

State of Israel
Ministry of Energy and Water Resources
Tender No. 38/12

Consulting on Oil and Gas Policy and Regulation in Israel

Request For Proposals

Part 1 - General Instructions to Bidders

The Ministry of Energy and Water Resources (“**MEWR**”) is hereby calling for proposals for the provision of consulting services, to assist the MEWR in formulating and updating Israel’s oil and gas policy and regulation (the “**Tender**”). The scope of the services requested under this Tender includes providing comprehensive, technical and legal consulting advice, as further specified in Part 2 (the “**Services**”).

The bidding documents for the purposes of the Tender consist of the following documents and their respective appendices and schedules, each of which constitutes an integral part of the Tender (collectively, the “**Tender Documents**”):

- Part 1 - General Instructions to Bidders
- Part 2 - Description of the Services
- Part 3 - The bid forms to be submitted by bidders (the “**Bid Forms**”)
- Part 4 - The form of agreement to be entered into between MEWR and the winning bidder (the “**Agreement**”)

An entity wishing to submit a bid for the supply of Services under this Tender is referred to herein as a “**Bidder**”.

The deadline for submission of bids is **October 29 2012, at 14:00**, Standard Israel time (the “**Submission Deadline**”). An envelope containing the bid documents must be placed in the Tender box located at the Ministry of Energy and Water Resources , 216 Jaffa Street, Jerusalem, 7th Floor (in the corridor opposite the security guard).

Preliminary Tender Conditions

The following are preliminary conditions for eligibility for the Tender.
Any bid that does not fulfill these conditions may be disqualified.

1.1 Professional Qualifications

In light of the complexity and scope of the Services, the Bidder must have the following minimum qualifications:

- 1.1.1. The Bidder is a company, a legally constituted partnership or other legal corporate entity with proven knowledge in the field of oil and gas policy and regulation and in providing economic, technical and legal consulting in the oil and gas industry and to governments (the “**Field**”), and at least eight(8) years of experience in the Field (prior to the Submission Deadline), of

which at least the last five (5) years (prior to the Submission Deadline) entailed consulting to governments and/or national and/or regional regulators in the Field.

- 1.1.2. The Bidder has successfully carried out at least three (3) consultancy projects of similar scope during a period of five (5) years prior to the date of publication of this Tender in the Field of oil and gas policy and regulation , with a total budget of no less than 1,500,000 US Dollars.
- 1.1.3. The Bidder is not a special purpose company or any other type of entity constituted solely for the purpose of participating in this Tender and providing the Services.
- 1.1.4. The professional staff designated by the Bidder for the provision of the Services (the “**Designated Staff**”) includes:
 - 1.1.4.1. A Project Manager with extensive prior experience as a senior exploration and production executive or a petroleum engineer or a petroleum economist or other expert with in-depth knowledge and understanding of the responsibilities and functions of regulators, operators and service companies in the petroleum industry (such as drilling services and seismic acquisition services). The Project Manager must have at least fifteen (15) years of experience in independent project management in the Field, including at least seven (7) years of experience in providing consulting services to governments and/or regulators and/or international oil companies;
 - 1.1.4.2. Experts with proven knowledge and experience in each of the following fields:
 - (a) expert in regional, national and international oil and gas legislation and regulation with at least 10 years of experience;
 - (b) geoscientist (including seismic interpretation, petroleum system analysis and reserve estimates) with at least 10 years of experience;
 - (c) drilling engineer (including offshore well design, drilling procedures and safety management) with at least 10 years of experience;
 - (d) reservoir engineer (including development work programs, and reserve estimates based on PRMS standards) with at least 10 years of experience; and
 - (e) expert in environmental management, HSE regulation and hazard assessments with at least 10 years of experience.
- 1.1.5. The team must include at least 5 experts. The Project Manager designated under Section 1.1.4.1 may also be designated as one of the

experts under Section 1.1.4.2. With respect to the requirements in paragraphs 1.1.4.2(d) and (e), the individual must be a member in good standing of the Order of Engineers of the jurisdiction in which he or she practices.

- 1.1.6. An individual forming part of the Designated Staff (including the Project Manager) need not be an employee, but may instead be an outside consultant duly contracted by the Bidder for the purpose of providing the Services, on the condition that such individual is only used to complement the requirements in up to two (2) of the above fields.
- 1.1.7. Each Designated Staff member must be available to travel to Israel in order to provide the Services as set forth in Part 2.
- 1.1.8. The high levels of experience and expertise requested above are on account of the complexity and breadth of the project.

1.2 Administrative Conditions

- 1.2.1. The Bidder is duly incorporated or registered in the jurisdiction(s) in which it principally operates.
- 1.2.2. The Bidder has submitted the Bid Guarantee specified in Section 2 below.
- 1.2.3. An Israeli Bidder is requested to have a valid license certificate in accordance with the Law of Transactions of Public Bodies, 1976 (for Israeli Bidders only).

1.3 Guarantee

The bidder must include in his proposal an unconditional bank guarantee or a guarantee from an insurance company (original guarantee), in the name of the bidder, for a total of **100,000 NIS**. The wording of the guarantee will be as specified in **Appendix "A"** attached to this Tender and it will be signed by the authorized signatories on behalf of the bank / insurance company. The validity of this guarantee will be from October 29, 2012 until February 28, 2013 inclusive.

A guarantee from an insurance company will be provided by a company that has a license to deal in insurance according to the Law of Supervision of Insurance Assets – 1981. The signature on this insurance will be that of the Insurance Company and not of an agent on its behalf. The list of insurers that have a license to act in the insurance sector and provide guarantees can be obtained from the MEWR's offices.

Bidders that are Israeli citizens with businesses outside of Israel will be entitled to present to MEWR a bank guarantee released by an Israeli Bank, but not by a bank located outside Israel.

Bidders that are outside of Israel (Foreign Bidders) will be entitled to present to MEWR a bank guarantee released by an Israeli Bank, or by a bank located outside Israel, subjected to the following rules and standards:

- a) From an Israeli Bank – Guarantee according to the instructions detailed here.
- b) From a Bank outside of Israel – Guarantee from an international bank with a minimum credit rating of 'investment grade' (e.g. –BBB per Standard & Poor ratings, or equivalent from other major rating agencies), and from a country holding an A or higher credit rating (by MOODY'S S&P, or IBCA). If the Guarantee is issued by a foreign bank pursuant to the foregoing, (a) Bidder must include an official letter from the issuing bank certifying that the officers signing on the Guarantee are duly authorized to do so, and (b) such Guarantee shall be subject to the approval of the Accountant General or its appointee for such purpose.

The Tenders' Committee will be entitled to demand an extension(s) to the validity of the guarantee, as long as no decision has been reached regarding the winner of the Tender.

The Tenders' Committee will be authorized to forfeit the guarantee, wholly or partially, should a bidder renege on his proposal after the opening of the tender box or under the circumstances whereas a bidder that won the Tender refuses to sign the agreement, has failed to include a performance guarantee or refused to fulfill any other requirement that he is obligated to fulfill according to his proposal and according to the specifications of this tender. The guarantee will be promptly returned to the bidders that did not win the Tender at the earlier of:

- a) The termination of the guarantee or
- b) The Successful Bidder of the Tender signing the contract.

It is hereby clarified that any digression from the wording specified for the guarantee as per **Appendix "A"** may lead to the disqualification of the proposal.

1.4 Bidding Documents

1.4.1 The Bidder must include in its bid the following (collectively, the "Bidding Documents"):

- A. A copy of all the Tender Documents, signed on the first and last page of each Part, and on each appendix and schedule, by the Bidder's authorized representative.
- B. Duly completed and executed Bid Forms, including all appendices. Please note that the appendices include affidavits and certifications from third parties.
- C. The Bid Guarantee as required by Section 2.
- D. All relevant information and documentation necessary to prove the Bidder's professional qualifications and those of its Designated Staff, as set forth in Section 1.1 and Form 5.

- 1.4.2. Please note that MEWR may approach clients or referees disclosed by the Bidder as required hereunder, in order to assess the level of satisfaction of those entities with whom the Bidder or the proposed Designated Staff member has worked with. MEWR further reserves the right to contact clients of a and/or its Designated Staff members not disclosed hereunder using independently obtained information, in order to obtain a assessment of their experience and expertise.
- 1.4.3. An Israeli Bidder who meets the definition of a “business controlled by a woman” (as defined under the Mandatory Tenders’ Law – 1992) and who wishes to benefit from the treatment afforded to such status (if and to the extent such benefit applies), must submit a confirmation and an affidavit that stipulates that the business is controlled by a woman as defined by the said law.
- 1.4.4. Israeli Bidders are also required to attach the following to their bid:
 - 1.4.4.1. a certificate in accordance with the Law of Transactions of Public Bodies, 1976, in respect of books of account in accordance with the Income Tax Ordinance and the VAT Law.
 - 1.4.4.2. a "deduction of tax at source" must attach to its bid an appropriate authorization of such from the tax authorities.
 - 1.4.4.3. Any other certification required according to the State of Israel’s tender regulations.
- 1.4.5. All Bidders are required to carefully review the Tender Documents. By submitting its bid, the Bidder accepts the provisions and conditions of the Tender Documents (including for the avoidance of doubt the Agreement) without reservations or qualifications.

1.5 Manner of Submission of Bids

- 1.5.1 Bidding Documents must be submitted as one original paper copy and one digital copy saved as a PDF on a CD-Rom, in accordance with the requirements of this Tender. All Bidding Documents must be provided in the English language only.
- 1.5.2. The Bidding Documents must be placed inside a sealed main envelope with the number of the Tender marked on the envelope. The Bidder’s name must not be written on the envelope. The main envelope must contain: (a) all of the Bidding Documents except for the “Price Proposal” part of the Bid Forms (Part 3, Form 7), in one paper original and one PDF as stated above, and (b) another sealed envelope, placed within the main envelope, which contains only the “Price Proposal” part of the Bid Form, in one paper original and one PDF as stated above.
- 1.5.3. The main envelope must be placed in the Tender box located at the Ministry of Energy and Water Resources , 216 Jaffa Street, Jerusalem, 7th Floor (in the

corridor). If the Bidder sends the envelope by mail or via courier, the main envelope must be placed inside another envelope marked with the phrase "Please place into the Tender box" and the Bidder takes full responsibility for ensuring that its bid is duly placed in the Tender box. For the avoidance of doubt, MEWR takes no responsibility for placing the bid into the Tender box. A bid received by MEWR before the Submission Deadline, but that was not placed into the Tender box for any reason, may be disqualified as though it had not been received.

- 1.5.4. A bid that is received after the Submission Deadline will be disqualified without being opened.
- 1.5.5. In the event that the Bidding Documents are incomplete or contain errors, MEWR may, at its sole discretion, disqualify the bid or provide the Bidder with an opportunity to complete the bid or rectify the error, as the case may be.

1.6 The Price Bid:

- 1.6.1. The price bid shall be submitted on Form 7 in Part 3 of this Tender
- 1.6.2. For the remuneration, payment and price update conditions see clause 13 of the Agreement in Part 4. For the avoidance of any doubt the Agreement will govern all payments contemplated hereunder.
- 1.6.3. The Bidder will indicate the cost of work: the final tariff per hour, the final tariff of a 2 days visit in Israel, the cost of any additional day of visit in Israel, for the following:
 - **Project Manager:**
 - **Experts**
- 1.6.4. The cost of a working day in Israel shall include airfare, board, lodging and all other living expenses, and working hours in Israel. The length of a work day in Israel will be no less than 8 hours.

If necessary, Bidder shall add VAT to all above costs

- 1.6.5. The cost of one hour of work of an Israeli expert: the hourly tariff for the work of an Israeli expert in Israel will be based on the Accountant General's instructions, and will be calculated in accordance with the Instructions of General Comptroller No.13.9.2.1 and its updates.
- 1.6.6. It is contemplated that MWER will require approximately 4,000 hours in the aggregate. However the Bidder expressly acknowledges that MWER reserves the right, at its sole discretion, not to require some or all of the number of hours indicated above. Similarly, MWER may, at its sole discretion, require more than the aforementioned number of hours. The Bidder further acknowledges that the tariffs indicated in the Bid are applicable regardless of the number of hours actually required by MWER.

MEWR may require that for the execution of certain tasks, the Project Manager and/or one or more of the Designated Staff members will stay in Israel for any periods of time as needed for the execution of these tasks

1.7 Process for Selecting the Winning Bidder

The process for selecting the winning Bidder shall take place in three stages:

Stage 1 - Preliminary Conditions: Envelopes with Bidding Documents that have been received by the Submission Deadline shall be opened (though the envelopes containing the Price Proposal shall remain sealed at this stage), and examined in order to verify whether the Bidder meets the Preliminary Tender Conditions as set forth in Section 1.

A Bidder whose bid does not meet the Preliminary Tender Conditions set forth in Section 1 may be deemed ineligible and disqualified from the Tender.

Stage 2 - Examination of the quality of the Proposal (60% of the final grade): All bids that have been found to meet the Preliminary Tender Conditions will be examined and evaluated based upon their quality only as set forth below, and without taking into consideration the Price Proposal which shall remain sealed at this stage. Points shall be given for each of the following quality parameters, up to the maximum number of points set forth in the column on the right:

Quality Parameter	Max. Points
The Bidder:	
The Bidder's experience in the Field including the number, quality and relevance of projects it performed in the past 6 years	30
Quality of recommendations from entities to whom the Bidder has provided services	10
Method of Approach:	
The quality of the Bidder's suggested methodology for the required Services as described in Form 6	10
Project Manager:	
Scope and type of consultancy projects that he/she has managed in the past 15 years.	10
Knowledge and experience in providing consulting services to governments and/or regulators, and/or international oil companies	10
Other Designated Staff members:	
Scope and type of consultancy projects that the experts have managed in the past 10 years.	20
Knowledge and experience in interacting with regulators, and/or operators and/or service companies	10
Total:	100

MEWR may subtract points if a Bidder or a Designated Staff member has worked in the past with MEWR as a provider of services and did not meet the set timetable and/or the standards of the required service or if there is a written negative evaluation of work performed by such Bidder or Designated Staff member. In such a case, MEWR is entitled (but is not obligated), at its own discretion, to provide the Bidder with the right to clarify its position, verbally or in writing, with regard to this matter, or to designate a different Designated Staff member prior to MEWR's final decision regarding the above quality assessment.

Only bids that receive a grade of 75 or more in the Stage 2 evaluation will be eligible to reach the next stage of the selection process, and only the envelopes containing the Price Proposal forms of such eligible bids will be opened. Notwithstanding the foregoing, if after conducting Stage 2, only one bid or no bid receives a grade of 75 or higher, MEWR may, at its discretion, cancel the Tender.

Stage 3 - Price Proposal (40% of the final grade):

Note that actual remuneration, payment and price update conditions are as set forth in Section 13 of the Agreement. The calculations set forth below are solely for the purpose of grading the Price Proposal and selecting the winning Bidder.

The Price Proposal will be graded based on the following formula:

$$\text{General Weighted Price} = A*30\% + B*30\% + C*15\% + D*5\% + E*15\% + F*5\% +$$

whereby:

A= The cost of one hour of work of the Project Manager

B= The cost of one hour of work of an Expert.

C= The cost of a visit by the Project Manager: the cost of a 2 working day visit to Israel by the Project Manager, including airfare, board, lodging and all living expenses; and working hours.

D= The cost of an additional day of visit by the Project Manager:

the cost of any additional day of visit in Israel including board, lodging and all other living expenses; and working hours.

E= The cost of a visit by an Expert: the cost of a 2 working day visit to Israel by an Expert, including airfare, board and lodging expenses and working hours.

F= The cost of an additional day of visit by an Expert:

the cost of any additional day of visit in Israel including, board, lodging and all other living expenses; and working hours.

Note:

1. The expenses in A, B, C, D, E, and F will be paid in accordance with actual performance of the work upon the approval of the Supervisor.
2. No other additional expenses will be paid.

All Designated Staff members must be available to travel to Israel during the time of performance of services.

The eligible proposal with the lowest General Weighted Price will receive a grade of 40, and all the other proposals will be graded in relation to it, in accordance with the following formula:

$$(\text{Lowest General Weighted Price}) \div (\text{General Weighted Price of proposal at hand}) \times 40$$

For example, a General Weighted Price that is 100% higher than the lowest General Weighted Price will receive a grade of 20; a General Weighted Price that is 50% higher than the lowest General Weighted Price will receive a grade of 26.67; a General Weighted Price that is 25% higher than the lowest General Weighted Price will receive a grade of 32.

Notwithstanding the foregoing, MEWR reserves the right to reject a Price Proposal that it deems unreasonable for any reason.

MEWR shall notify the winning Bidder in writing that its bid has been selected under the Tender. Such notification shall not bind MEWR; the affixing of MEWR's signature to the Agreement, and this alone, shall constitute a binding engagement on the part of the MEWR.

In the event that the Agreement with the winning Bidder is not executed or entered into for any reason, or that such Agreement is entered into but is terminated for any reason, MEWR shall be entitled to name the eligible Bidder with the next-highest score as the winning Bidder, subject to the same terms and conditions hereunder. This provision may be applied more than once if deemed necessary by MEWR.

1.8 Action Items Following Selection of the Winning Bidder

- 1.8.1. As a precondition to the winning Bidder's rights under the Agreement and to MEWR's execution thereof, the winning Bidder shall provide the Performance Guarantee required by the Agreement (the "Performance Guarantee") within 10 days of receipt of the notification that its bid has been selected. If the winning Bidder does not provide the Performance Guarantee within such time, MEWR may cancel such Bidder's selection, and may select instead the Bidder with the next-highest score.
- 1.8.2. The winning Bidder shall sign the Agreement as adjusted to reflect the final winning bid, as approved by MEWR. Upon receipt of the Performance Guarantee and the winning Bidder's executed copies of the Agreement, MEWR shall sign the Agreement and return one copy to the winning Bidder. The date of MEWR's execution of the Agreement shall be the "Effective Date" set forth in the Agreement.
- 1.8.3. The initial term of the Agreement will be twelve (12) months, extendable by MEWR for additional periods up to additional 36 months, as set forth in the Agreement. Notwithstanding the foregoing, MEWR may terminate the agreement at any time, at its sole discretion, by giving 30 days prior written notice.
- 1.8.4. The winning Bidder with which the Agreement was duly executed (the "Consultant") will be required to obtain appropriate insurance coverage, as set forth in the Agreement.
- 1.8.5. The Consultant will be required to commence work immediately upon signature of the Agreement (subject to provision of the Performance Guarantee hereunder), and not later than 30 days after having received notification of winning the Tender.
- 1.8.6. Any Bidder may, within 30 days following the notification of MEWR's final decision on the outcome of the Tender, request in writing to view documents relating to the Tender process and the Consultant's bid. MEWR shall give such Bidder a copy of such documents, to the extent required by law, after deleting such parts the disclosure of which, in MEWR's opinion, may prejudice the commercial or professional secrets or the privacy of other Bidders or MEWR, or prejudice security of the State of Israel, its foreign relations, its economy or public safety. Such disclosure shall be made following the Bidder's payment of NIS 500 to cover MEWR's costs. Prior to providing a copy of the Consultant's bid to other Bidders, MEWR shall consult with the Consultant as to whether the Consultant wishes for parts of its bid not to be disclosed on the grounds that such disclosure would prejudice its commercial or professional services or infringe privacy, provided, for the avoidance of doubt, that MEWR shall not be obligated to comply with the Consultant's requests or wishes in that regard.

1.9 Clarifications

- 1.9.1 During all stages of the bid examination and/or evaluation, MEWR may, at its discretion, ask a Bidder for a clarification of its bid. The request for clarification and any response thereto shall be in writing. A prospective Bidder requiring any clarification of the Tender Documents may request clarifications to MEWR in writing, to Mrs. Ilana Tamsut at fax number 02-5006766 and e-mail address itamsut@energy.gov.il. Verbal confirmation of receipt of such fax may be obtained at telephone number 02-5006764.
- 1.9.2. Such clarifications must be requested no later than October 10, 2012. Copies of MEWR's response (including an explanation of the query but not identifying its source) will be published on MEWR's website at the following address: www.energy.gov.il not later than October 16. Clarifications issued by MEWR shall be deemed to form part of the Tender Documents. The Bidder may not rely on clarifications provided by MEWR, unless such clarifications were issued by MEWR in writing pursuant to the foregoing.

1.10 Amendment of Tender Documents

- 1.10.1. The Bidder may not add to, derogate from, alter or qualify any term or condition in any of the Tender Documents and any clarification or addenda thereto. MEWR may, at its sole discretion, ignore any such amendment or disqualify a bid containing any such amendment. No later than 7 days prior to the Submission Deadline, MEWR may amend the Tender Documents on its own initiative or in response to a clarification requested by a prospective Bidder.
- 1.10.2. Subsequent amendments on the same subject may modify or replace earlier ones. Any amendment to the Tender Documents approved by MEWR will be published on MEWR's website. Such amendments will be binding on all Bidders and will be deemed to have been taken into account by the bid.
- 1.10.3. MEWR may, at its discretion, extend the Submission Deadline, in which case MEWR will publish a notice on its website.

1.11 Miscellaneous

- 1.11.1 MEWR does not undertake to select a bid, and reserves the right to cancel the Tender or to reject any bid for any reason, at its sole discretion, including (without limitation) in the event that the Price Proposals received exceed MEWR's estimated budget for the project. Implementation of the work is contingent upon the availability of the requisite budget and upon receipt of all the required approvals.

- 1.11.2. MEWR may disqualify Bids that it believes raise concerns regarding direct or indirect conflicts of interest. MEWR may also make arrangements with the winning Bidder to prevent conflicts of interest, all at MEWR's sole discretion. Please refer to Part 3 (the Bid Forms), Form 1, Section III and Appendix B.
Bids shall be valid for not less than 180 days from the Submission Deadline (as may be extended by MEWR). During this period the Bidder's proposal shall be irrevocable and the Bidder shall not be entitled to withdraw, cancel or change its bid.
- 1.11.3. MEWR reserves the right to approve or reject a Bidder or individual members of a Bidder's Designated Staff (including, without restricting the generality of the foregoing, if any issues are raised in connection with Bidder's responses to the questionnaire in Part 3, Form 1, Appendix C). If a Designated Staff is rejected, MEWR shall inform the Bidder in writing, and the Bidder shall propose an alternative individual who otherwise meets the qualification requirements set forth herein.
- 1.11.4. MEWR reserves the right to carry out negotiations with Bidders whose bid meets the preliminary Tender conditions to improve their bid, with respect to the qualitative part of the proposal and the Price Proposal. MEWR reserves the right, at the conclusion of such negotiations, to allow Bidders to submit an improved or an amended proposal (the "Final Proposal") at a date to be determined by MEWR.
Notwithstanding the foregoing, if MEWR concludes that the Final Proposal is not as competitive as the original proposal, MEWR will be entitled to choose the original proposal.
- 1.11.5. In the event that no bid is selected, MEWR shall be entitled at its discretion to publish a new tender or request for proposals as it sees fit, or to undertake any procedure it deems appropriate for the supply of the Services, all in accordance with any applicable law.
In the event that the Agreement with the Consultant is terminated for any reason, MEWR may, at its sole discretion (but subject to approval of its Tenders Committee), approach other Bidders whose bid was deemed eligible pursuant to the terms hereof, and establish a process for selecting one of them as the new winning Bidder (whether by negotiations, "best-and-final" or other mechanism).

1.12 Governing Law and Jurisdiction:

- 1.12.1. This Tender shall be governed and construed in accordance with the laws of the State of Israel. The applicable courts in Jerusalem shall have the sole jurisdiction regarding any disagreement in connection with this Tender and activities carried out hereunder.

1.13. Liability

- 1.13.1. MEWR shall not be liable for any expense or damage that may be caused to a Bidder in connection with this Tender, whether due to amendment to any of the Tender Documents, the cancellation of the Tender for whatever reason, the non-selection of a Bidder as the winning Bidder or otherwise.

1.14. Notices

- 1.14.1. Notices shall be sent by registered mail, fax or email (with PDF attachments only). Notices sent by registered mail shall be deemed received 48 hours after being sent, if the Bidder's notification address is in Israel, and five (5) business days if the Bidder's notification address is outside of Israel. Notices sent by fax and email shall be deemed received upon automatically-generated confirmation of receipt. The Bidder's notification address for the purposes hereof shall be as set forth in the Bid Forms. MEWR's notification address is:
Ministry of Energy and Water Resources
216 Jaffa Road, "Sha'arei Hair" Building
P.O. Box 36148 Jerusalem, 91360.

1.15 Communications; Confidentiality of Tender Documents

- 1.15.1. All communications between the Bidder and MEWR must be in English, in writing only. However, MEWR may initiate a conference call with a Bidder to clarify any issues, after which it shall send to all prospective Bidders a written summary of the general issues discussed that are relevant to them. For the avoidance of any doubt, Bidders may not rely upon any communication or statement that is not set forth in writing by MEWR.
- 1.15.2. The Bidder (and any person or entity that receives the Tender Documents, whether or not such person or entity submitted a bid) shall keep confidential and shall cause its employees, subcontractors and agents to keep confidential, all information concerning MEWR, its financial affairs, its relations with its employees, as well as other information provided by MEWR in connection herewith, whether or not such information is specifically classified or designated as confidential.
- 1.15.3. The information contained within the Tender Documents must also be kept confidential and must not be used for any purpose other than for participating in the bidding process hereunder. Bidders must ensure that all safeguards and proper procedures are implemented to protect such information. The Bidders agree to comply with all instructions issued by MEWR with respect to such information.
All Tender Documents shall remain at all times the exclusive property of MEWR.

Part 2 - Required Services

2.1 Background

In light of the discovery of large gas fields offshore and oil in central Israel MEWR's oil and gas policy requires updating. MEWR requires professional advice regarding the management of hydrocarbon resources and exploration and production (E&P) activity, based on the assessment of the current situation in Israel and international practice

2.2 Description of Services

The required consulting services contemplated by this Tender include the provisions of reviews, assessments, recommendations and documentation in connection with the issues described below. The following lists and descriptions are given for illustrative purposes, and should not be construed as definitive or exhaustive of the scope of work that may actually be required by MEWR.

Note: to the extent applicable, the provision of any legal consulting may be subject to approval and/or supervision by MEWR's legal advisors

2.2.1. Regulations governing the performance of oil and gas operations offshore and onshore

Services may include, without limitation the following subjects:

- a. Assessment and Gap Analysis of the Israeli Petroleum Law and its amendments with regards to oil and gas operations
- b. Assessment of current regulation and guidelines issued by the Petroleum Commissioner
- c. Review of the most up-to-date international, national, and/or regional regulations on oil and gas operations and on safety and environmental management, in force in the world's major energy producing and/or exporting nations, that will include, without limitation, the following states/regions: offshore U.S.A. (30 CFR 250), Norway, Great Britain, Canada and Western Australia
- d. Preparation of new regulatory framework and documentation for Israel that will encompass all aspects of oil and gas operations and safety and environmental management, onshore and offshore
- e. Incorporation, adaptation, and/or implementation of the relevant international codes and protocols reviewed as contemplated in article c. of this list, in a manner that will be best suited for the Israeli situation
- f. Preparation of a new set of regulations, guidelines and instruction that will be issued by the Petroleum Commissioner in accordance with the Israeli Petroleum Law and its amendments

2.2.2 Policy and regulations for granting of permits, licenses and leases.

Services may include, without limitation the following subjects:

- a. Assessment and Gap Analysis of the current licensing procedures in Israel
- b. Review of international, national and/or regional licensing methods
- c. Recommendations for adaptation of new licensing method that will be best suited for the Israeli situation
- d. Preparation of a new set of regulations, guidelines and instruction that will be issued by the Petroleum Commissioner in accordance with the Israeli Petroleum Law and its amendments

2.2.3 Resource and reserve estimates.

Services may include, without limitation the following subjects:

- a. Assessment and evaluation of hydrocarbon reserves in discovered fields offshore and onshore according to the EPS-PRMS system.
- b. Submission of assessment reports on producing fields, as will be required by the MEWR
- c. Assessment and evaluation of hydrocarbon resources in undrilled prospects offshore and onshore according to the EPS-PRMS system.
- d. Submission of assessment reports on prospects, as will be required by the MEWR
- e. Assessment and evaluation of hydrocarbon resources in unexplored areas offshore and onshore according to the EPS-PRMS system.
- f. Recommendations and guidelines for reporting of hydrocarbon resources and reserves by stake-holders
- g. Recommendation and guidelines for organization and management of reserves, resources and production data within the MEWR
- h. Auditing of hydrocarbon reserves information

Note:

In consultation with the Consultant the MEWR, may require services on other issues related to the field of oil and gas policy and regulation that are not included in the article 2.2 above.

2.3 Method of Approach

The Consultant will provide a narrative response that describes its organization's overall method of approach for providing the required services and products as stated in this Tender. The Consultant will comply with its Method of Approach statement provided in Part 3 of this Tender as approved by the MEWR.

2.4 Description of the work process in respect of performance of the Services:

- 2.4.1 At any time commencing with the Effective Date, the MEWR, through the Supervisor, may issue written requests for a Consulting task or tasks ("Work Order") related to the subjects specified in clause 2.2.

- 2.4.2. The Work Order may include subjects that are not included in clause 2.2 but which are within the scope of the services requested under this Tender.
- 2.4.3 The Project Manager shall respond in writing, within 7 working days, confirming the acceptance of the Work Order and describing a proposed plan for the execution thereof that will specify the Consultant's approach, estimated duration and timeline and final deliverables.
- 2.4.4. In the proposed plan the Project Manager will assign the Expert or Experts that will carry out the consulting Task.
- 2.4.5 The MEWR through the Supervisor shall approve in writing the proposed plan and assigned Experts prior to the start of the any work.
- 2.4.6. The MEWR may request, after consultation with the Project Manager, to modify the proposed plan for the execution of the Task.
- 2.4.7. The MEWR may request, after consultation with the Project Manager to conduct a kick-off meeting in Israel with the Project Manager and assigned Experts.
- 2.4.8 Apart from the procedure described above the MEWR may request advice from the Consultant in respect of any aspect of the Services, by means of either telephone, e-mail correspondence, fax or Video Conference.
- 2.4.8. Unless otherwise decided, the Project Manager will be the single point of contact between the MEWR and the Consultant. The Project Manager will be responsible for coordinating the Consultant's work vis-à-vis the Supervisor, responsible for keeping the records, preparing and approving the professional reports. The Project Manager will participate in meetings with the Supervisor and will manage the Consultant's work in all aspects of the Services.

Schedule 1

Summary of the Israeli Oil and Gas Industry

This summary is meant to provide general contextual information only, and may not be relied upon by the Bidder/Consultant at any stage of the Tender or for the purposes of the Agreement. The Bidder/Consultant is urged to independently procure the information it deems relevant for the submission of its bid and performance of the Services.

OIL AND GAS EXPLORATION IN ISRAEL

Petroleum exploration and production activities in Israel are rapidly developing with significant discoveries of natural gas in offshore areas. The recently discovered Tamar and Leviathan giant gas fields could potentially bring about fundamental changes to the economy of the country, and this necessitates establishing an effective regulatory and monitoring system for exploration and production activity. The development of domestic natural gas production is a priority of the nation's energy policy which aims to secure and diversify the country's energy supply, encouraging investments in exploration and production operations.

Onshore drilling in Israel began in 1953. Up to date about 470 boreholes were drilled, of which 220 are development wells, 95 are relatively shallow - less than 1,000 meters deep. The result of this exploration effort was the discovery of several small oil and gas fields, which have produced to date a total of approximately 18 MMBL of crude oil and 10 BCM of natural gas.

Offshore drilling began in 1969. During the early phase of exploration some 20 wells were drilled in shallow-water along the Israel-north Sinai coastline. Most wells targeted Mesozoic structures and resulted in the discovery of several significant shows without production. The recent, successful exploration phase started in 1999. Seven offshore wells were drilled in the early 2000's west of the town of Ashqelon, in the southeastern part of the basin, resulting in the discovery of approximately 50 BCM of natural gas. These gas accumulations were found in deep-marine sands of Pliocene age at relatively shallow water of up to several hundred meters. The total depth of the reservoirs is in the range of 1500 to 2000m below sea level. The gas is of biogenic origin.

The offshore exploration success promoted geophysical activity. Two regional, 2D seismic surveys and several 3D seismic cubes were acquired. Interpretation of these data sets resulted with development of new exploration concepts and focused efforts on the deepwater area and deeper stratigraphic intervals. The Tamar-1, drilled in 2008 targeted lower Miocene sands below the Messinian evaporite layer. The well, located 90 km offshore Haifa in the northern part of the basin, at a water depth of 1600m, discovered a giant gas field with proven reserves of more than 240 BCM. It was followed by the Dalit-1 well that was drilled closer to shore, and which discovered 6BCM of gas in the lower Miocene sands. In late 2010 the Leviathan-1 well was drilled 30 km southwest of Tamar. Test results confirmed that Leviathan is

the largest gas discovery so far offshore Israel with estimated reserves of more than 450 BCM within the lower Miocene sand. In 2011 two small gas fields, Dolphin and Tanin were discovered in the area of Leviathan.

In 2009, the onshore Meged-5 well discovered oil in the Rosh Haain area northeast of Tel Aviv. High-gravity (41 API) oil was produced from fractured reservoir of Triassic age at depth range of 4500 to 5000m. The Meged field is producing at a rate of about 600 B/D and its reserves are estimated at 2.2 MMBL (P1).

ONGOING AND PLANNED E&P ACTIVITY IN ISRAEL

To date, more than 20 companies are engaged in various stages of E&P activity, under more than 40 petroleum licenses. Ten gas fields have been discovered offshore with more than 840 BCM of recoverable gas resources. In the course of the next 5 years, various exploration companies plan to drill about 5 to 10 exploration wells onshore and about 10 to 15 exploration wells offshore.

The offshore MariB gas field located at the southeastern part of the basin has produced gas for 7 years. The gas is supplied to the shore through the Ashdod Operation Terminal and most of it is used for electric power. Production declined significantly during the first half of 2012.

The oldest onshore gas field Zohar in the Arad area is still working since 1961. It produces minor amounts of gas that is used locally.

The onshore Heltz oil field east of Ashkelon is still producing since 1956, although present production rate is low. A working plan commitment by the operating company requires the implementation of an EOR program to increase oil production.

Development of the offshore Tamar gas field is currently taking place. Four step-out wells have been drilled and work on the pipe system and production platform continues with the aim of commercially producing from the Tamar field in the first half of 2013.

Exploration and development of the Leviathan field also continue. An appraisal well, Leviathan-3 was drilled in late 2011 and confirmed the presence of gas in the Tamar Sands. An attempt by the operator, Noble Energy, to resume drilling in Leviathan-1 down to depth of about 7000m to test potential oil reservoirs of Cretaceous age was not successful and the well reached total depth of about 6500m without discovering additional hydrocarbons

Production tests of the Meged oil field were terminated successfully. The well is currently producing high-grade oil in a rate of about 600 barrels per day.

LEGAL AND FISCAL REGIME

The principal instruments which govern the exploration and development of oil and natural gas at present are the Petroleum Law 5712-1952, and the Petroleum Regulations 5713-1953, as amended. Up to the early part of 2011, the fiscal regime

consisted of a 12.5% royalty, a depletion allowance of 27.5% and a corporation tax at the rate of 36%.

In April 2010, the Israeli Minister of Finance appointed a six-person committee, headed by taxation and public finance expert Prof. Eytan Sheshinski, to examine Israel's fiscal policy regarding oil and gas. The Sheshinski committee's final report recommended a progressive tax to be levied on part of the gas and oil companies' profits, after they recoup 150% of their investment. The tax rate would range from 20% to 50%, depending on the volume of the profits. The committee proposed keeping the basic royalty rate on oil and gas revenues at 12.5%. Implementation of the new tax regime will include an interim period during which the government take from the oil and gas reserves will be in the range of 43% to 59%. In March 2011, new legislation implementing the Sheshinski committee's recommendation was approved by the Knesset (the Israeli Parliament).

Part 3- Bid Forms

The Bid Forms consist of the following documents:

1. Bidder's Declaration
2. Bidder Information
3. Corporate Structure
4. Bidder's Experience
5. Organizational Structure and Designated Staff
6. Method of Approach
7. Price proposal

Appendices:

Appendix A – Form of Bid Guarantee

Appendix B – Conflict of Interests Questionnaire

Appendix C – Transparency Questionnaire

Appendix D – Affidavit – Offences in Contravention of the Foreign Workers Law or the Minimum Wage Law

Appendix E – Affidavit as to the Bidder's Compliance with the Obligations of Payment to its Employees

All submitted Bid Forms should be clearly labelled in accordance with the form numbers below ("Form 1", "Form 2", "Form 3", etc.).

Unless defined otherwise herein, all capitalized terms shall have the respective meanings assigned to them in Part 1 of this Tender.

Form 1 - Bidder's Declaration

To: The Ministry of Energy and Water Resources:

I, _____, ID/passport No. _____, in my capacity as _____ [title or position of Bidder's authorized signatory] of _____ [Bidder's name], after having carefully read the Tender Documents for the execution of the Services described in Tender # _____ - Consulting on Oil and Gas Policy and Regulation in Israel, including all Parts and Appendices, do hereby declare as follows:

I - Tender Documents

In connection with the Tender Documents, the Bidder hereby tenders its proposal to carry out and complete the Services, in consideration of the amount specified in the Price Proposal submitted herein.

The Bidder has carefully reviewed all the Tender Documents, including the terms and conditions of the Agreement and the nature and details of the required Services, prior to submitting its bid. It has been granted the opportunity to make comments and request clarifications from MEWR.

The Bidder accepts all the terms and conditions contained in the Tender Documents and any clarifications and addenda thereto issued in writing by MEWR, and has no reservations with regard to them. The Bidder agrees to act in accordance with these documents.

The Bidder hereby undertakes that its bid shall remain in effect during the period set forth in Part 1 (as such period may be extended pursuant to the terms thereof), that MEWR shall be entitled to accept it at any time before the end of such period, and that throughout said period the bid is irrevocable. Should MEWR request that the Bidder extend the period of validity of the bid, the Bidder agrees to extend it on the same terms and conditions as set forth in Part 1.

Attached herewith are executed copies of all the Tender Documents, including all Bid Forms duly signed and filled out, the Agreement and the Bid Guarantee as required by Part 1.

II – Performance of the Services

The Bidder undertakes - should its bid be selected as the winning bid - to commence and complete the Services, as specified in the Tender Documents and as approved by MEWR, including any modifications made thereto as contemplated therein.

The Bidder and its Designated Staff members have the required expertise, knowledge, experience, skill, manpower and financial capabilities to perform the Services and to carry out their obligations as enumerated within the Tender Documents. In particular, and without restricting the generality of the foregoing, the Bidder has successfully carried out at least three [3] consultancy projects of similar scope during a period of

five [5] years prior to the date of publication of this Tender, with a total budget of no less than 1,500,000 US Dollars.

The Bidder warrants that the submission of the bid and performance of the Services, should it be selected as the winning Bidder under the Tender, will not violate the terms of any agreement, obligation, law, regulation or ordinance to which the Bidder is or shall become subject, and will not infringe on any third party rights.

[Applicable to Israeli Bidders only: The Bidder is aware of, and undertakes to comply with, all applicable labor laws and regulations, including those of the State of Israel, including but not limited to the Minimum Wage Law of 1987-5747 and the Foreign Workers Law of 1991-5751].

III – Conflicts of Interest

Each Bidder must detail on Appendix B, which forms part of this declaration, any business relationships that it or any of its Designated Staff members have or had within the last five [5] years that may give rise to a conflict of interest including but not limited to any manner in which the Bidder is or has been directly or indirectly involved, in any activity which is, or could be, inconsistent or incompatible with its obligations hereunder. By way of illustration but not limitation, Bidder should specify any instance of it:

- (i) Providing consulting services to any individual or entity operating in Israel in the oil and gas industry or in any other fuel, power or energy related fields (including without limitation, energy companies, natural gas suppliers, existing and potential private manufacturers of electricity, suppliers of equipment to power stations and carrier infrastructures);
- (ii) Providing services to an interest-holder of a petroleum exploration or production license under the Israeli Petroleum Law;
- (iii) Having any interest, directly or indirectly, in a party that is an interest-holder in a petroleum exploration or production license under the Israeli Petroleum Law.

IV - Confidentiality

The Bidder hereby declares that it is aware that in the course of the Tender process and in connection with it, it is probable that it shall be dealing with or come into possession of, or otherwise be exposed to information, or know-how of any kind, including correspondence, reports, material, programs, documents, records, charts, trade/business secrets or knowledge as such is defined in Section 91 of the Penal Law 5737-1997, of various categories, which are not public knowledge (including information, the knowledge of which may serve as “a shortcut” to access to information that anyone can access), whether in oral, written, digital, graphic, machine-readable form, or in any other form, including but without derogating from the generality of the foregoing, data, documents and reports (hereinafter the “**Information**”);

The Bidder hereby declares that it is aware that any disclosure or failure to maintain confidentiality or delivery of the Information in any way to any person or body apart from representatives of MEWR who are duly empowered in respect of the Agreement, without receipt of approval of the duly authorized representative of MEWR in advance and in writing, is likely to cause substantial damage to MEWR or to parties and constitutes a criminal offense under Section 118 of the Penal Law, 5737-1977 and the Protection of Privacy Law 5741-1981;

Sincerely yours,

Bidder's name

Bidder's signature and stamp

Date

Signatory's name

Signatory's position

I, Attorney _____, hereby certify that Mr./Ms. _____, I.D. number / Passport number _____, whose signature appears above, is authorized to sign for and to bind the Bidder for the purposes of this bid.

Date

Attorney at Law (signature and stamp)

Form 2 - Bidder Information

Bidder's Full Name: _____

Bidder's Address: _____

Street

Zip/Postal Code

State / Province

City

Country

Bidder's General Contact Information

Phone Number: _____

Fax: _____

E-mail Address: _____

Contact Person:

Name: _____

Phone Number: _____

Fax: _____

E-mail Address: _____

Representative
in Israel
(optional):

Name: _____

Phone Number: _____

Fax: _____

Address: _____

Street: _____

Zip/Postal Code: _____

City: _____

E-mail Address: _____

Form 3 - Corporate Structure

Please provide:

- a diagram of the corporate structure of the Bidder including all parent and subsidiary companies and affiliates.
- a list of controlling shareholders, directors and officers of the Bidder and any parent company.
- incorporation or registration certificate and the names and details of the company's managers.

Form 4 - Bidder's Experience

Please provide documentation showing that the Bidder is a company, a legally constituted partnership or other legal corporate entity with proven knowledge in the Field, and at least 10 years of experience in the Field, of which at least the last five (5) years entailed consulting to governments and national and/or regional regulators in the Field.

Please provide documentation showing that the Bidder has successfully carried out at least two (3) consultancy projects of similar or broader scope in the Field, during the period from January 1st 2007 and until the date of publication of this Tender, including a description of the projects, the name of the entities that ordered the projects, the total cost of the services, the name and details of the contact(s) for the projects (phone number, fax number and email address, dates of commencement and dates of termination of the services provided, and details of the duties of the Bidder in the completion of those projects.

The Bidder may include other documents that it deems appropriate to describe the qualifications of the Bidder, or to evidence that the Bidder fulfills all the preliminary conditions, has the capabilities necessary to perform the Services and execute its obligations under the Agreement, and has a successful performance history.

Form 5 - Organizational Structure and Designated Staff

Please refer to Part 1 of the Tender regarding the Designated Staff requirements.

Please provide a diagram of the organizational structure of the Designated Staff including any non-expert junior staff members.

Please clearly mark, within such diagram, which personnel are employed by the Bidder and which are outside consultants. For outside consultants, please include a copy of the consulting agreement referenced in Section 1.1.6 of Part 1.

For each member of the Designated Staff, including non-experts, please include the following details with the member's CV highlighting the person's relevant experience, knowledge and skills as required in Section 1.1 of Part 1, and including: (1) full name; (2) job title; (3) areas of expertise; (4) job description; (5) address and phone number; and (6) email address.

In addition, please provide details of the projects in which the Designated Staff member has accumulated the necessary experience, including a description of the

project, the name of the entity that ordered the project, the name and details of the contact(s) for the project (phone number, fax number and email address), date of commencement and date of termination of the services provided, and details of the contribution of the Designated Staff member in the operations of the project. This is to be submitted separately for each Designated Staff member.

For each member of the Designated Staff, please provide certificates evidencing the education and professional certification of each Designated Staff member and, where relevant, a certificate that the expert is a member in good standing of the Bar Association or the Order of Engineers of the jurisdiction in which he or she practices.

Please note, that as provided for in Section 5 of the Agreement attached as Part 4 of the Tender Documents, the winning Bidder must provide the Services using only the Designated Staff detailed in its bid or individuals authorized pursuant to that section.

Form 6 – Method of Approach

The Bidder is expected to present a brief, 1-2 page description of its proposed method for the provision of the Services described in **Part 2** of the Tender. The description shall clearly state its understanding of the scope of the required services and the acceptance of all requirements, noting any exceptions. The Bidder shall demonstrate its ability to perform the consulting services referring to its previous consulting projects of similar nature.

Form 7 – Price Proposal

Reminder: The “Price Proposal” part of the Bid Form must be submitted as one original hard copy of the Bidding Documents and one digital copy saved as a PDF on a CD-ROM, and must be placed in a **separate envelope** within the main envelope containing the other Bidding Documents.

All prices proposed herein must exclude VAT, but net of all other taxes, charges, levies, withholding amounts and other items, all of which shall be borne solely by the Consultant.

All prices must be quoted in United States Dollars only.

Total Price:

The price includes all the costs and expenses the Bidder will incur in fulfilling its obligations under the Agreement to provide the Services described in Part 2 (other than visits to Israel, which must be priced separately – see below):

Hourly rate for the Project Manager:

US Dollars not including VAT:

(In words:) _____

(In figures:) _____

Hourly rate for an Expert:

US Dollars not including VAT:

(In words:) _____

(In figures:) _____

Cost of a 2-day visit to Israel by the Project Manager:

US Dollars not including VAT:

(In words:) _____

(In figures:) _____

Cost of an additional day of visit in Israel by the Project Manager

US Dollars not including VAT:

(In words:) _____

(In figures:) _____

Cost of a 2-day visit to Israel by an Expert:

US Dollars not including VAT:

(In words:) _____

(In figures:) _____

Cost of an additional day of visit in Israel by an Expert

US Dollars not including VAT:

(In words:) _____

(In figures:) _____

Each visit to Israel will be for a minimum of two (2) business days of eight (8) working hours a day each. Each additional business day of visit will be for a minimum of eight (8) working hours.

The above rates are **all-inclusive**. The Consultant will **not** be entitled to any other payment in respect of travel to and within Israel, food, lodging, computer, internet, office space, telephone, fax, and other expenses.

Appendices

Appendix A - Form of Bid Guarantee

Date: _____

(Name of guaranteeing bank or Israeli Insurance Company to be completed)

To:
The Accountant General
Ministry of Energy and Water Resources
Jerusalem

Re: Bid Guarantee Tender no. 38/12

At the request of _____ *[name of Bidder, Member or Parent Company to be inserted]* whose registered address is

_____, (hereinafter "**Applicant**"), we hereby guarantee to pay to you any sum up to one hundred thousand New Israeli Shekels (100,000 NIS) (the "**Amount of the Guarantee**").

We undertake to pay you, upon your first written demand, any sum specified in such demand up to the Amount of the Guarantee, immediately and no later than seven (7) days from the date of receipt of your demand.

Your demand for payment of the Amount of the Guarantee may be affected in stages, and payments will be executed in accordance with your demand, provided that the overall total of the payments does not exceed the Amount of the Guarantee.

Each demand for payment under this guarantee must be received by us in writing at our address as follows:

[Address to be completed]

Demand sent to us / received by us via facsimile or email shall not be considered as a demand in writing according to this guarantee.

Our undertaking pursuant to this guarantee is autonomous and unconditional and you will not be obligated to explain, reason or prove your demand or first demand payment from the Applicant.

This guarantee will not be assigned or transferred by you without our consent.

The validity of this guarantee will be from October 29, 2012 until February 28, 2013 inclusive.

This guarantee will be governed by the laws of the State of Israel.

Stamp and Authorized Signature(s) of Bank / Israeli Insurance Company

Appendix B - Questionnaire Regarding Conflicts of Interest

Date_____

Name of the Bidder:

Names of the Person/s making the declaration on its behalf:

Please refer to Section III of Form 1, and provide all information and details required thereby (and if necessary please attach a list). The Bidder acknowledges that MEWR may disqualify Bids that it believes raise concerns regarding direct or indirect conflicts of interest. MEWR may also make arrangements with the winning Bidder to prevent conflicts of interest, all at MEWR's sole discretion.

Name of an individual or entity	The period of providing service to this individual or entity	Type and scope of the service provided to this individual or entity	Area of activity of this individual or entity

Appendix C - Transparency Questionnaire

Bidder must provide full and accurate answers to the questions that appear below.

I, the undersigned, as an authorized signatory on behalf of [NAME OF BIDDER] (the “Bidder”), which is incorporated under the laws of [NAME OF JURISDICTION], hereby represent and warrant as follows:

1. The Bidder and/or its parent company, subsidiaries, subcontractors¹, related companies, affiliates, agents or representatives

are/are not (please circle the appropriate response)

in compliance with the requirements under United Nations Security Council Resolution (“UNSCR”) 1737 (2006); UNSCR 1747 (2007); UNSCR 1803 (2008); UNSCR 1929 (2010).

(If you answered “are not” above, please provide in the space provided below a detailed explanation of your response (If the space provided is not sufficient, you may attach additional pages to this questionnaire).

2. The Bidder and/or its parent company, subsidiaries, subcontractors (as defined herein), related companies, affiliates, agents or representatives

are/are not (please circle the appropriate response)

in compliance with the requirements under:

- (a) All EU legislation, including the Council Decision and Council Implementing Regulation (EU) No. 668/2010 of 26 July 2010; and
- (b) All U.S. federal legislation, including all statutes, executive orders, rules and regulations listed in Appendix A attached hereto pertaining to the sanctions currently in place against the Islamic Republic of Iran.

(If you answered “are not” above, please provide in the space provided below

¹ For purposes of this questionnaire, the term “subcontractors” shall mean any subcontractor that is to render services on behalf of the Bidder in the framework of Tender no.38/12.

a detailed explanation of your response (If the space provided is not sufficient, you may attach additional pages to this questionnaire).

3. The Bidder and/or its parent company, subsidiaries, subcontractors (as defined herein), related companies, affiliates, agents or representatives engage in business dealings with the Islamic Republic of Iran.

do/do not (please circle the appropriate response)

(If you answered “do” above, please provide in the space provided below a detailed description of such business dealings with Iran (If the space provided is not sufficient, you may attach additional pages to this questionnaire). Such information should include the scope of such dealings, estimated value, nature/field, dates, future plans etc.)

4. The Bidder and/or its parent company, subsidiaries, subcontractors (as defined herein), related companies, affiliates, agents or representatives

have/have not (please circle the appropriate response)

engaged in business dealings with the Islamic Republic of Iran in the Past.

(If you answered “have” above, please provide in the space provided below a detailed description of such business dealings with Iran (If the space provided is not sufficient, you may attach additional pages to this questionnaire). Such information should include the scope of such dealings, estimated value, nature/field, dates, when such dealings ended etc.)

I hereby declare and affirm that all of the information I have provided above is true, accurate and complete to the best of my knowledge, information, and belief.

Date: _____

Name: _____

Title: _____

Signature: _____

**Appendix D - Affidavit – Offences in Contravention of the Foreign Workers Law
or the Minimum Wage Law**

[Applicable to Bidders that are Israeli entities only]

I, the undersigned, _____ Identity Card No. _____ after having been cautioned that I must declare the whole truth and that I can expect to incur the penalties prescribed by law should I not do so, hereby make the following declaration:

1. I am a representative of _____ (the “**Bidder**”) and I am duly authorized to make this Affidavit on behalf of the Bidder.
2. This Affidavit is being made pursuant to the Public Bodies (Transactions) (Enforcement of Bookkeeping) Law 5736-1976 and the definitions contained in it and in support of Tender No. 38/12 - Consulting on Oil and Gas Policy and Regulation in Israel (the “**Tender**”).
3. Up to the time of making my Affidavit herein neither I nor any person associated with me have been convicted of more than two offences and if we have been convicted of more than two offences – in that event, up to the last date for submission of the bids in the Tender, at least one year has/will have elapsed from the date of the last conviction.
4. In the event of and to the degree that any change occurs in the facts forming the basis of this Affidavit by the last date of submission of bids in the Tender, I will forward the information immediately to the competent bodies in the Ministry of Energy and Warwe Resources

	Signature		Date
--	-----------	--	------

CERTIFICATION

I the undersigned, _____ Advocate, hereby certify that on the _____ day of _____ Mr(s). _____ with whom I am personally acquainted/who identified himself/herself by Identity Card No. _____ attended before me and after I had cautioned him/her that he/she must tell the entire truth and that he/she could expect to incur the penalties prescribed by law should he/she not do so, confirmed the truth of his Affidavit and signed it.

	Signature		Date
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Appendix E - Affidavit as to the Bidder's Compliance with the Obligations of Payment to its Employees

[Applicable to Bidders that are Israeli entities only]

I, the undersigned, _____ Identity Card No. _____ after having been cautioned that I must declare the whole truth and that I can expect to incur the penalties prescribed by law should I not do so, hereby make the following declaration:

1. I the undersigned _____ Identity Card No. _____ representative of _____ (the "**Bidder**") and who is duly authorized to make this Affidavit on behalf of the Bidder, declare that the Bidder is complying with the requirements for payments of social benefits and a minimum wage to employees in accordance with any Law, and as required by the Labor Laws, the Extension Orders, the Collective Agreements, and the Personal Contracts that apply to the Bidder, in the event that they do apply to the Bidder.
2. In the event of and to the degree that any change occurs in the facts forming the basis of this Affidavit by the last date for submission of the bids in the Tender, I shall forward the information immediately to the competent bodies in the MEWR.

	Signature		Date
--	-----------	--	------

CERTIFICATION

I the undersigned, _____ Advocate, hereby certify that on the _____ day of _____ Mr(s). _____ with whom I am personally acquainted/who identified himself/herself by Identity Card No. _____ attended before me and after I had cautioned him/her that he/she must tell the entire truth and that he/she could expect to incur the penalties prescribed by law should he/she not do so, confirmed the truth of his Affidavit and signed it.

	Signature		Date
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Part 4 - Form of Agreement

**THE STATE OF ISRAEL
THE MINISTRY OF ENERGY AND WATER RESOURCES**

Services Agreement (the “Agreement”)

Contract No: _____

Entered into as of the ____ day of _____ (the “**Effective Date**”)

BETWEEN

The Government of Israel on behalf of the State of Israel through the Ministry of Energy and Water Resources represented by the Director General together with the Financial Controller of the Ministry of Energy and Water Resources(the “**Ministry**”)

AND

_____ a company whose principal office is located at
_____ (the “**Consultant**”),

each a “**Party**” and together, the “**Parties**”.

WHEREAS, the Ministry wishes to obtain technical, policy and regulatory consulting services as set forth in Annex A (the “**Services**”), subject to and in accordance with this Agreement and its Appendices;

WHEREAS, the Consultant represents and warrants that it possesses all the means, know-how and skill in order to provide the Services to the Ministry in such manner, at such times and under such terms and conditions as are specified in this Agreement and its Appendices; and

WHEREAS, the Consultant has submitted a bid pursuant to Tender no.38/12 Consulting Services on the Regulatory Oil and Gas Policy in Israel, along with such documents, clarifications and modifications issued or authorized by the Ministry, all as attached hereto as Annex B (collectively, the “**Tender**”), and such bid, as approved by the Ministry and attached hereto as Annex C (the “**Bid**”), was selected as the winning bid under the Tender

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. INTERPRETATION

- 1.1 The preamble to this Agreement constitutes an integral part thereof.
- 1.2 The section headings are for the purpose of convenience only and shall not be used in the interpretation of the Agreement.
- 1.3 The singular shall include the plural, and vice versa; each gender (male, female and neuter) shall include the other genders.

- 1.4 “**Designated Staff**” shall mean the Consultant’s employees and consultants designated in the Bid, as such staff may be replaced pursuant to Section 5 hereof.
- 1.5 “**Deliverables**” shall have the meaning assigned in Annex A.
- 1.6 The Tender and the Bid each constitute an integral part of this Agreement.

2. **TERM**

The initial term of this Agreement is 12 months commencing on the Effective Date, which term may be extended by the Ministry at its sole discretion for an additional period of up to 36 months upon written notice to the Consultant at least 60 days prior to the scheduled date of expiry thereof (the initial term and any extension thereof, collectively, the “**Term**”).

3. **PROVISION OF THE SERVICES**

- 3.1 The Consultant shall provide the Services in accordance with the instructions given by the Ministry from time to time, and as detailed and defined in this Agreement and its Appendices. Section 2.4 of Part 2 of the Tender sets forth the manner in which the Ministry may request Services from time to time, and the manner of coordination between the Ministry and the Consultant as to their performance. The foregoing notwithstanding, the Ministry may require that the Consultant perform actions that are not explicitly mentioned in this Agreement and its Appendices but that the Ministry deems to be necessary in order to properly perform the Services, and any such actions so required shall be deemed part of the Services.
- 3.2 The Consultant shall perform the services under the supervision and guidance of a project supervisor to be designated by the Ministry from time to time (the “**Supervisor**”). The Ministry may replace the Supervisor at any time, and shall notify the Consultant of such replacement in writing. As at the Effective Date, the Supervisor is_____.
- 3.3 The Consultant shall ensure that, throughout the Term, the Project Manager and each Designated Staff member devote all the time required for the proper and complete provision of the Services, all as set forth in the Tender, Annex A and the Bid.
- 3.4 The Consultant shall supply all the Services in accordance with the provisions of all applicable laws, regulations and best practice standards.
- 3.5 The Consultant shall comply with the Supervisor’s instructions as given from time to time in relation to any matter connected with the performance of the Services.
- 3.6 Any certification or approval to be issued or provided by the Ministry or the Supervisor pursuant to this Agreement, shall not be binding upon the Ministry or the Supervisor, as the case may be, unless it is in writing.
- 3.7 The Consultant shall not, and shall not attempt to, communicate or contact, directly or indirectly, any person and any private or public authority, organization, business or other entity in connection with the Services, except upon the Ministry’s prior written approval.

4. REPRESENTATIONS AND WARRANTIES OF THE CONSULTANT

The Consultant represents and warrants as follows:

- a) It, its Designated Staff and any other of its personnel assigned to the Services, have all requisite technical and professional ability, know-how, experience and expertise in order to provide the Services and fulfill the terms and conditions of this Agreement in full, and there is no legal, contractual or other impediment to its and their provision of the Services and performance of this Agreement.
- b) The Services and all Deliverables hereunder, will be provided, performed with and be the product of the highest degree of professional skill and expertise.
- c) The execution and performance of this Agreement does not breach any of its contractual or other legal obligations or undertakings.
- d) It has (A) reviewed all the Tender documents and this Agreement, and all their respective appendices, (B) had the opportunity to seek clarifications, and (C) obtained to its full satisfaction all such clarifications as were requested.
- e) It and each Designated Staff member validly holds (and shall maintain at all times during the Term) all permits, authorizations, degrees, professional association memberships and certifications that are legally required or otherwise necessary or relevant for performing the Services in accordance with the terms of this Agreement and as stated in the Bid. The Consultant shall provide a copy thereof to the Ministry at any time upon the Ministry's request, and shall notify the Ministry immediately and in writing in the event of any change in the validity or scope of the foregoing (including any ruling or order) which could affect the Consultant's or Designated Staff member's ability to provide the Services in accordance with the terms of this Agreement. No member of the Designated Staff is part of the civil service of the State of Israel.
- f) It validly owns or licenses all intellectual property used in the performance of the Services, with a right to sublicense to the extent necessary, and shall maintain at all times during the Term such ownership or license.

5. DESIGNATED STAFF

5.1 The Consultant's employees shall be under the Consultant's sole supervision, direction, control and responsibility. All Designated Staff members shall be engaged at the Consultant's own expense, and the Consultant alone shall bear all liability with regard to any claims by a Designated Staff member in connection therewith.

5.2 Designated Staff members shall not be replaced or assigned to different Services or to substantially less Services, unless (1) the person taking over such Designated Staff member's duties has equivalent or greater competence and qualifications, (2) the Consultant has notified the Ministry at least 14 days in advance; (3) if the new Designated Staff member is an outside consultant, the Consultant has provided the Ministry with a copy of the written agreement between the Consultant and the outside consultant, and (4) the person has obtained security clearance from relevant Israeli authorities, (5) the Ministry has approved the change in writing (which approval shall not be unreasonably withheld). For the avoidance of doubt, the Consultant shall not be entitled to any increase in the Consideration or the hourly rates specified in the Bid for,

- even if the competence or qualifications of the new Designated Staff member are greater than those of the previous Designated Staff member. For the avoidance of doubt, all the eligibility criteria, requirements and obligations set forth in the Tender regarding Designated Staff shall apply to new Designated Staff member. For the further avoidance of doubt, no current or proposed Designated Staff shall be entitled to perform any work in connection with the Services until it holds and maintains a valid security clearance from relevant Israeli authorities.
- 5.3 The persons being engaged by the Consultant shall be deemed in all respects to be employees or agents of the Consultant only. Payments of all wages, salaries, insurance premiums, social benefits, overtime work, parallel tax, payments to a compensation or insurance fund, payments for sickness or in respect of childbirth and all such other payments shall be the Consultant's sole responsibility.
- 5.4 The Consultant undertakes to ensure safety conditions and conditions for safeguarding the health of the employees as required under all applicable laws.
- 5.5 The Consultant shall ensure that all Designated Staff members coming to Israel for the purpose of the Services, have obtained all requisite permits and authorizations (including temporary work permits) prior to their arrival in Israel. The Consultant shall promptly provide a copy of such documents if requested by the Ministry.
- 5.6 In the event that a claim or demand is filed against the Ministry by an employee of the Consultant, the demand or claim shall be forwarded to the Consultant, and the Consultant shall handle it at its expense and assume any payment, compensation or cost to which the plaintiff may be entitled. The Consultant shall pay any damages or compensation that may be due to its workers, agents, or to anyone acting on behalf of the Consultant for any damage caused to them and incurred in connection with the Services, except damage caused by the willful misconduct or gross negligence of the Ministry.
- 5.7 In any instance in which the Ministry is obligated to pay such compensation or expense, the Consultant shall indemnify or compensate the Ministry for any amount that it is charged, including legal expenses and attorney fees.
- 5.8 Without derogating from the foregoing, where an obligation or expense which generally falls on an employer for its employees is imposed on the Ministry in relation to the Consultant or any of its employees, the Consultant shall indemnify the Ministry for any such expense or obligation, immediately upon the Ministry's first demand. Where feasible, the Ministry shall document such obligation or expense and provide a copy thereof upon written request of the Consultant.
- 5.9 The Ministry may required each Designated Staff member to execute an undertaking respecting confidentiality and absence of "conflicts of interest" similar in tenor and substance to that provided by the Consultant in Form 1 of the Bid Forms or that set forth in the Agreement.
- 6. SECURITY CERTIFICATE**
- 6.1 All Designated Staff members may require the prior and written certification of the Ministry's Security Officer. The Consultant shall provide to the Ministry all information requested for the issuance of such certification.

- 6.2 In the event that the Supervisor or the Ministry's Security Officer determines that any Designated Staff Member poses a security risk, has failed to comply with applicable security or safety regulations, or is otherwise engaged in improper or inappropriate conduct of any type, or does not hold a security certification, then the Ministry may, by written notice, demand that such Designated Staff Member and/or other team member be replaced, and the Consultant shall promptly comply with such request. Any person referenced in such notice shall cease to be authorized to perform any work in connection with the Services, unless the Ministry specifies otherwise in writing.
- 6.3 The refusal to approve, or the dismissal or replacement of any person pursuant to the foregoing shall not constitute a cause for any claim or demand by the Consultant or by such person against the Ministry. The Consultant shall not be entitled to any compensation of any kind for losses or damages in connection therewith.

7. CONFIDENTIALITY

- 7.1 The Consultant shall maintain the strict confidentiality of all information and documents disclosed to the Consultant or to which the Consultant gains access in connection with the Services, both prior to the Effective Date and thereafter, whether such information or document is in tangible or intangible form, whether it is disclosed verbally or in writing, and whether or not it is explicitly labeled as confidential (the "**Confidential Information**"). The Consultant shall not make use of any Confidential Information except for the purpose of performing the Services. For the removal of doubt, and without prejudice to the generality of the foregoing, the Consultant undertakes not to publish, transfer, notify, deliver or bring to the attention of any person the Confidential Information.
- 7.2 The Consultant shall protect the Confidential Information with at least the same degree of protection it affords its own confidential data, and no less than with a reasonable degree of care. The Consultant shall restrict access to the Confidential Information only to its employees and other Designated Staff members who need to know it for the purposes of this Agreement and who are bound in writing to terms and conditions of confidentiality in respect of the Confidential Information which are no less restrictive than those of this Agreement.
- 7.3 The Consultant shall comply with such instructions as the Ministry, the Supervisor or a duly authorized security officer may provide from time to time regarding confidentiality, security measures and disclosure restrictions.
- 7.4 Upon termination of this Agreement, the Consultant shall destroy and/or return to the Ministry all Confidential Information (and all files, documents, discs and other media containing such Confidential Information) as instructed by the Ministry, and shall provide a certificate duly executed by an authorized officer of the Consultant confirming that such actions have been taken, provided however that the Consultant may retain one copy of the Confidential Information for archival purposes only.
- 7.5 The Consultant is aware that failure to perform its obligations under this Section constitutes an offence under Chapter Seven (State Security, Foreign Relations and Official Secrets) of the Penal Law, 5737 – 1977.

- 7.6 Without derogating from any rights and remedies available to the Ministry under applicable law, the Consultant hereby agrees that in the event of a breach or threatened breach by the Consultant of any obligation or undertaking under this Section 7, the Ministry shall be entitled to injunctive relief to prevent such breach or threatened breach.

8. INTELLECTUAL PROPERTY

- 8.1 All right, title and interest in and to the Services, the Deliverables, all works of authorship created, authored or developed by Consultant for the Ministry pursuant to this Agreement, and all related intellectual property rights including copyright (collectively, the “**Work Product**”), shall be the Ministry’s sole and exclusive property, and the Ministry shall be entitled to publish, copy, distribute and generally to use the Work Product in connection with the Services or for any other purpose as it sees fit and at its sole discretion. Consultant hereby irrevocably and unconditionally transfers and assigns to the Ministry all right, title and interest Consultant may have or acquire in or to the Work Product, and agrees to execute and deliver such documents, certificates, assignments and other writings, and take such other actions, as may be necessary or desirable to vest in the Ministry the ownership rights granted to the Ministry hereunder. The Consultant may not make any use of the Work Product other than for the purpose of providing the Services in accordance with the terms hereof. Consultant further agrees that the Work Product shall be deemed to be "works made for hire" and, as such, all rights therein including copyright shall belong solely and exclusively to the Ministry from the time of its creation. To the extent any Work Product may not be deemed to be a work made for hire, Consultant agrees to, and does hereby, irrevocably and unconditionally transfer and assign to Company all right, title and interest including copyright in and to such Work Product. Consultant hereby expressly confirms that the terms of consideration explicitly provided for in this Agreement fully encompass its rights to compensation with respect to all Work Products and exhaust any rights to compensation that may arise with respect to any Work Products under applicable law. Moreover, Consultant hereby waives any right to claim compensation with respect to any Work Products under applicable law throughout the world.

- 8.2 The Consultant shall not, in the performance of the Services and provision of the Deliverables, infringe any intellectual property rights, including copyright, of any person. Consultant shall bear exclusive liability for any such infringement and shall fully compensate and indemnify the Ministry in respect of any allegation, claim or action in that regard, and any expenses and damage as may be caused to the Ministry or incurred by it (including defense costs and reasonable attorney’s fees).

- 8.3 Without derogating from any rights and remedies available to the Ministry under applicable law, the Consultant hereby agrees that in the event of a breach or threatened breach by the Consultant of any obligation or undertaking under this Section 8, the Ministry shall be entitled to injunctive relief to prevent such breach or threatened breach.

9. UNDERTAKING AS TO ABSENCE OF CONFLICT OF INTERESTS

- 9.1 The Consultant represents and warrants that neither it nor any Designated Staff member is in a situation of conflict of interests, and the Consultant covenants

that it shall refrain, and shall ensure that the Designated Staff refrains, from being placed in a situation of a conflict of interest during the Term and for a period of 12 months thereafter. In any case of concern as to such a conflict of interests, the Consultant shall refer the matter to the Supervisor immediately and shall proceed in accordance with his/her instructions.

- 9.2 Without derogating from any rights and remedies available to the Ministry under applicable law, the Consultant hereby agrees that in the event of a breach or threatened breach by the Consultant of any obligation or undertaking under this Section 9, the Ministry shall be entitled to injunctive relief to prevent such breach or threatened breach.

10. DELIVERABLES

- 10.1 All Deliverables provided by the Consultant shall be expertly prepared, comprehensive and exhaustive with regard to the subject-matter they are intended to address, of high quality, clearly organized and drafted, merchantable and fit for the purpose for which they are intended. The Ministry may, upon review of the Deliverables and at its reasonable discretion request that Consultant correct, revise, amend or update any Deliverable, or may refuse to accept a Deliverable if it does not satisfy the above standards. In such a case, the Consultant shall make the requisite changes within such period of time as the Ministry shall stipulate.
- 10.2 The Consultant shall be responsible for any defect, inaccuracy, inconsistency, oversight, mention or omission in the Deliverables, and the Ministry's acceptance thereof shall not relieve the Consultant of its responsibility or liability in that regard.

11. INSURANCE

The Consultant shall obtain and maintain, throughout the Term, appropriate insurance coverage in connection with the Services, which coverage shall be no less comprehensive than that set forth below.

A. Employers Liability Insurance

Employers' liability insurance, as appropriate for a project of the nature of the Services. The insurance shall be extended to indemnify the State of Israel – the Ministry of Energy and Water Resources, in the event of it being claimed in relation to the occurrence of a work accident or illness, that they bear any employers liability vis-a-vis any of the Consultant's employees.

B. Third Party Liability Insurance

Third party liability insurance, as appropriate for a project of the nature of the Services. A cross-liability clause shall be included in the policy. The insurance shall be extended to indemnify the State of Israel – the Ministry of Energy and Water Resources– in so far as they shall be deemed to be liable for the acts and/or omissions of the Consultant and those engaged by it or otherwise acting on its behalf.

C. Professional Liability Insurance

1. The Consultant shall insure against professional liability in respect of its work by obtaining adequate professional liability insurance as set forth below.
2. The policy shall cover any damage due to a breach of professional duty on the part of the Consultant, its employees and all those engaged by it or otherwise acting on its behalf, and which has occurred as the result of an act, negligence, including a failure, error or omission, misrepresentation, negligent declaration made in good faith, in all matters pertaining to the performance of the Services and otherwise fulfilling its obligations under this Agreement.
3. Limits of liability shall not be less than 1,000,000 US Dollars per event and per year.
4. The coverage under the policy shall be extended to contain the following extensions:
 - Loss of documents, including the loss of use and/or delay as a result of an insurance event;
 - Cross-liability;
 - Extension of the period of discovery to at least six months;
5. The cover under the policy shall be extended to cover the State of Israel – the Ministry of Energy and Water Resources, in so far as they may be deemed to be liable for the acts and/or omissions of the Consultant and those engaged by it or otherwise acting on its behalf.

D. General

1. In every such insurance policy, the following conditions shall be included:
 - (a) **The State of Israel – the Ministry of Energy and Water Resources** shall be named as an insured party.
 - (b) In any case of a reduction of or cancellation of the insurance by one of the parties, such reduction or cancellation shall not be valid unless prior notice of such has been given at least 30 days by registered letter to the Financial Comptroller of the Ministry of Energy and Water Resources
 - (c) The insurer waives any right of subrogation, claim, and contribution or refund *vis-a-vis* the State of Israel – the Ministry of Energy and Water Resources, and their employees, provided that such waiver shall not apply for the benefit of a person that has caused willful damage.
 - (d) The Consultant alone is liable to the insurer for payment of the premiums in respect of the policies and for fulfillment of all the obligations imposed on the insured parties under the terms and conditions of the policies.
 - (e) The policy excess specified in each policy shall apply exclusively to the Consultant.
 - (f) Any section in the insurance policies that obviates or reduces the insurer's liability in any way when other insurance exists shall not operate *vis-a-vis* the State of Israel and that the insurance is being effected in terms of primary insurance which confers the full rights under the insurance policies.
2. Copies of the insurance policies, duly certified by the insurer, or a Certificate signed by the insurer as to the aforesaid policies having been put into effect, shall be furnished to the Ministry of Energy and Water Resources at least 10] days prior to the Effective Date.

3. The Consultant undertakes that throughout the period of the contractual engagement with the State of Israel – the Ministry of Energy and Water Resources, it will keep the insurance policies in force and effect. The Consultant undertakes that the insurance policies will be renewed by it annually for as long as the contract with the State of Israel – the Ministry of Energy and Water Resources is in force. The Consultant undertakes to produce copies of the renewed policies to the Ministry of Energy and Water Resources, duly certified and signed by the insurer, or a certificate duly signed by the insurer as to their renewal, by no later than two weeks prior to expiration of the period of insurance.
4. Nothing in all the contents of the insurance sections shall be construed as exempting the Consultant from the liability imposed on it by law or under this Agreement, and the foregoing shall not be construed as a waiver by the State of Israel of any right or remedy conferred on it by law and under this Agreement.

12. LIABILITY IN DAMAGES

The Consultant shall bear all liability for any injury, loss or damage caused for any reason, to any person or property in consequence of its acts or omissions or those of any Designated Staff member or of any other party acting on behalf of the Consultant, and the Consultant shall indemnify and hold the Ministry harmless accordingly

13. CONSIDERATION

Subject to the terms hereof, the consideration for the Consultant's proper and timely provision of the Services and performance of the Consultant's other obligations under this Agreement, to the Supervisor's satisfaction, shall be as prescribed in the Bid (the "**Consideration**").

The annual Consideration of the Agreement will not exceed _____ plus VAT

- 13.1 The amount of the Consideration is final and absolute and shall not be subject to any price increases or linkages. The Consultant shall not receive any other payment or benefit beyond such Consideration, including payments for telephone expenses, post, photocopies, printing, fax, board and lodging etc. The Ministry shall pay applicable VAT in accordance with the Israeli VAT Law.

Terms of Payment for the Services:

On a monthly basis, upon receipt of invoices as detailed below, at the hourly rate set forth in Form 7 of the Bid Forms.

Terms of Payment for Travel Costs:

On a monthly basis, upon receipt of invoices as detailed below, at the rate set forth in Form 7 of the Bid Forms.

- 13.2 Where performance of Services involves travel of Designated Staff to Israel, the appropriate Designated Staff member(s) shall be present in Israel for a minimum stay of two (2) business days unless agreed otherwise by the Parties.

- 13.3 Upon receipt of every report and related invoice, the Supervisor may review the number of hours specified in the invoice to ensure that it is consistent with the scope and nature of the Services actually provided, and may request additional documents or information that may be relevant to confirm the proper provision of Services and amounts due. If any discrepancy or inconsistency is detected, the Ministry shall notify the Consultant in writing and the Consultant shall be required to account for such discrepancy or inconsistency.
- 13.4 The Consultant's entitlement to any payment or part thereof shall be conditional upon the Supervisor's (1) receipt of the applicable deliverables to its satisfaction, (2) receipt of the reports referenced in Section 13.3 above and if applicable, satisfactory explanation regarding discrepancies or inconsistencies, and (3) issuance of a payment authorization.
- 13.5 Payment to the Consultant shall be made in accordance with the schedule set forth below and subject to the Accountant General's instructions as published from time to time.
- a) **An invoice that is submitted to the Ministry in the first half of any month** (from the 1st to the 15th) shall be paid on and between the 15th – 24th (inclusive), of the following month.
 - b) **An invoice that is submitted to the Ministry between the 16th – 24th of any month** (inclusive) shall be paid on and between the 16th – 24th of the following month.
 - c) **An invoice that is submitted to the Ministry between the 25th – 31st of any month** (inclusive) shall be paid on the 24th of the following month.
- 13.6 The Ministry may at any time withhold any payment if the Consultant is in breach of any of the terms and conditions of this Agreement, without prejudice to the Ministry's other rights and remedies under this Agreement.

14. PERFORMANCE GUARANTEE

- a) Consultant shall, at its cost, deliver to the Ministry, prior to or concurrently with Consultant's execution of this Agreement, a Guarantee issued by an Israeli bank, or by an international bank with a minimum credit rating of 'investment grade' (e.g. –BBB per Standard & Poor ratings, or equivalent from other major rating agencies), located in a country rated A by a major credit rating agency (Moody's, S&P or Finch IBCA), in an amount equal to 5% of the Consideration plus VAT (if applicable), substantially in the form attached hereto as Annex D (the "**Guarantee**"). The Guarantee shall be valid for an initial period corresponding to 60 days following the initial Term of this Agreement. The amount of the Guarantee shall be linked to the Consumer Prices Index. Delivery of the Guarantee shall be a precondition to the entry into force of the Agreement. If the Guarantee is issued by a foreign bank pursuant to the foregoing, (a) Consultant must include an official letter from the issuing bank certifying that the officers signing on the Guarantee are duly authorized to do so, and (b) such Guarantee shall be subject to the approval of the Accountant General or its appointee for such purpose.
- b) If the Ministry decides, at its sole discretion, to proceed with the Services for an additional year, The Consultant shall ensure that the Guarantee is extended as required, at least 30 days prior to expiration of its validity. The

Ministry may call upon the Guarantee at any time, in the event that the Consultant fails to extend the validity of the Guarantee.

- c) The Ministry may call upon the Guarantee in whole or in part, in the event of a breach by the Consultant of its obligations hereunder, which breach, if curable, is not cured within 7 business days following the Ministry's written notice thereof, or as payment (in full or partial as the case may be) for any damages, compensation, reimbursement, expenses incurred or other payment to which the Ministry is entitled hereunder.
- d) The Ministry's realization of the Guarantee shall not release the Consultant of any of its obligations under the Agreement. Exercise of the Guarantee shall be without prejudice to the Ministry's other rights and remedies under this Agreement or applicable law. The Guarantee amount as required above shall not be construed as a limitation or cap of the Consultant's liability.
- e) In the event that the Guarantee is called upon in whole or in part, the Consultant shall, at its own expense and within 7 business days, provide a new or supplemental guarantee covering the amount called upon by the Ministry.

15. TERMINATION

- 15.1 The Ministry may terminate the Agreement at any time prior to expiration of the Term, by notifying the Consultant in writing at least 30 days in advance. The Consultant shall be required to continue providing Services until the date of termination set forth in the notice, unless the Ministry instructs the Consultant to cease provision of Services at an earlier date. Upon early termination as set forth above, the Ministry shall pay the Consultant the pro rata amount corresponding to Services that have actually been provided up until the date on which of termination or the date set forth in the notice, if any.
- 15.2 The Ministry will not be liable to the Consultant for any compensation, consideration or other payment in connection with termination of the Agreement except as explicitly set forth above.
- 15.3 Without prejudice to the foregoing, the Ministry shall be entitled to terminate the Agreement by notifying the Consultant of such termination, if:
 - (a) the Consultant has committed a material breach of this Agreement, which breach, if curable, is not cured within 5 days following the Ministry's written notice thereof;
 - (b) the Consultant has entered into liquidation proceedings, or a temporary or permanent liquidator, or a temporary or permanent receiver, or a temporary or permanent trustee has been appointed over the Consultant, or a charge has been placed on its assets or execution proceedings have been initiated against the Consultant and such proceedings were not withdrawn within 21 days after their institution; an application for receivership or liquidation was filed and was not cancelled within 30 days; or a resolution was passed for the liquidation of the Consultant.
- 15.4 Any termination by the Ministry shall be without prejudice to its rights and remedies hereunder and under applicable law, including realization of the Guarantee.
- 15.5 For the purposes hereof, a breach of any of the provisions of Sections 3 to 11, 14 and 17 shall be deemed a material breach.
- 15.6 Sections 7, 8 and 12 shall survive termination of this Agreement.

16. ASSIGNMENT OF RIGHTS

The Consultant may not transfer its rights or obligations under this Agreement, either in whole or in part, to any third party.

17. GENERAL

- 17.1 The Parties relationship hereunder shall be that of a principal and an independent contractor. Nothing in this Agreement shall be construed as creating a partnership, joint venture, agency, or employer-employee relationship between the Ministry and the Consultant and any of its employees or consultants. This Agreement and any communications between the Parties hereunder shall not constitute nor under any circumstances be interpreted as a Power of Attorney or as authorization to the Consultant or to anyone acting on its behalf to represent itself as being empowered to make legally binding commitments, whether financial or otherwise, on behalf of the Ministry and in no case and under no circumstances shall the Consultant assume responsibility for such commitments on behalf of the Ministry or purport to be authorized to do so. This Agreement is entered into by the Ministry on the basis that no Designated Staff member is part of the civil service of the State of Israel.
- 17.2 For the removal of doubt, the Consultant may not use the Ministry's equipment, materials, facilities or services in the provision of the Services
- 17.3 The terms and conditions of this Agreement pertaining to provision of the Services to the Ministry in a timely manner are fundamental conditions that are of the essence of the Agreement.
- 17.4 If in a particular instance or instances either Party does not exercise or strictly enforce its rights under this Agreement this shall not be deemed a waiver by such Party of such rights either in respect of the particular instance or in respect of such or similar rights at any subsequent time.
- 17.5 The Consultant hereby declares that it is aware that nothing in any of the individual provisions of this Agreement or in any provision made pursuant to it shall be construed as releasing it from any obligation or from the need to obtain a license, permit or authority, or from the need to give any notification that it is required to give under any Law.
- 17.6 Any amendment, modification and/or addition to this Agreement shall only be valid if made in writing and signed by the Parties hereto.
- 17.7 The Ministry will be entitled to set off any amount due to the Consultant under this Agreement against any amount due to the Ministry from the Consultant.
- 17.8 All notices, requests, consents and other communications hereunder shall be sent by registered mail, to the following addresses:

The Ministry of Energy and Water Resources – 234 Jaffa Road, P.O.Box 36148 Jerusalem 91360.

The Consultant - _____

All such notices, requests, consents and other communications sent to the aforementioned addresses shall be deemed to have been received by the addressee within 72 hours from the date of dispatch provided the contrary has not been proved.

17.9 This Agreement shall be construed only in accordance with the laws of the State of Israel, excluding its conflicts of law rules, provided, however, that if any International Agreement (as defined below) applies to this Agreement, then in the event of conflict between the provisions of such International Agreement and those of the Israeli Mandatory Tender Regulations, the provisions of said International Agreement shall govern. For the purposes hereof, “**International Agreement**” shall mean any of (i) the GPA (Government Procurement Agreement) signed within the framework of the World Trade Organization, (ii) any bilateral international treaty that incorporates or otherwise gives effect to the provisions of the GPA, or (iii) the Israel United States Free Trade Agreement for the establishment of free trade zones. The courts of Jerusalem shall have sole and exclusive jurisdiction regarding all matters relating to this Agreement.

AND IN WITNESS WHEREOF THE PARTIES HAVE SIGNED
ON THE DATE SPECIFIED AT THE HEAD OF THIS AGREEMENT

_____	_____	_____
Consultant Signature and Rubber Stamp Seal	Nechemya Kind	Shaul Zemach
	Financial Controller The Ministry of Energy and Water Resources	Director General The Ministry of Energy and Water Resources

I the undersigned _____ Advocate, hereby certify that the above named signatories, _____ Identity Card/Passport No. _____, and _____ Identity Card/Passport No. _____ are known to me personally and were identified by me from their Identity Cards/Passports, signed this Agreement in my presence on behalf of _____ and that they are duly authorized to do so and to bind _____ by their signatures.

Annexes:

Annex A: Services [*Note: this corresponds to Part 2 of the Tender Documents*]

Annex B: Tender [*Note: this corresponds to Part 1 of the Tender Documents*]

Annex C: Bid [*Note: this corresponds to Part 1 of the Tender Documents*]

Annex D: Form of Performance Guarantee [*Note: see next page*]

Annex D - Form of Performance Guarantee

Date: _____

(Name of guaranteeing bank or Israeli Insurance Company to be completed)

To:
The Accountant General
Ministry of Energy and Water Resources
Jerusalem

Re: Performance Guarantee Tender no. 38/12

At the request of _____ *[name of Consultant to be inserted]* whose registered address is _____, (hereinafter "**Applicant**"), we hereby guarantee to pay to you any sum up to [_____] [**5% of the of the Consideration plus VAT (if applicable)**] (the "**Amount of the Guarantee**"), together with linkage differentials calculated in accordance with the provisions herein below.

For the purpose of this guarantee:

the "**General Consumer Cost of Living Index**" or the "**Index**" - shall mean the Consumer Price Index (also known as the Cost of Living Index) including vegetables and fruits, which is published by the Israeli Central Bureau of Statistics.

the "**Basic Index**" - shall mean the Index published in respect of the month ____ of ____ at a rate of ____ points *[to be completed based on the Index known on the date of issuance of the guarantee]*.

the "**New Index**" - shall mean the Index last published before actual payment under this guarantee.

If at the time of payment of any amount under this guarantee, the New Index shall be higher than the Basic Index, the Amount of the Guarantee shall be calculated as increased in a rate equal to the rate in which the New Index has increased in comparison with the Basic Index.

If it shall transpire that the New Index is equal to the Basic Index or lower therefrom, the Amount of the Guarantee shall remain unchanged.

We undertake to pay you, upon your first written demand, any sum specified in such demand up to the Amount of the Guarantee, immediately and no later than seven (7) business days from the date of receipt of your demand.

Your demand for payment of the Amount of the Guarantee may be affected in stages, and payments will be executed in accordance with your demand, provided that the overall total of the payments does not exceed the Amount of the Guarantee.

Each demand for payment under this guarantee must be received by us in writing at our address as follows:

[Address to be completed]

Demand sent to us / received by us via facsimile or email shall not be considered as a demand in writing according to this guarantee.

Our undertaking pursuant to this guarantee is autonomous and unconditional and you will not be obligated to explain, reason or prove your demand or first demand payment from the Applicant.

This guarantee will not be assigned or transferred by you without our consent.

This guarantee shall remain valid until _____ [60 days following the expiration of the Term]. At your written request, this Guarantee shall be extended for one or more periods not exceeding an additional ninety (90) days in the aggregate.

This guarantee will be governed by the laws of the State of Israel.

Stamp and Authorized Signature(s) of Bank / Israeli Insurance Company