



ISLAMIC REPUBLIC OF AFGHANISTAN



Ministry of Agriculture, Irrigation and Livestock
(Agriculture Market Infrastructure Project)



Preliminary Information Memorandum

Lease PPP for Five Slaughterhouses located in Kabul, Herat, Mazar and Kunduz

January 2019



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This PIM does not purport to be all inclusive or to contain all the information that a prospective bidder or participant in the project may require in making its decision to participate in the tender. Where this document describes any contractual, commercial or other legal arrangements which are not yet in force, those arrangements remain subject to change.

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EXECUTIVE SUMMARY

The Government of Afghanistan is addressing the lack of hygienic slaughterhouses in Afghanistan and has obtained approximately \$30 million in grant financing from Asian Development Bank (ADB) to finance five (5) slaughterhouses located in Kabul Reshkhori, Kabul Shakardara, Herat, Mazar and Kunduz. The Government through the Ministry of Agriculture, Irrigation and Livestock (MAIL) in agreement with ADB resolved to finance the construction of the slaughterhouses and outsource business responsibility, operations and maintenance to the private sector. MAIL is therefore offering a 10-year lease to the private sector for the operation, maintenance and management of the 5 slaughterhouses.

Construction of Kabul Reshkhori slaughterhouse is complete and was inaugurated by the President of the Islamic Republic of Afghanistan in October 2018. The remaining four (4) are at varying stages of completion with Kabul Shakardara slaughterhouse scheduled for completion by April 2019, Herat and Mazar slaughterhouses by May 2019 and Kunduz slaughterhouse by June 2019. Each facility uses the same modular design. The processing capacity of each slaughterhouse in a shift of 8 hours is 100 large ruminants and 500 small ruminants.

The underlying business model is to support operators willing to use slaughtering operations to benefit an integrated meat trading and distribution business. At the same time, it is recognized that the facilities must support other industry participants (particularly in the small and medium size business category) such as local butchers. For this reason, MAIL is considering introducing an incentive to incorporate third party slaughtering.

ADB's own financial and economic analysis demonstrates that healthy returns can be achieved by experienced operators in slaughterhouses. More revenue comes from own business slaughtering ahead of third-party slaughtering.

With this PIM, MAIL is setting out its current intent with regard to the project, provide relevant information to the market and seek views from investors, slaughterhouse operators and financiers. Information is also being provided to a greater detail to enable potential bidders prepare their consortia and commence internal approvals ahead of the formal launch of the Request for Prequalification ("RFQ"). MAIL welcomes responses to the questions set out in the PIM by 4th February 2019 and seeks applications for conference calls scheduled to take place between 27th January and 4th February 2019.

INTRODUCTION

The current rudimentary slaughtering practices in major Afghanistan cities whereby cattle, buffaloes, goats, and sheep are slaughtered in backyards or on improvised private slaughter-slabs and sold by livestock traders to butchers on the street has raised strong urban environmental and public health concerns. However, the risk premium attached to fund raising for capital intensive ventures is a barrier to the private sector investing in the development of slaughterhouses.

In addressing these challenges, the Government of the Islamic Republic of Afghanistan (GoIRA) has obtained approximately \$30 million from the Asian Development Bank (ADB) in grant financing for the construction of five (5) modern slaughterhouses in four (4) major cities (Kabul, Herat, Mazar and Kunduz) but intends to transfer business responsibility, operations and maintenance of the slaughterhouses to the private sector.

MAIL is interested in the private sector operators successfully running the slaughterhouses which is the midpoint in the livestock value chain. It potentially wants to see integration in the industry value chain and at the same time support other industry participants (particularly in the small and medium size business category) such a local-butchers.

The Government is committed to promoting a project which will ensure safer and more hygienic meat from consumers, and in the long term improve the ability of the municipality to enforce legislation requiring animals be slaughtered in licensed premises, and increase the willingness and ability of butchers to comply with public health and hygiene regulations.

To achieve the project objectives, bidders will be expected to demonstrate

- A track record of delivering similar projects;
- Deliverability of their bid with a particular focus on the technical and financial aspects;
- Delivery of a 'local content' component as part of their bid;

A transparent and competitive two-stage bidding process comprising of a request for qualification ("RFQ") stage and a request for proposal ("RFP") stage in accordance with the laws of the Islamic Republic of Afghanistan will be adopted in the tendering and selection of private operators for the slaughterhouses. The Request for Proposals ("RFP") that will be issued to prequalified bidders will describe in detail our requirements and support being provided towards the project. MAIL will in the RFP, seek to provide flexibility for bidders to determine how to achieve these aims.

PURPOSE OF PIM

This PIM forms part of MAIL's approach to promoting transparency and initiating meaningful dialogue with the private sector.

In developing this PIM, the AMIP and MAIL have had engagements with the market. For instance, MAIL received communications from companies expressing interest in leasing slaughterhouses during 2015 and 2016. Interviews were conducted with two of them for market sounding purposes. In 2018, a workshop attended by investors and industry players was held to introduce the project to the market. MAIL has listened to views from the private sector during these market engagements.

The aim of the PIM is to set out our current intent with regard to this project, provide relevant information to the market and seek additional views particularly from international slaughterhouse operators and investors. Information is also being provided to a greater detail to enable potential bidders prepare their consortia and commence internal approvals ahead of the formal launch of the Request for Prequalification ("RFQ").

Upon the formal launch of the RFQ, discussions will only be permitted in accordance with the prescribed rules of the tender. Prospective bidders are therefore encouraged to provide feedback/views and suggestions to MAIL prior to the formal competitive process commencing.

We are transparent about the fact that our thinking and final position on a number of areas within the scope of this procurement and concession specification are still being developed and, in many cases, are subject to final GoIRA approval. As such, the information in this document should not be relied upon as an indication of our final requirements for the eventual PPP structure and agreement; indeed, we will continue to welcome feedback on our proposed approach where this is still under review.

In achieving the aim of this PIM, MAIL would welcome comments on a number of issues set out in this PIM. In particular, views on the following are encouraged:

1. The proposed project and transaction structure
2. The proposed procurement process and timetable
3. Risks and concerns associated with the project

Market Sounding Process

MAIL is soliciting response to its Questionnaire attached as Appendix to this document. Written responses may be submitted to the following email addresses by 4th February 2019:

akram.farahmand@mail.gov.af; sulaiman.ashrafi@mail.gov.af;
sulaiman.ashrafi@yahoo.com; and a.o.oladapo@gmail.com.

MAIL is also committing to conference calls with potential bidders, consortia, investors, operators, financiers and industry players over the period of 27th January to 4th February 2019. Questions shall be entertained during the time allocated for each participant.

This dialogue is intended to allow for further clarification and the raising of any perceived commercially sensitive queries regarding the project and for MAIL to obtain feedback on its approach. Allocation of slots for the conference calls will be on a first come first serve basis and as such, interested participants are strongly encouraged to submit their requests as soon as possible.

Applications for the bidder conference calls should be submitted by email as follows:

1. To the following addresses:

akram.farahmand@mail.gov.af; sulaiman.ashrafi@mail.gov.af;
sulaiman.ashrafi@yahoo.com; and a.o.oladapo@gmail.com.

Note: Kindly send to all given email addresses.

2. With the subject: ***Slaughterhouse PPP: Application to attend a bidder conference call***
3. Include details such as: ***company name, address, country(ies) active, nature of business (Investor/ Equity provider, Operator, Lender/Debt provider or Industry Trader)***
4. Propose: ***preferred date and time***

Conditions of Participation

By accepting an invitation to participate in the market sounding process being undertaken by MAIL, participants note and agree to the following conditions:

- The market sounding meeting is being undertaken on a 'no commitment' basis and does not form part of the formal procurement process for engaging private sector implementation assistance. Participation in the market sounding process does not act to pre-qualify participants for any future tender process.
- Participation is voluntary and MAIL will not be responsible for any costs incurred by organizations associated with either preparation or participation in the market sounding process.
- Only employees and authorized of invited private sector organizations are to attend the market sounding conference call.
- MAIL will keep a record of the discussions at the market sounding conference call. However, these records will be of a generic nature and will not identify any individual participant or contributor.
- MAIL reserves the right to use information gained from the conference call or questionnaire responses on a non-attributable basis during the assessment of the project, including evaluation of the private sector participation options and subsequent procurement of the project.

COUNTRY OVERVIEW

Afghanistan, is a country located at Southern Asia, it has an area of 652,860km. With a 2018 population of 31.6million¹, it is ranked between 40th to 45th position by population of the countries worldwide and it has a moderate population density. The capital is Kabul and its currency, Afghani.

Afghanistan has recently experienced an economic slowdown. Having maintained an average growth rate of 9 percent between 2003 and 2013, economic growth slowed to 2.7 percent in 2014, declining further to 1.5 percent in 2015. This decline was driven by a range of factors, including:

- i. declining aid levels associated with the drawdown of international security forces (from US\$12.5 billion in 2009 to around US\$8.8 billion in 2015);
- ii. increasing violence and insecurity; and
- iii. political instability associated with the 2014 elections.

However, since 2015 there has been a slight recovery, with growth accelerating slightly to 2.3 percent in 2016, reflecting increased investment and business confidence compared to 2015. Recovery continued in 2017, with the economy growing by 2.7 percent.

Growth was driven mostly by the services sector, which expanded by 2.5 percent. The agriculture sector grew by around 3.8 percent despite drought conditions.

Reforms to the 2018 budget process, including ending the practice of automatically carrying over the balance of unspent development project funds into the next budget, have seen project execution rates improve for both discretionary and nondiscretionary development budget expenditures.

Recent movements towards a negotiated peace agreement with the Taliban, including an unprecedented mutual ceasefire over Eid al-Fitr in June, provide some cause for cautious optimism regarding prospects for an improvement in the security situation over coming years.

¹ Central Statistics Organisation, Afghanistan

	2015	2016	2017	2018	2019	2020	2021
Output/Income							
Nominal GDP (billion Af)	1,223	1,314	1,376	1,450	1,564	1,693	1,839
Nominal GDP (billion US\$)	19.9	19.0	19.5	19.9	20.5	21.1	21.8
GDP Per Capita (US\$)	590	550	550	548	550	555	561
Population (million)	33.7	34.7	35.5	36.4	37.2	38.1	38.9
Real Economy							
Real GDP Growth	1.5	2.3	2.7	2.4	2.8	3.2	3.6
Agriculture	-5.7	6.0	3.8	2.0	2.0	3.0	4.0
Industry	4.2	-0.8	0.4	2.0	2.0	3.0	4.0
Services	2.1	2.0	2.5	2.5	3.5	3.5	3.5
GDP Composition (% GDP)							
Agriculture	17.7	18.4	18.6	18.5	18.3	18.3	18.4
Industry	25.2	24.5	24.0	23.9	23.7	23.6	23.7
Services	53.3	53.1	53.1	53.1	53.4	53.6	53.5

Source: Afghanistan Development Update – World Bank (2018)

Economic projections are highly sensitive to the level and modality of aid flows. Grants to Afghanistan are currently estimated at around 40 percent of GDP. External grants are currently relied on to finance more than half of budget expenditures and vital off-budget security and service delivery functions. The substantial trade deficit (around 40 percent of GDP) is financed almost entirely by aid inflows. Aid levels are expected to approximately halve by 2030 (to around 20 percent of GDP), remaining substantially above the average for low-income countries (around 10 percent of GDP).

Facing major upcoming expenditure pressures related to taking on increased responsibilities in the security sector would constrain the Government's capacity to meet expenditure pressures without major disruptive on service delivery. However, this constraint unlocks investment opportunities for the private sector.

LIVESTOCK INDUSTRY OVERVIEW

Agriculture – encompassing farming and animal husbandry - makes up the backbone of Afghanistan's economy. Agriculture provides a source of income for 44 percent of households, and for 28 percent it is the most important income source in the household. Similarly, it is the main sector of employment for 45 percent of the working population².

The livestock sub-sector is another key component in Afghanistan's economy, but up-to-date statistics are not available. The 2002-03 Afghanistan Livestock Census is the latest comprehensive source of livestock information (FAO 2008). The table below presents the results of this census and NRVA/ALCS-based estimates on different types of livestock in 2011-12, 2013-14 and 2016-17. The NRVA/ALCS data suggest that the number of cattle is reduced in the years since the livestock census, although there is a significant increase again compared to ALCS 2013-14. However, the numbers of small ruminants, especially sheep, have increased.

S/N	Animal Type	Census (2002-03)	NRVA 2011-12	ALCS 2013-14	ALCS 2016-17
1.	Cattle	3,715	2,854	2,850	3,371
2.	Oxen, yaks	n.d	474	463	413
3.	Horses	142	102	93	76
4.	Donkeys	1,588	1,519	1,761	1,650
5.	Camels	175	481	239	284
6.	Goats	7,281	10,445	10,265	9,754
7.	Sheep	8,772	18,018	21,629	21,813
8.	Chickens	12,156	13,176	12,221	10,341
9.	Other poultry	1,022	1,367	942	894

*n.d – No data

Source: Afghanistan Living Condition Survey 2016-2017

ALCS 2016-17 data suggest that the number of cattle (3.4 million) has increased since the previous ALCS, but is still below the volume reported in the 2002-03 livestock census. On the other hand, the number of sheep (21.8 million) did not change since the previous survey, but is 2.5 times larger than at the time of the livestock census. Livestock products are an important part of the daily consumption of animal-owning households, but market sales of animals or livestock products are also an important income source for these households.

² Afghanistan Living Condition Survey 2016-2017

Demand Forecast

Data on urban consumer demand and consumption of meat in the main cities of Afghanistan is very limited, and secondary sources have to be used to derive estimates. As urban incomes have risen there has been an increased demand in terms of quantity and quality for red meat.

The following is a meat demand projection for the four metropolitan cities in regions where slaughterhouses are to be located:

A. Baseline meat consumption per capita: 14 kg/year, including beef and mutton.

The ratio between beef (large ruminant) and mutton (small ruminant) is estimated at 70:30, according to the estimated number of animals slaughtered annually in Kabul³. Hence, per capita consumption of beef and mutton is:

Beef	9.8 kg/year (70% of 14 kg)
Mutton	4.2 kg/year (30% of 14 kg)

Baseline population (2015) of the four cities is estimated at:

Kabul	3.950 million
Herat	1.780 million
Mazar-e-sharif	1.245 million
Kunduz	0.954 million

B. Projected increase in meat consumption

According to the 2011 FAO study,⁴ red meat consumption per capita in 8 countries in South Asia Region (Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka) is projected to increase as follows:

	Beef	Mutton
South Asia 2000-2030	24%	45%

Converted to annual increase, per capita consumption of beef and mutton is projected to increase at 0.8% and 1.5%, respectively.

³ Root of Peace, 2008, *Livestock Slaughterhouse Pre-Feasibility Study*

⁴ FAO Study 2011. *Mapping Supply and Demand for Animal-Source Foods to 2030*, T. P. Robinson and F. Pozzi

C. Population increase

Afghanistan is still a predominately rural society with only an estimated 24% of the population living in cities. Yet this is changing fast. In 1950, only 1 out of every 20 Afghans lived in cities. In 2014, 1 out of every four lives in cities, and by 2060, 1 out of every 2–50% of the population will live in cities⁵.

Although accurate and reliable data on urbanization is not currently available, estimates indicate that Afghan cities (totaling 33 Provincial Municipalities and approximately 150 District Municipalities) are growing at a rapid rate of around 4% per year, one of the highest rates of urbanization in the world. Within the next 35 years the country's urban population is projected to triple to 24 million.⁶

Population growth rate in larger cities is even more drastic. In Kabul, the population has increased by almost 10% per year.⁷ Other large cities with populations over, or around 1 million, including Herat, Mazar-e-Sharif, and Kunduz have also experienced rapid growth.

D. Meat demand projection for the four cities

Using 6% per year of population growth in the four cities of Herat, Kabul, Kunduz, and Mazar (50% above the average annual population growth rate of 4% among all 183 cities in Afghanistan), and the estimated increase of beef and mutton consumption per capita per year at 0.8% and 1.5%, respectively, the meat demand in the four cities are projected as:

	Population Million	Beef demand		Mutton demand		Total meat demand	SLH output MT/year	SLH% of demand
		Kg/ capita	MT/ year	Kg/ capita	MT/ year			
2015 Baseline								
Kabul	3.950	9.8	38,710	4.2	16,590	55,300	15,330	28%
Herat	1.780	9.8	17,444	4.2	7,476	24,920	7,665	31%
Mazar	1.245	9.8	12,201	4.2	5,229	17,430	7,665	44%
Kunduz	0.954	9.8	9,349	4.2	4,007	13,356	7,665	57%
2020 Projected								
Kabul	5.286	10.20	53,908	4.52	23,917	77,825	30,660	39%
Herat	2.385	10.20	24,293	4.52	10,778	35,071	15,330	44%
Mazar	1.666	10.20	16,991	4.52	7,538	24,530	15,330	62%
Kunduz	1.277	10.20	13,020	4.52	5,776	18,796	15,330	82%
2025 Projected								
Kabul	7.074	10.61	75,074	4.87	34,480	109,553	45,990	42%
Herat	3.188	10.61	33,381	4.87	15,538	49,368	22,995	47%
Mazar	2.230	10.61	23,662	4.87	10,868	34,530	22,995	67%
Kunduz	1.708	10.61	18,132	4.87	8,328	26,459	22,995	87%

Source: AMIP (2016) Feasibility Study for the Lease of 5 Kabul Reshkhori, Kabul Shakardara, Mazar, Herat and Kunduz Slaughterhouses

⁵ UNDESA, Year, Title UN-Habitat, Year, Title

⁶ UN. Habitat. Year. Title . Country.

⁷ World Bank. 2014. Title . Country.

PPP FRAMEWORK

Afghanistan, like many developing countries, has been seeking ways to develop and improve infrastructure within the framework of limited fiscal capabilities. In recent years, the World Bank Group and other development partners have been working with the Government of Afghanistan on increasing private participation in infrastructure. Public-private partnerships are increasingly seen as a means to harness private innovation and finance while the government maintains ultimate ownership and insurance of the public interest.

The country now has an established PPP framework with the enactment of a PPP law, establishment of the central PPP body and approval of a PPP policy. Afghanistan also has a pipeline of PPP projects at various stages of the PPP lifecycle, has developed a PPP suitability and prioritization tool for project screening and selection, has prepared standard bidding documents and contracts, is currently preparing PPP regulations and building capacity across the public sector to enable the success of PPPs in the country.

Despite the challenging environment in the country, Afghanistan has had some positive PPP experiences. The private sector has provided telecom services in Afghanistan for many years, through contracts awarded to Afghan Wireless, Roshan, MTN, Etisalat, and Wasel. These contracts were competitively tendered, monitored by the Afghanistan Telecom Regulatory Authority, produced over US\$2 billion in private investment, and lowered tariffs by 95 percent since 2002. Thus, 75 percent of the public can subscribe to mobile services and mobile telephone subscriptions have increased to over 20 million, compared to less than 60,000 a few years ago. In addition, there is clear private sector appetite to engage in the energy sector, as demonstrated through the development of the Mazar-e-Sharif and Bayat Gas-to-Power Projects (World Bank, 2018)

A. PPP Law

In 2016, the Afghanistan PPP Law was enacted and created the Central Partnership Authority, the law was later modified in 2018. The law provides the legal framework for PPPs in the country providing comfort to the private sector.

B. PPP Policy

The Central Partnership Authority has developed the PPP policy under which the government motivates private sector to invest in public projects through long-term contracts

where the liability, risk, profit and/or loss are shared by both 'partners' on equitable basis and depending on the ability to manage the risk of each one of them.

C. Institutions

Ministry of Agriculture, Irrigation and Livestock (MAIL)

MAIL is a government entity described in Article 15 of the PPP Law. The law describes the responsibilities of entities as follows:

- A. To identify a suitable Partnership Project and prioritize it in its relevant area of work; receive and assess the Unsolicited Concept.
- B. To organize research programs and dialogues in order to know the public opinion in regards to project implementation through a Public Private Partnership.
- C. To propose and submit the identified Project for further process to relevant Entity.
- D. To develop and prepare the Project; to prepare the draft Bidding Documents and submit it to Central Partnership Authority for assessment, and further process.
- E. To manage the Tender Process of Projects
- F. To establish the bid evaluation committee from representatives of relevant and other Entities when need it in consultation with Central Partnership Authority.
- G. To start Tender Process, conclude a Partnership Contract after the approval of the Central Partnership Authority.
- H. Submission of an approved evaluation report by the Competent Authority of Entity for further process to Central Partnership Authority.
- I. To sign a Partnership Contract with the preferred bidder, after award of contract.
- J. To monitor and evaluate implementation of the Partnership Contract and to present the report to relevant authorities and the Central Partnership Authority.
- K. To manage related affairs of the Entity based on the principle of unitary governance in order to provide convenience for the Bidder and the Private Partner.
- L. To perform other assigned functions and powers as per the provisions of this law, regulations and the rules of procedure.

Central Partnership Authority

Under the PPP law, the Central Partnership Authority was established within the Ministry of Finance to regulate policies, undertake analysis, provide advice and technical support to contracting entities, streamline the process, promote PPPs and other relevant tasks. Regarding this PPP project, the specific functions of the CPA include:

- A. Providing technical and administrative support and advice to MAIL, the Minister of Finance, the HEC, and the Cabinet on the implementation of this PPP project;
- B. Monitoring and reporting on the performance and implementation of PPP agreements.

Ministry of Finance

In accordance to the PPP Law, the Ministry of Finance has the following powers and functions:

- A. To approve, reject and return for revision the Concepts which are submitted for approval.
- B. To approve, reject or return for revision the Prefeasibility Study, Feasibility Study of Partnership Project which is submitted for approval.
- C. Submission of Partnership Contract after the notarization of High Economic Council to the Government (Cabinet).
- D. To perform other powers and functions predicted in this law, the regulation or rules of procedure.

In particular, the MoF will be responsible for assessing and managing the financial commitments of the GoIRA to this project to ensure fiscal sustainability.

High Economic Council

The High Economic Council has the following key powers and functions under the PPP law:

- A. To provide guidance, on regulating government's over all policy and other framework of PPP sector in accordance to the GoIRA national strategic objectives.
- B. To decide on financial and economic supports, guarantees, commitments of the State, and other aspects needed for implementation of the Project as per the provisions of this law.

- C. To approve award of Partnership Contracts based on Public Private Partnership principals as per the provisions of this law.
- D. To approve/reject/review amendment of Partnership Contracts as per the provisions of this Law, regulation and rules of procedure.

Cabinet

The Cabinet is responsible for the approval, amendment, rejection or review of the Partnership Contracts after approval by the by the HEC.

The Feasibility Study for this project has been approved by the HEC and Cabinet in accordance with the PPP Policy.

PROJECT DESCRIPTION

The strategic project objective is to:

- a. address the increasing demand for safer and more hygienic meat from consumers, and stronger urban environmental and public health concerns from unhygienic and rudimentary slaughtering practices in all major cities.
- b. improve the ability of the municipality to enforce legislation requiring animals be slaughtered in licensed premises.

The commercial objective is to:

- a. establish a contractual relationship with the private sector that sustainably operates, maintains and profitably runs the business of the slaughterhouses.
- b. increase the potential for further value-adding enterprises that use by-products or provide inputs to facilities.
- c. increased value associated with reduced damage to skins, hides, and casings; and substitution of imported frozen meat.
- d. income for government through the lease fee and for the private sector through the slaughterhouse operation and livestock business activities.
- e. create jobs during slaughterhouse operation.

The procurement objective is to:

- a. procure a competent private company and obtain the highest possible lease fee for the government
- b. procure the lease of the slaughterhouse to experienced private operators intended to deliver sector transitional impacts which is appropriate for the country at the present time.
- c. procure a commercial arrangement with experienced private companies who will support the government in making the aspirational step changes required to transform the livestock sector.

MAIL typically does not operate agribusiness facilities nor has in-house capacity to do so as it considers that there are benefits in the private sector handling this. Therefore, it is offering

a 10-year lease term to private operators. The selection of the lease contract model was made jointly with ADB at the time of the first grant financing in 2008 for the project. MAIL will act as Lessor and Regulator / Inspector for slaughterhouses and would post a fulltime inspector to each facility.

It is believed that a major role for an integrated meat company business would be better able to sustain hygienic slaughtering in the future.

A. Asset Description

The five slaughterhouses are being constructed under a turnkey contract with funding from the \$30 million grant facility. Construction of Kabul Reshkhori Slaughterhouse is complete and was inaugurated by the President in October 2018. The remaining four (4) are at varying stages of completion with Kabul Shakardara Slaughterhouse scheduled for completion by April 2019, Herat Slaughterhouse and Mazar Slaughterhouse by May 2019 and Kunduz by June 2019.

The cost for each proposed site is estimated at \$6 million (\$3.9 million from the original ADB 2008 financing and \$2.1 million from ADB's 2015 additional financing). Each proposed modular slaughterhouse is designed to have a slaughtering capacity of 100 large ruminants and 500 small ruminants per 8-hour shift, and to operate 26 days per month. It is capable of running 3 shifts per day. Using a modern facility that centralizes livestock slaughtering will facilitate pre and post-mortem inspection and provide higher-quality hides, skins, and intestinal by-products for further processing.

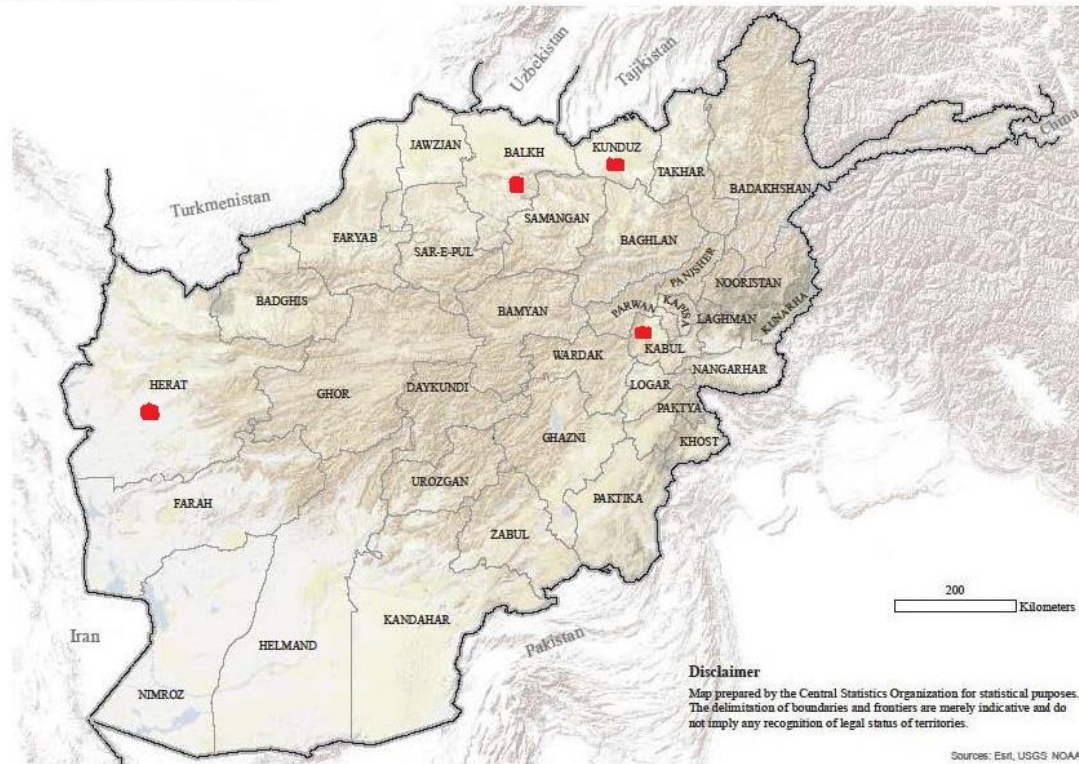
Each slaughterhouse has the following facilities:

- a) Main slaughterhouse building
- b) Livestock pens (Paddock 800m²)
- c) Animal path
- d) Slaughtering area 576 m² (sheep cutting area and cattle cutting area)
- e) The slaughterhouse overhead rail system supported by a dedicated grid of steel columns and beams and fully integrated with the equipment.
- f) By-product area including bone room, liver room, tripe room, skin room and head-foot room (the bone room shall be at controlled temperatures)
- g) Provide cold storage facilities
- h) WWTP with 150 m³ capacity per shift

- i) Separate processing lines for small and for large ruminants
- j) Administration building
- k) Quarantine building
- l) Worker facilities area/building:
- m) Service building including (boiler room, energy storage, workshop, and first aid room)
- n) Equipped laboratory to meet slaughterhouse routine tests requirements including kit for assurance of proper operation of WWTP.
- o) Incinerator (for waste protein material disposal)
- p) Refrigerated and livestock transportation trucks
- q) Two generators, each with 300KVA capacity
- r) Site infrastructure including roads, parking, sidewalks, stormwater collection system, perimeter fence including fence protection and security, guard room, water supply and distribution system, hot water system, sanitary sewer collection and treatment system, electrical system site communications as per site plan including sterilization pool with all accessories, finishing (line and painting), and construction joints with its all lightning system.

B. Slaughterhouse Locations

MAP OF AFGHANISTAN



Each slaughterhouse is located on 5 hectares of government owned land for current facilities and for future expansion. Their geographic location are as follows:

Kabul Reshkhori Slaughterhouse

- Char Asiab District, Gul Bagh Area, Rishkhor
- Located about 14 km away from Kabul city

Kabul Shakardara Slaughterhouse

- Shakar Dara District, Karez-e Mir Area
- Located about 2 km away from the main road connecting Kabul with the north of the country and about 12 km away from Kabul city

Kunduz Slaughterhouse

- Dasht-e Alchin Area
- Located in front of Kunduz Province power sub-station, about 12 km away from Kunduz city

Mazar Slaughterhouse

- Near the road from Mazar to Dasht-e Shor District
- Located about 14 km away from Mazar city

Herat Slaughterhouse

- Adjacent to Herat Islam Qala Road, near the old Herat slaughterhouse
- Located 12 km away from Jami main square of Herat City

C. Slaughterhouse Operations

Slaughter crew will undertake all slaughtering and dressing. MAIL will provide qualified and designated officials to undertake pre and post-slaughter inspection and will observe the operation for to assess for level of hygienic. It is proposed that the facility will operate initially for one shift daily (8 hours), extended operating hours or an increase in the number of shifts will increase throughput potential proportionately during the lease period.

Livestock for slaughter should be presented 24 hours in advance to allow time for resting and inspection prior to slaughter and a collection service for livestock is envisaged. Finished carcasses and edible offal will be delivered to butchers and market using refrigerated vehicles.

Hides and skins will undergo trimming and initial segregation on site. Intestines and casings will be washed and initially graded on site. Organic solid waste will be stored on site prior to disposal. Waste water will be treated through waste water treatment plant with 150m³ capacity per a shift. Treated water can be utilized for irrigation proposes of green area and also for nearby Agri land. The Animal Health Authority will be responsible for veterinary surveillance (Pre and Post-Mortem Inspection).

Carcass

The operator has various options, the carcass may be shipped as a whole to butcher and meat shops, without cutting or deboning in the slaughterhouse, or cut according to standard meat cut, deboned, grinded, labeled and packaged in slaughterhouse. These meat products can be stored up to two weeks in cooler and several months in freezers before they are sold/distributed.

Edible By-Products: Heart, liver, kidney, lungs, brain (optional), feet, stomach, head, spleen, tail, tongue (optional).

The operator also has various options, the byproducts would be cleaned, washed and trimmed, then shipped to the butcher (who bought the corresponding carcass) with no cutting and processing in slaughterhouse. The feet, head and stomach should be prepared according to Standard Operation Procedure. Alternatively, the by-products will be further cut, processed, package and stored preferable in coolers before they are sold/distributed.

COMMERCIAL

A. PPP Model

The PPP model proposed is government financing of the construction phase and leasing out the completed assets to the private sector over a defined period following which it will be handed back to government. It is proposed that the private company is responsible for business responsibility, operations and maintenance over a 10-year lease term.

Whilst the final details will be contained in the agreement to be issued to shortlisted bidders at the request for proposal stage, MAIL anticipates that the lease contract will include the following particular provisions:

- Form of completion test to be met prior to start of lease period for each slaughterhouse facility
- Lessee to fund defined spare parts inventory
- Lessee to pay for all maintenance costs
- Lessee allowed to terminate lease for certain defined political force majeure events

As MAIL seeks to eliminate traditional butchering practices through the development of hygienic alternatives and enforcement action, it is looking at introducing a requirement in the lease contract for private operator to undertake third party slaughtering.

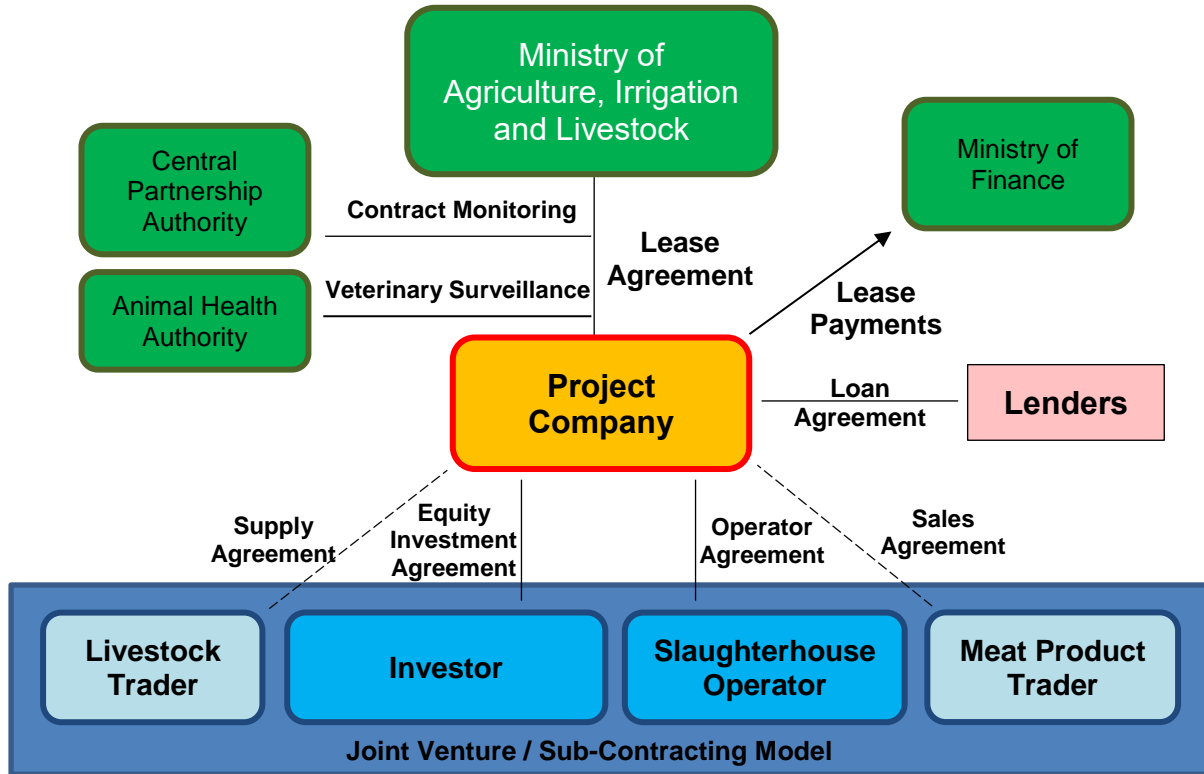
B. Project Structure

The project will be implemented as a lease contractual arrangement which is specifically authorized under the Afghanistan PPP Law. Under this contractual arrangement, the Project Company will be expected to operate the slaughterhouses on behalf of MAIL pursuant to the terms of the project agreement. It will responsible for sourcing livestock, operating the facility, selling the packaged meat and maximizing the value of the by-products.

Based on the current projections and analysis, MAIL is satisfied that the project is viable, would earn a healthy return for the private sector and generate lease payments for the government. The requirements during the procurement process will take account of market conditions at the time and will be tailored to ensure the best value for all stakeholders. The payment mechanism is subject to further detailed development by MAIL in the period leading up to the commencement of the competitive dialogue and during the process itself to ensure

a clear and measurable link between project outcomes and the way in which the eventual project company is incentivized. MAIL intends to issue a complete draft payment mechanism with the project agreement that will be circulated as part of the RFP documentation.

The anticipated high-level structure for the relationship between the key project parties is shown below:



The projections assume a lease fee equal to a mortgage style amortization assuming a 4% return on the investment cost to MAIL. The final level of the lease paid would be determined by the private sector companies as part of the tender processes.

The lessee will be required to raise funding by handover date for:

- (i) equity injection into the company for 3 months operating expenses;
- (ii) a spare parts inventory equal to 1% of equipment and machinery; and
- (iii) lease security.

The bidders will be required to provide support letters from funders at the main bid stages covering showcasing their financing capacity and covering the financial requirements.

At this stage, comments are invited in relation to proposed commercial arrangements and will be discussed in detail with shortlisted bidders.

C. Potential for Large Scale Wholesale Contracts with Government and Institutional Buyers

There is significant potential for slaughterhouse operators to enter into long term sales contracts with government ministries and large institutions. The indicated term is up to one year which is renewable.

Ministry of Interior

The Ministry of Interior purchases 39,250 kg of meat per day (2015 estimate) and has the practice of entering into one-year meat supply contracts. At the locations of the five (5) slaughterhouses, the estimated demand of Ministry of Interior is estimated as follows:

Province	Mol Demand (Kg per day)
Kabul	3,546
Kunduz	2,782
Balkh (State Capital - Mazar)	2,116
Herat	1,925

Source: AMIP (2016) Feasibility Study for the Lease of 5 Kabul Reshkhori, Kabul Shakardara, Mazar, Herat and Kunduz Slaughterhouses

Ministry of Higher Education

The Ministry of Higher Education (MoHE) has 3 dormitories and 2 academic hospitals in Kabul and operates universities with dormitories in 34 provinces. Wholesale meat supply contracts are 1 year in duration for academic hospitals and 9 months for dormitories (i.e. to match the academic year). MoHE indicated that it is willing to engage with slaughterhouses operators for annual contractual supply of meat in Kunduz, Balkh and Herat provinces on the following basis, it did not offer annual meat contracts for Kabul based universities.

Province	MoHE Demand (Kg per Day)
Kunduz	7,973
Mazar	8,925
Herat	4,570

Source: AMIP (2016) Feasibility Study for the Lease of 5 Kabul Reshkhori, Kabul Shakardara, Mazar, Herat and Kunduz Slaughterhouses

LEGAL

The legal system of Afghanistan is based on Islamic law, civil law and customary law with the 2004 constitution being the fundamental source of law in the country. In addition to the constitution, the following laws and regulations are important for this transaction.

- **Public Private Partnership Law:** provides an enabling framework partnership between government and the of private sector to finance, design, develop, construct, maintain, and operate infrastructure, facilities and public services. Together with the National Policy on PPP, they provide clear guidelines for procuring PPPs on a competitive basis. The act also gives powers to government entities to enter into PPP contracts.

The PPP model proposed by MAIL for the five (5) slaughterhouses is consistent with the PPP law and policy which will govern the procurement process and contracts for lease of the slaughterhouses.

- **Municipal Law 2000** gives powers to the municipal authorities to determine the location of slaughterhouses, regulate and supervise butchery-related sanitation affairs.
- **Managing Livestock Affairs Law 2017** for managing livestock affairs and delivering better services, promoting the livestock industry, improving livestock breeding practices, improving the quality of livestock products, facilitating private sector investment in the livestock sector and improving the national economy through livestock development.
- **Animal Health (Veterinary) Law 2016:** provides for the protection and regulation of animal health, animal welfare, food safety and public health. It provides the Animal Health Authority (AHA) with all of the necessary powers and authority covering the entire veterinary domain. The functions of the AHA are conducted by the General Directorate for Livestock and Animal Health under MAIL.
- **Private Investment Law** for the encouragement, promotion, protection and securing investments and private businesses. Its objective is to maximize the role of private investment, both domestic and foreign, in the economy, to create a legal regime and administrative structure that will encourage and protect foreign and domestic private

Investment in the Afghan economy in order to promote economic development, expand the labor market, increase production and export earnings, promote technology transfer, improve national prosperity and advance the people's standard of living established according to the free market economic system and regulating its related affairs.

- **Corporations and Limited Liability Companies Law** provides the legal rules for the organization of business enterprises.
- **Partnership Law** was enacted to regulate the affairs related to activities and creation of Partnerships where a Partnership is defined as an association of two or more persons to carry on business for profit as co-owners, as governed by the Partnership Agreement.
- **Commercial Arbitration Law** establishes nationally and internationally applicable transparency procedures for a binding arbitration tribunal to resolve business disputes that cannot be amicably settled. Parties will be able to choose their own panel of arbitrators. These procedures are made available to Afghan and foreign businesses (and individuals) alike.
- **Mediation Law:** offers both Afghan and foreign businesses an alternative to court litigation or binding arbitration for resolving their disputes. Mediation generally offers the benefits of speed and lower cost compared to arbitration or court proceedings but since it is not binding the parties must voluntarily honor the settlement for it to be effective.
- **Tax Laws:** imposes a tax on the income from Afghan sources of all persons, corporations, limited liability companies, and other legal entities whether in Afghanistan or abroad, and on the foreign income of residents of Afghanistan in accordance with provisions of the Income Tax Law of Afghanistan.
- **Customs Law:** ensures the collection of state revenues by the national customs authorities and provide for the supervision and the control of the movement of goods in and out of Afghanistan, and for the prevention of customs violations.

A. Headline Details

1. Grantor	Ministry of Agriculture, Irrigation and Livestock (MAIL)
2. Project Agreement	The Project Agreement will be on a lease basis which will give operation, maintenance and business management responsibilities on the private partner.
3. Duration	10-year lease term
4. Project Company Structure	<p>The Request for Proposal will require as a condition of award that the Project Agreement will only be awarded to a newly incorporated limited liability company ("Project Company").</p> <p>The Project Company shall be established by the winning bidder after they have demonstrated capability during the bid process to carryout operation, maintenance and run the business of the slaughterhouse.</p>
5. Scope of Project Agreement	The Project Agreement will reflect the scope of the operations and maintenance of the project and transfer to MAIL of the slaughterhouses at the end of the term
6. MAIL's Condition Precedent	<p>The Project Agreement will set out MAIL's conditions precedent, including:</p> <p><i>i. Obtaining approval of the procurement process from relevant authorities of the Islamic Republic of Afghanistan</i></p> <p><i>ii. Form of completion test to be met prior to start of lease period</i></p>
7. Project Company's Condition Precedent	<p>The Project Agreement will set out the Project Company's conditions precedent, including:</p> <p><i>i. Equity injection into the company for agreed period of operating expenses (3 months proposed)</i></p> <p><i>ii. Spare parts inventory equal to an agreed % of equipment and machinery (1% proposed)</i></p> <p><i>iii. Lease security and all required insurances</i></p> <p><i>iv. Procuring all applicable permits unconditionally</i></p> <p><i>v. Execution of all financing agreements including the Base Case Financial Model</i></p> <p><i>vi. Deliverance of O&M performance security</i></p>

8. Provision of Information	MAIL shall provide to the Project Company project information during the tender process. The Project Agreement will reflect that MAIL has no liability for any inaccuracies or errors in the information. The Project Company is responsible for informing itself as to the accuracy of all information provided by MAIL.
9. Project Economics	The Project Company will benefit revenues from the sale of products from the slaughterhouse. The company will be responsible for operation, maintenance and business costs and will pay the government a lease fee.
10. Security	The Project Agreement will provide for: <ul style="list-style-type: none"> <i>i. an operations bond</i> <i>ii. a parent company guarantee</i>
11. Key Performance Indicators	The Project Agreement shall contain a comprehensive performance regime, including Key Performance Indicators such as: <ul style="list-style-type: none"> <i>i. compliance with lease fee payments</i> <i>ii. compliance with operation and maintenance procedures</i> <i>iii. capacity utilization</i>
12. Force Majeure	The Project Agreement shall contain market standard rights during a Force Majeure event relieving Project Company from performance. A prolonged Force Majeure Event shall entitle both MAIL and the Project Company to choose: <ul style="list-style-type: none"> <i>i. Terminate the project</i> <i>ii. Continue on mutually agreed terms</i>
12. Project Termination	The Project Agreement to include termination compensation, generally as follows: Termination for Force Majeure, Change in Law, or Relief Events: MAIL shall <ul style="list-style-type: none"> <i>i. pay 100% of outstanding debt</i> Termination for Project Company default: MAIL shall <ul style="list-style-type: none"> <i>i. pay 100% of outstanding debt</i> <i>ii. less costs to procure a successor contractor</i> <i>iii. less any project losses</i>

	Termination for MAIL default or convenience: MAIL shall <i>i. Pay 100% of outstanding debt</i> <i>ii. Pay equity compensation including shareholder loans</i> <i>iii. Early termination costs</i>
13. Governing Law	The Project Agreement shall be governed by, and construed in accordance with, the laws of the Islamic Republic of Afghanistan

THE ROAD AHEAD

A. Governance

MAIL intends to execute the project in accordance with the Public Private Participation (PPP) Law of Islamic Republic of Afghanistan via a competitive bidding process. The tender process for the project will follow the two-stage bidding process set out under the PPP Law and the National Policy on Public Private Partnerships (PPP).

B. Procurement Process

The two-stage bidding process comprises a request for qualification ("RFQ") stage and a request for proposal ("RFP") stage. In accordance with the objectives of the National Policy on PPPs, the procurement process for the project will promote transparency and fairness while maximizing the potential for successful selection of a preferred bidder to implement the project.

The first step involves preparation, dissemination and evaluation of the prequalification applications in order to prequalify eligible firms in accordance with the pre-qualification criteria to be described in the pre-qualification document. MAIL will appoint an evaluation panel for the evaluation of prequalification applications; the panel will prequalify bidders in accordance with the minimum requirements in the pre-qualification document.

Once the pre-qualification process is completed, the entity will invite the pre-qualified bidders to submit their proposal in response to the RFP that will follow the pre-qualification step.

A bidder may participate in the procurement process if it is pre-qualified and is prepared to commit to the terms and conditions defined in the RFP that will follow the pre-qualification and Afghanistan PPP Law.

All bidders shall be given equal and non-discriminatory treatment during the solicitation and evaluation process for the selection of the winner and the final negotiation of the PPP project. The bids will be presented in two parts: a technical proposal and a financial proposal. The technical proposal shall include the relevant technical and operational information. The financial bid will include all of the lease fee, operations and maintenance costs, taxes, insurance costs (if any), anticipated net profit for the company, and any other cost that might be necessary for the operations, maintenance and running the business of the slaughterhouses.

C. Indicative Timetable

Item	Expected Completion
Publish Advert and Prequalification Documents	February 2019
Deadline for submission of RFQ applications	February 2019
Issue the RFP and Draft PPP Agreement to the shortlisted bidders	March 2019
Submission of technical and financial RFP proposals	April 2019
Select the winning bidder/s	April 2019
Signing of PPP Contract	May 2019

APPENDIX

The questions have been structured and arranged into sections based on the specific role a private sector participant may play in the lease of the slaughterhouses: investors, operators and lenders. If multiple roles are contemplated by a respondent, multiple sections may be responded to.

Investor

The questions below are to be answered by companies who propose to play the role of equity investors taking substantial equity risks in the Project Company leasing the slaughterhouses.

1. Do you operate, maintain and manage slaughterhouse assets under any ownership model (privately owned, concession PPP, lease PPP or management contract) in Afghanistan, South Asia, Asia or other parts of the World? Did you play a primary role in the development of the slaughterhouse assets? Do you play a significant role in the management of the slaughterhouses?
2. Are you involved in livestock and/or meat trading? Do you export/import livestock and/or meat? Are these activities a significant aspect of your business ventures?
3. What is your company's perspective with regard to leasing slaughterhouse assets in Afghanistan, i.e., what are the key factors that need consideration by the government for the selection of the optimal procurement mechanism? What specific aspects would you focus on?
4. What is your company's general interest / appetite for entering into lease contracts for the slaughterhouses in Afghanistan? Why does your company believe that the selected slaughterhouse locations offer a good opportunity for the operation of a slaughterhouse?
5. If you own other slaughterhouses in Afghanistan / elsewhere, what are the challenges you are facing with regard to their implementation/operation which you may want to consider in the context of these slaughterhouse PPPs? How does your company propose to overcome these for the operation, maintenance and management of the slaughterhouses?

6. What are the financial criteria / threshold investment requirements that your company has for equity investment into operation, maintenance and management of slaughterhouses?
7. To what extent is your company willing to consider involvement in the operation, maintenance and management of the slaughterhouses? Is your company interested in investing into the lease and is it likely to take a lead equity role if the project were to be tendered for private sector participation? What would be the financial structure that would make your level of participation feasible?
8. What is your initial corporate position with regards to the operation, maintenance and management of the slaughterhouses as a PPP project under the lease model? What does your company foresee as the appropriate PPP solution for the project and why?
 - Lease and handback to government
 - Lease to own
9. MAIL is considering 10-year lease and handback to government model. Would you be willing to bid for this? In addition, what would be your preferred lease period?
10. MAIL is also considering single lease contract for all the 5 slaughterhouses. Would you be willing to operate, maintain and manage all the 5 slaughterhouses under 1 lease contract? Will you have to do this in partnership with other investors? What is your preferred no of slaughterhouses to tender for?
11. One of MAIL's objectives is eliminate traditional butchering practices. In locations where the capacity of the slaughterhouse covers the meat demand of the area (and also aggregated capacity of traditional slaughtering), MAIL is seeking to mandate by legislation and conduct enforcement action to stop traditional slaughtering practice. Would you be willing to operate, maintain and manage the slaughterhouses for the receipt of fees from the traditional butchers (third party slaughtering)? Would you want to use spare capacity (if available) for your own meat business?
12. In locations where the slaughterhouse capacity is below the meat demand of the area (and also aggregated capacity of traditional slaughtering), MAIL is unable to take full government enforcement action to outlaw traditional butchering practices. Would you be willing to operate, maintain and manage the slaughterhouses for the receipt of fees from the traditional butchers (third party slaughtering) who would be

encouraged to use the facility? How much capacity would you be willing to reserve for the third-party butchering practices?

13. What would be the type of government support/concessions necessary from your company's perspective to make the project attractive for the private sector?
14. The government will make available the feasibility study undertaken on the project and demand projections. Is there any other key information that would be required by your company as an equity investor to consider the opportunity from an investment perspective? Please specify.
15. What concerns as an equity investor would you have from a perspective of sharing risks with the government, i.e., what risks would you be open to taking, not taking and sharing on the project.
16. Are there any concerns you have with regard to sourcing of debt funds on the project including the cost of raising the debt which may impact profitability adversely?
17. Are there any contractual issues that would need to be addressed by the government at the bid stage to enable timely contract and financial closure? Please specify.
18. What initiatives do you propose to undertake that can maximize value for money outcomes for the government from a whole-of-life cost perspective? Please specify.
19. Do you perceive any constraints / limitations for private sector participation in the operation, maintenance and management of the slaughterhouses? Please specify.
20. Are there any specific condition precedents that will need to be fulfilled by MAIL prior to the project being tendered out?
21. Do you have any other comments or remarks which you feel may be of use to MAIL in this process?

Operator

The questions below are to be answered by participants who propose to play the role of an operator of the slaughterhouses either in Joint Venture or as a Sub-Contractor.

1. What is your company's experience with regard to managing slaughterhouse assets in Afghanistan, South Asia, Asia or other parts of the World?
2. What key factors will drive your interest for operating, maintaining and managing slaughterhouses in Afghanistan?
3. For regional and international operators, what would you be your preference: (1) bring your own investment to establish in Afghanistan, (2) partner with a regional/ international investor, or (3) partner with a local investor?
4. What form of partnerships will you consider with investors? Joint Venture or Sub-Contracting models.
5. What is your perspective on the operation, maintenance and management of the slaughterhouses?
6. Are there any technical challenges you foresee in the operations of the project? What could be the approach to overcome them?
7. What do you consider to be the most suitable PPP option for the operations, maintenance and management of the slaughterhouses and why?
8. What is your initial corporate position with regards to the operation, maintenance and management of the slaughterhouses as a PPP project under the lease model? What does your company foresee as the appropriate PPP solution for the project and why?
 - a. Lease and handback to government
 - b. Lease to own
9. MAIL is considering 10-year lease and handback to government model. Would you be willing to bid for this as a lead firm, consortium partner or sub-contractor? In addition, what would be your preferred lease period?

10. MAIL is also considering single lease contract for all the 5 slaughterhouses. Would you be willing to operate all the 5 slaughterhouses under 1 lease contract? What is your preferred no of slaughterhouses to tender for?
11. One of MAIL's objectives is eliminate traditional butchering practices. In locations where the capacity of the slaughterhouse covers the meat demand of the area (and also aggregated capacity of traditional slaughtering), MAIL is seeking to mandate by legislation and conduct enforcement action to stop traditional slaughtering practice. Would you be willing to operate the slaughterhouses for the receipt of fees from the traditional butchers (third party slaughtering)? Would you want to use spare capacity (if available) for your own meat business (if you have one)?
12. In locations where the slaughterhouse capacity is below the meat demand of the area (and also aggregated capacity of traditional slaughtering), MAIL is unable to take full government enforcement action to outlaw traditional butchering practices. Would you be willing to operate, maintain and manage the slaughterhouses for the receipt of fees from the traditional butchers (third party slaughtering) who would be encouraged to use the facility? How much capacity would you be willing to reserve for the third-party butchering practices?
13. Are there any risks you believe will be high and will need consideration from an operator's perspective that needs to be mitigated by the government prior to taking the project into the market for private sector participation?
14. As an operator, do you perceive any major environmental/social concerns that will need mitigation and that may delay the project?
15. What institutional mechanisms do you have that ensures innovation and compliance during the operational phase? Would you be using international know-how / resources for this purpose? Or do you have previous local experience that could be used to enhance innovative approaches to the project?
16. The government will make available the feasibility study undertaken on the project and demand study. Is there any other key information that would be required by your company from an operator perspective? Please specify.
17. Are there any specific risks that you will not assume? Specify why?

18. Are there any specific initiatives you propose to undertake that can maximize value for money outcomes for the government from a whole-of-life cost perspective?
Please specify.
19. Do you perceive any constraints / limitations for participation operators in the Slaughterhouse PPPs? Please specify.
20. Are there any aspects of the project that you consider should be delivered and managed separately, if any?
21. Are there any specific condition precedents that will need to be fulfilled by MAIL prior to the project being tendered out?
22. What do you consider to be:
- a. An appropriate timeline for the procurement or tender process for this project?
 - b. The key barriers to achieving early execution (and financial close if applicable) and what steps can be taken to mitigate and avoid them?
 - c. The maximum period for the achievement of execution (and financial close, if applicable)?
23. What measures could be put in place to manage tender costs?
24. Do you have any other comments or remarks which you feel may be of use to MAIL in this process?

Financier

The questions given below need to be answered by participants who propose to play the role of lenders for the operations, maintenance and management of the slaughterhouses

1. What are the financial criteria / threshold disbursing requirements that your company has for extending debt assistance for operations, maintenance and management of the slaughterhouse assets?
2. Does your institution have any infrastructure / non-infrastructure investments in Afghanistan? If so, what is your position with regards to investing into the livestock sub sector of agriculture in Afghanistan and with regard to the slaughterhouse projects in particular?
3. What key factors will drive your interest for extending funding assistance to the operations, maintenance and management of the slaughterhouse assets?
4. Would your institution require a substantial retention of risk by the government (to overcome any inherent challenges of the project) to consider extending funding assistance to the operations, maintenance and management of the slaughterhouse assets?
5. From a debt financier perspective, what do you consider to be the most suitable PPP option for the operations, maintenance and management of the Slaughterhouse assets and why? Would your institution consider this option and the operations, maintenance and management of the slaughterhouse assets for investment?
6. Are there any concerns from a debt financing perspective that will impact funding/ funding costs in the operations, maintenance and management of the project? How can they be overcome?
7. Would your institution be suggesting any innovative structuring options for the debt component that can drive down funding costs and provide a better value for money outcomes for the government from a whole-of- life costs perspective? Please specify.
8. Are there any considerations that the government needs to be aware of and that needs consideration in the bid documents (in terms of contracting issues) that may pose as a potential issue for financial close?

9. Does your institution see a need for tri-partite financial agreements (Government-Project Investor-Financier) to make the PPP structure stronger in Afghanistan?
Please specify.
10. The government will make available the feasibility study undertaken on the project, and demand projections. Is there any other key information that would be required by your institution from a financier perspective? Please specify.
11. Are there any specific risks that you will not assume as a debt financier for the project? Why?

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