

## SECTION 1: PRE-QUALIFICATION

The scope of this initiative covers receivable management through rendering services of external debt collection agencies on two critical defaulter's categories defined as irregular consumers which targets defaulters within the six (6) months default cycle and chronic defaulters which addresses defaulters of six (6) months or more.

### A) PRE-QUALIFICATION / ENLISTMENT PROCESS

Details of documents with application to be submitted by applicants to procurement are as follows.

- a) Company profile with memorandum of association
- b) Valid work permit or NOC to carry debt collection services from Govt.
- c) NTN Certificate
- d) Sales Tax Registration Certificate. Copies of I/Tax returns for last three years.
- e) Work Experience in field including recovery services or bill distribution services or manpower services or PQC's or other services (At least three years)
  - i. Evidence of recent contracts / Pos with other clients
  - ii. Performance (including Client Endorsements)
- f) Client List
- g) Financial Capability (3 years bank statement showing all transactions)
- h) Company Organogram. Organization Chart of the company detailing permanent employees along with capacity to enhance through project-based hires.
- i) Details of Staff/Manpower
  - i. Own Staff (Managers, DPOs, Supervisors)
  - ii. Availability of hired staff (categorized as Supervisor, Lineman, Karkun and recovery officers) or commitment to provide required staff after agreement as per mentioned expertise. Linemen are expected to be competent having relevant experience, knowledge, skills and capability of meter and overhead disconnection and recovery officers having area awareness of chronic pockets.
  - iii. Lineman to be at least a matriculate preferably with formal certification in Electrical Discipline/ apprenticeship/ Diploma. DNA passing out batches to be recommended for this role.
  - iv. Availability of MTLs as per KE specifications or commitment to provide after agreement.
  - v. Safety & Technical Training records i.e. incident records
- j) Details of litigation in the court of law/blacklisting of firm (if any)
- k) Paid up Challan of income tax paid for last year
- l) Latest paid Electricity Bill
- m) Letter of Registration with other Government, semi Government, Private Organization (if registered)
- n) Any other relevant information/document deemed necessary for Pre-qualification
- o) Office / Warehouse Premises Owned / Rented

- p) A mobility solution including mobile app for recording of attempts, tracking of recovery officers, live submission of disconnection remarks and pictures and geofencing.
- q) Existence of a Safety Policy Document, safety manual, safety procedures and compliance record.
- r) Blacklisting from any government department
- s) A documentary evidence of projects of relevant experience with inward cash flow, preferably with other companies anywhere in the country.
- t) Evidence of Salary Accounts of permanently hired employees.
- u) Submit performance guaranty / performance bond of 10% of first contract.
- v) Company having relevant experience of recovery services apart from power sector should provide written assurance on company covering letter for provision of technical staff i.e. lineman along with all PPEs, SPEs and tools if not available at the time of prequalification process.

Note: Procurement to complete initial scrutiny within **07 days** and subsequently forward to CRMC for detailed diligence by centralized recovery vendor committee.

## SECTION 2: SCOPE

### PORTFOLIO OF CHRONIC DEFAULTERS (SRC)

With ever-increasing expanding customer base and limited resources available to IBC for optimum recoveries from its active ordinary customers. Its' always a challenge for KE to limit and confine the spill over of defaulter to more than six (6) months categories.

To enhance and build IBC capacity, KE seeks assistance from specialized debt collection services that provides effective, efficient and economical resources to expand recovery efforts the most chronic and hard to recover defaulters and convert them to regular payers in short span of time.

#### B) CRITERIA

A typical approach to this population is expected to be aggressive with multi-level attempts, where chronic defaulters is engaged through multiple forums and made to come to settlement terms with KE. Ultimately, becoming a regular payer and eventually settling all his outstanding balance.

KE has derived a defaulter criterion that defines eligible population that can be assigned to external agencies under the aggressive SRC approach to recover dues.

Defaulters that do not meet the following criteria will not be considered in SRC assignment. Defaulter population under SRC is generated and assigned to agencies at every quarter:

1. Consumer has not paid for the last six (6) months or more,
2. Consumer is not an industrial or government connection,

3. Consumers with tariff A1-R, A2-C and A3-G (except net metering and employee benefits related subcategories) will be considered only
4. Consumer to be assigned for a standard period of one year or as per discretion of CRMC,
5. Consumers can be assigned apart from above mentioned criteria on the direction of HOD CRMC and HOD Strategy & Governance where it deems necessary to assign consumers considering business need.

#### C) MODE OF RECOVERY

Each recovery officer of the designated recovery agency will be expected to adopt certain modes of recovery that ensure the most effective approach in contacting defaulter thereby achieving maximum recovery of outstanding dues. Recovery officers shall perform recovery efforts on assigned consumers by:

1. Sending SMS for payment reminders,
2. Making phone calls,
3. Locating accurate address of defaulter,
4. Physically visit the consumer premises,
5. Disconnection of meter or overhead by removing IPC,
6. Engagement with area representatives and community for recovery
7. Understand the prevailing settlement scheme & effectively encourage defaulters towards enrollment and subsequent payment.
8. Deployment of resources including MTLs for mass disconnection drives.

KE expects its debt collection agencies to carry out all such recovery activities in accordance with KE standard policies and procedures prescribed for recovery of outstanding bills from consumers.

Designated recovery agencies shall ensure that payments being recovered from assigned consumer in respect of bills will be made through KE's approved modes of payment through banks and financial institutions.

Designated recovery agencies shall not undertake any recovery in cash or receive any funds from consumers in their own name in cash/Bank instruments from any consumer.

In case of settlement of a case, designated recovery agency shall be responsible to monitor payments in lieu of recovery of that case till the total amount is recovered and settled.

#### D) SYSTEM REQUIREMENTS

One of the major feature requirements that is expected from recovery agency is its MIS (management information system) that should ensure accurate recording of field information and provide live tracking to KE IBCs and CRMC department regarding the work an agent performs while recovering outstanding dues.

KE expects its recovery agencies to be equipped with a data management system that can provide all relevant information as defined under 'Data Requirements' as and when requested by KE.

1. A fully integrated android application that should be able to capture on-field data points required to be captured by recovery officers.
2. A desktop solution integrated with app to show live tracking of all resources available on field along with geofencing.
3. Solution should provide live visibility of remarks and data being submitted by linemen and recovery officers.
4. An integrated software to make phone calls and send SMS to consumers assigned for recovery purposes and relevant remarks against the efforts made through both mediums recorded in above mentioned MIS.
5. All recovery officers to be equipped with handheld or smartphone devices with application that is synched with the above-mentioned MIS.

#### E) COORDINATION WITH STAKEHOLDERS

Strong communication is vital for any debt collection agency to work with KE stakeholders. KE will be expecting its designated recovery agencies to:

1. Ensure daily reporting to KE's IBC with progress of the day's efforts made on assigned defaulters.
2. Attend toolbox talk (TBT) on daily basis at IBC premises.
3. Communicate and discuss on-ground issues and advise KE CRMC regarding best possible course of action to be taken against defaulting consumers under consideration.
4. KE retains the right to assign consumers or withdraw already assigned consumers from recovery agencies, in writing at any time without prior notice.
5. KE expects designated personnel from recovery agency to communicate with the Central Receivable Management (CRM) in providing complete data related to recovery efforts made by recovery officers as and when required.

#### F) DATA REQUIREMENT

The data requirements aim to cover data points which will be required to submit by the recovery agencies to KE. Access will be provided to desktop version of mobility solution so that data can be extracted as and when required basis. All the below mentioned data point must be extractable from the agencies' MIS in excel from mobility solution.

External recovery agencies will be required to submit details of recovery efforts on a daily basis to CRMC and on monthly basis to by 5<sup>th</sup> of every month. Please note that the MIS and handheld application must continue to synch with each other updating daily field operations data.

External recovery agencies are expected to submit below mentioned data to CRMC team extractable from its MIS:

1. Consumer name

2. Consumer contact number
3. GPS Coordinates (latitude and longitude)
4. No. of attempts
5. Attempt date
6. Attempt remarks
7. No. of calls attempt
8. No. of SMS attempt
9. Call attempt date
10. SMS attempt date
11. Call attempt remarks
12. Name of agent (physical attempt)
13. Name of agent (Call)

#### G) VENDOR OBLIGATION

- 1.1 The Recovery Vendor must always ensure that when Recovery Vendor's Personnel are on KE's premises they:
  - (a) have a copy of KE's Policies applicable to the Recovery Vendor and that they comply immediately and fully with such KE's policies.
  - (b) immediately leave KE's premises if they are directed to leave KE's premises.
  - (c) Always conduct themselves professionally to cause the minimum disruption to KE's business; and
  - (d) comply fully with all safety, health, environmental and other policies of KE notified to the Recovery Vendor from time to time, and all relevant legislation.
  - (e) Attend the TBT (Toolbox talk) on daily basis at IBC premises or at site before dispatching recovery disconnection teams to field for operations.
- 1.2 The Recovery Vendor hereby represents that it complies and shall continue to comply with, adhere and strictly follow all the applicable labor laws, rules, regulations and requirements in respect of all matter relating to the Recovery Vendor Personnel, including but not limited to health and safety, restrictions on working hours, leaves and holidays without pay, etc.
- 1.3 In case of accident, theft or robbery by any Recovery Vendor Personnel providing Services under this Agreement, KE may register FIR /roznamcha/police report (wherever applicable). However, if KE is convinced that the incident is a result of negligence on the part of the Recovery Vendor, KE shall have exclusive rights to immediately terminate the Services being provided by the Recovery Vendor at the sole risk as to cost of the Recovery Vendor.

- 1.4 In no event, Recovery Vendor Personnel shall be deemed to be employees of KE, and no claim whatsoever would be entertained by KE including wages, salary, compensation and / or any statutory benefits due under the labor laws and other legislation. Recovery Vendor shall be responsible for providing such amenities to Recovery Vendor Personnel admissible under the laws/rules and services conditions. Recovery Vendor shall duly discharge all its legal obligations towards Recovery Vendor Personnel as their sole employer under the laws of Islamic Republic of Pakistan and shall keep KE fully indemnified and harmless against any claims, demands, costs, proceedings, litigations, any damage to properties, Recovery Vendor personnel and assets of Service provided and expenses etc. For the avoidance of doubt KE shall have no responsibility payments to or in respect of Recovery Vendor Personnel appointed by the Recovery Vendor from time to time under this Agreement.
- 1.5 Recovery Vendor Personnel performing the Services under this Agreement shall in all respects be employees of Recovery Vendor and they shall not be assigned to render Services to any other party while they are providing services under this Agreement at KE. All Recovery Vendor Personnel shall remain under the exclusive control and supervision of Recovery Vendor. In this regard, Recovery Vendor confirms that all such Recovery Vendor Personnel will only be employed by them after completion of due diligence, character checking, police clearance and necessary medical tests. No person being an ex-employee of KE, or its outsourced Recovery Vendors shall be employed by the Recovery Vendor without prior express intimation and consent of KE in writing. Recovery Vendor shall provide Recovery Vendor Personnel' details prior to appointment.
- 1.6 Recovery Vendor shall provide medical service(s) at its own expense, in case of any emergency and/or injury of Recovery Vendor Personnel at KE workplace, KE shall provide emergency treatment/first aid medical services. Notwithstanding, KE shall not be responsible for any remedial measure and/or compensation in case of any accident, injury or fatal accident during the course of Recovery Vendor Personnel providing Services under this Agreement. In this regard Recovery Vendor shall self-insure or take out an insurance policy with a creditable insurance company for any/all third-party liability claims that may occur during the provision of Services under this Agreement.
- 1.7 Recovery Vendor personnel shall not discuss remuneration, compensation model and benefits with any of KE Recovery Vendor and KE employees and keep this as confidential.

## SECTION 7: IRREGULAR DEFAULTERS (RO)

For the most efficient and effective receivable management, it is vital that current defaulter category within 6 months period is addressed and closely monitored to avoid spillover of defaulters to the chronic category i.e. RO spillover to SRC which can result increasing bad debts. Hence, regular paying consumers who have only recently defaulted may be assigned to designated collection agency who will be expected to attempt and encourage them for payment through door knocking exercise; a relatively softer measure of recovery effort aimed at current defaulters, restricting them to becoming habitual defaulters.

### A) CRITERIA

Central Receivable Management has derived a defaulter criterion that defines a target population that can be assigned under the RO initiative to external agencies. Criteria aims to define potential cases that may be assigned by IBCs daily to agencies. Defaulters that do not meet the below mentioned criteria will not be considered under RO assignment.

A system generated defaulter list, also known as RO pool, is made available to IBCs on a daily basis.

The pool categorizes defaulter in the following categories below:

1. **Type A:** It include consumers having only current month bill due of PKR 3,000 or more. These cases will fall into the pool **04 working days after due date in case default.**
2. **Type B:** It include consumers having arrears + current bill equal or more than PKR 3,000. These consumers will fall into pool **03 working days prior to the due date.** This will exclude the consumers with continuous six payments or more in last six months or more.
3. **Type C:** It include consumers having arrears + current bill equal or more than PKR 3,000 but paid continuous six payments or more in last six months or more. These consumers will fall into pool **04 working days after due date in case of default.**

Further details of RO Pool:

- RO assignment pool will consist of consumers, having last payment date ageing of less than six months.
- The assignment pool will only have the consumers with all A1-R, A2C and A3G (except net metering and employee benefits related subcategories).
- Consumers which will be assigned to and attempted by DC gangs, must not be assigned to ROs to avoid duplication for next 15 days. If no payment recovered in the said period, then IBC could assign these cases from pool to Ros to ensure multiple attempts for recovery.

If a case is assigned under RO portfolio, should not be assigned to KE disconnection gangs during assignment period of five working days.

It is entirely KE's discretion to either assign or not assign any case depending upon IBC's daily recovery strategy. Defaulters appearing in the pool can be assigned anytime within 5 working days of their first appearance as per IBC's discretion.

Once defaulters are assigned to external recovery agencies, they will remain with agencies for 05 working days for teams to conduct door knocking and related recovery efforts.

Designated recovery agencies will be expected to submit Meter Reading and pre-defined standard remarks to KE. Each standard remark must be well-versed with all agents operating within the IBC's vicinity.

B) REMARKS

Attempt Remarks	Abbreviation	Description
AGREED TO PAY	ATP	Consumer has agreed to make payment upon visit of RO.
BILL NOT RECEIVED	BNR	Consumer did not receive his monthly energy bill but has agreed to make payment once he receives his energy bill. RO to provide duplicate bill and ensure payment
BILLING DISPUTE	BD	Consumer has launched a billing dispute complaint and refuses to pay. However, RO must ensure partial or at-least current bill payment
COURT CASE	CC	There is currently a court case active for this case while previous dues have been set aside. RO to encourage partial or at-least current bill payment
FOLLOW UP VISIT REQUIRED	FUV	Consumer has agreed to make payment at a later time and requires another visit to follow up for payment
NEGOTIATIONS UNDER WAY	NUW	Due to heavy outstanding dues at consumer account, RO is engaged in negotiations with consumer. IBC teams may also be involved in instances where token/installment bill is needed
WARNING	W	Consumer was given a warning to make timely payment of the KE bill or may face subsequent actions under the NEPRA regulations. RO should follow up on such consumers.
ALREADY PAID	AP	Upon RO visit, it was found that the consumer had already made the payment prior to the visit of agency's appointed RO.  RO must enter Already Paid remarks to indicate that consumer was an auto-payer.



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REFERRED TO IBC	RIBC	RO could not ensure payment from the consumer and requested IBC to conduct disconnection.
ADDRESS NOT FOUND	ANF	RO was not able to locate consumer premises. This remark is critical to KE database since all such consumers shall undergo address correction and/or survey by KE
NOT AGREED TO PAY	NAP	Consumer has not agreed and resorted to non-payment
NOT ATTEMPTED	NA	Consumer could not be attempted, or no remarks were submitted by recovery agent and system has automatically marked as NA
PREMISES CLOSED	PC	Upon RO visit, premise of the consumer was closed
NOT ALLOWED	NA	Consumer did not allow RO to visit or open the door for recovery efforts.

Commission shall be paid to recovery agency on successful recovery within the given timeline. For commission, attempt for recovery on consumer premises is mandatory along with reading, remarks, and GPS coordinates. If meter reading and remarks is not provided, the attempt will not be considered as successful for commission.

KE retains the right to assign additional consumers or withdraw already assigned consumers from recovery agencies, in writing at any time without any prior notice.

#### C) MODE OF RECOVERY

Each recovery officer of the designate recovery agency will be expected to adopt certain modes of recovery that ensure the most effective approach in contacting defaulter thereby achieving maximum recovery of outstanding dues. KE will be expecting the following modes of recovery:

Recovery officers shall perform recovery efforts on assigned consumers by:

1. Locating consumer premises and paying visits to consumer premises,
2. Door Knocking of the assigned defaulter,
3. Making available, duplicate bill for the assigned defaulter (if required),
4. Engaging and softly speaking to consumer to encourage timely payment of bill,
5. Participate in mega disconnection drives for recovery from assigned pockets.

#### D) SYSTEM REQUIREMENT

Just like an MIS requirement under SRC, an RO agency must also have a fully capable data recording and storing system that ensures accurate recording and upkeep of the field operations data points. KE

expects that the RO MIS may not be as detailed as the one catering to the SRC domain but should be capable of recording and

- e) A fully integrated android application that should be able to capture on-field data points required to be captured by recovery officers.
- f) A desktop solution integrated with app to show live tracking of all resources available on field along with geofencing.
- g) Solution should provide live visibility of remarks and data being submitted by linemen and recovery officers.
- h) An integrated software to make phone calls and send SMS to consumers assigned for recovery purposes and relevant remarks against the efforts made through both mediums recorded in above mentioned MIS.
- i) All recovery officers to be equipped with handheld or smartphone devices with application that is synched with the above-mentioned MIS.

#### J) COORDINATION WITH STAKEHOLDERS

Strong communication is vital for any recovery agency to work with IBC recover teams or other KE stakeholders. KE will be expecting its designated recovery vendor to:

1. Ensure daily reporting to KE's IBC with progress of the day's efforts made on assigned defaulters.
2. Communicate and discuss on-ground issues and advise KE IBCs regarding best possible course of action to be taken against defaulting consumers under consideration.
3. Take into confidence IBC GM and consider potential advice with regard to defaulter engagement,

KE retains the right to assign consumers or withdraw already assigned consumers from recovery agencies, in writing at any time without prior notice.

KE expects designated recovery agency to communicate with the central receivable management (CRM) as well in providing complete data related to recovery efforts made by recovery officers as and when required.

#### H) VENDOR OBLIGATION

1.8 The Recovery Vendor must always ensure that when Recovery Vendor's Personnel are on KE's premises they:

- (f) have a copy of KE's Policies applicable to the Recovery Vendor and that they comply immediately and fully with such KE's policies.
- (g) immediately leave KE's premises if they are directed to leave KE's premises.
- (h) Always conduct themselves professionally to cause the minimum disruption to KE's business; and

- (i) comply fully with all safety, health, environmental and other policies of KE notified to the Recovery Vendor from time to time, and all relevant legislation.
- (j) Attend the TBT (Toolbox talk) on daily basis at IBC premises or at site before dispatching teams to field for operations.

- 1.9 The Recovery Vendor hereby represents that it complies and shall continue to comply with, adhere and strictly follow all the applicable labor laws, rules, regulations and requirements in respect of all matter relating to the Recovery Vendor Personnel, including but not limited to health and safety, restrictions on working hours, leaves and holidays without pay, etc.
- 1.10 In case of accident, theft or robbery by any Recovery Vendor Personnel providing Services under this Agreement, KE may register FIR /roznamcha/police report (wherever applicable). However, if KE is convinced that the incident is a result of negligence on the part of the Recovery Vendor, KE shall have exclusive rights to immediately terminate the Services being provided by the Recovery Vendor at the sole risk as to cost of the Recovery Vendor.
- 1.11 In no event, Recovery Vendor Personnel shall be deemed to be employees of KE, and no claim whatsoever would be entertained by KE including wages, salary, compensation and / or any statutory benefits due under the labor laws and other legislation. Recovery Vendor shall be responsible for providing such amenities to Recovery Vendor Personnel admissible under the laws/rules and services conditions. Recovery Vendor shall duly discharge all its legal obligations towards Recovery Vendor Personnel as their sole employer under the laws of Islamic Republic of Pakistan and shall keep KE fully indemnified and harmless against any claims, demands, costs, proceedings, litigations, any damage to properties, Recovery Vendor personnel and assets of Service provided and expenses etc. For the avoidance of doubt KE shall have no responsibility payments to or in respect of Recovery Vendor Personnel appointed by the Recovery Vendor from time to time under this Agreement.
- 1.12 Recovery Vendor Personnel performing the Services under this Agreement shall in all respects be employees of Recovery Vendor and they shall not be assigned to render Services to any other party while they are providing services under this Agreement at KE. All Recovery Vendor Personnel shall remain under the exclusive control and supervision of Recovery Vendor. In this regard, Recovery Vendor confirms that all such Recovery Vendor Personnel will only be employed by them after completion of due diligence, character checking, police clearance and necessary medical tests. No person being an ex-employee of KE, or its outsourced Recovery Vendors shall be employed by the Recovery Vendor without prior express intimation and consent of KE in writing. Recovery Vendor shall provide Recovery Vendor Personnel' details prior to appointment.
- 1.13 Recovery Vendor shall provide medical service(s) at its own expense, in case of any emergency and/or injury of Recovery Vendor Personnel at KE workplace, KE shall provide emergency treatment/first aid medical services. Notwithstanding, KE shall not be responsible for any remedial measure and/or compensation in case of any accident, injury or fatal accident during the course of Recovery Vendor Personnel providing Services under this Agreement. In this regard Recovery Vendor shall self-insure

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or take out an insurance policy with a creditable insurance company for any/all third-party liability claims that may occur during the provision of Services under this Agreement.

- 1.14 Recovery Vendor personnel shall not discuss remuneration, compensation model and benefits with any of KE Recovery Vendor and KE employees and keep this as confidential.