement, the Sponsor shall, during the ninety days period specified in the notice, effect smooth transfer of the business, office, Iqamas, and other property of PIA to any new Sponsor/agent/commercial agent appointed and/or Specified by PIA.

Consequent upon the termination of the Agreement the parties shall decide mutually the settlement of the PIA payments and the sponsor transferring of fixed assets based on depreciable life of three years.

Article (5): Governing law Dispute:

5.1 This agreement shall be governed and construed in accordance with the laws of England.

5.2 Any dispute arising out of, or in connection with this Agreement shall be settled amicably between the parties. If no amicable settlement can be reached within one month, the dispute shall be referred for final settlement by arbitration in the city of London, and according to the regulations of the I.C.C. The language of arbitration proceedings shall be in English. Each party to the dispute shall bear its own cost, provided that the cost of arbitration panel and any fee shall be borne by both the parties on equal basis.

Article (6): Modification

Modifications of or additions to this Agreement must be approved in writing by the responsible official of both parties and shall, thereafter, be attached to this Agreement as "Amendments".

Article (7): Miscellaneous:

7.1 Notices and correspondence between the parties shall be addressed to their addresses first above mentioned; by fax, e-mail, registered mail or hand delivery and deemed received (3) three days after the date of dispatch as proved by cover or envelope.

7.2 This Agreement constitutes the entire agreement of the parties; and any other settlements, representations, promises or other forms of oral or written expression not expressly included in this Agreement ' by prior written consensus of the parties shall be null and void and without effect. Any amendment, deletion, or addition to this Agreement will only be binding if signed by the respective representatives of the parties.

IN WITNESS WHEREOF, the parties hereto have signed this agreement on the day, month and year first above mentioned.

For and on behalf of
M/s.-----

For and on behalf of
Pakistan International Airlines
President & CEO

Witness:

Witness:

Witness:

Witness:
Country Manager

Annexure 'A'

1. DETAIL OF FIXED COSTS

A) Annual rents ceiling of PIA offices in KSA:

<u>OFFICES</u>	<u>PER ANNUM -SAR</u>
• Jeddah Main Office	550,000
• Jeddah Cargo Office	25,000
• Madina Office	300,000
• ABHA Office	150,000
• Makkah Office	210,000
• Yanbu Office	150,000
• Riyadh Office	300,000
• Dammam Office	300,000
• Taif Office	150,000
• Al-Qaseem	150,000
• AL-Jubail	150,000

	W.P	C.P	E.P
B) Coordinator's Salary (100 % Per Quarter)	SAR 36,000	SAR 36,000	SAR 36,000
C) Advertising & Publicity (Per Annum)	SAR 300,000		
D) Sponsor Support (Per Annum)	SAR 250,000		

2. VARIABLE EXPENSES ON ESTIMATED BASIS

i) **SAR 800,000 on following**

- Insurance
- Maintenance of building and equipment
- Electricity Charges
- Postal /Courier charges & Baldia fee
- Mobile phone to coordinator
- Visit Visa & Extension Fee
- Work Visas and related Expense
- Iqama Renewal & Labor fee

ii) Other Costs as per agreement as and when incurred.

iii) 100% renovation/refurbishing of PIA offices as and when required.