National Foam and Furniture Industries Co. Ltd.
Summary of Expansion plans

Introduction:

National foam and Furniture industries co. ltd, is a 100% Iraqi owned and operated industry, established in 2003 in Al Taji area north of Baghdad, to manufacture Polyurethane foams used in Furniture and Bedding. The investment was phased due to the lack of financing, and the first phase started production in May 2004. This proposal outlines the expansion plans into Phase 2, and the capital and financing requirements thereof. Summary of figures are presented in the MSExcell workbook attached.

Product diversification.

The company currently produces and sells Flexible PU foam blocks measuring 2mX2mX1.2m. The Iraqi market has been used to buying foam in blocks to be cut to desired sizes by small workshops all across Iraq. This service industry isn't adequate for Customer tastes and volumes due to being capital intensive. Very accurate figures show the market expanding at a fast pace, and will reach very large volumes that cannot be met with current installed capacities. The Company will add new product lines associated with cutting the foam and producing mattresses, pillows and comforters, which are an ideal addition to our product range. The new production lines will be the only ones in Iraq. The production plan will reach (but will not be limited to) the following levels after three years of the expansion:

Flexible Foam	6000 Tons
Mattresses	124,000 units
Pillows	20,000 units
Comforters	8,000 units

Market potential.

The market in Iraq for these products is very large and currently imports huge quantities of Foam, Mattresses, pillows and comforters to help fulfill demand. The Company's marketing activities are diversified throughout the country and are generating enquiries that outweigh production capacity. Accurate and reasonable forecasts of market size in the years to come will give the company a 15% market share in the foam business, 25% in the mattress business and a very small share of the pillows and comforters markets. This leaves plenty of room for expanding production capacity above current conservative estimates. Market demand has been correlated against accurate industry figures from around the world and particularly from neighboring countries where tastes and trends are similar.

Feasibility

Bedding is considered a vital commodity in any society. Mattresses and other bedding articles in Iraq have been scarce due to the bad economic conditions. About 12,000 tons of foam are being imported from Syria, Jordan and Turkey with very high freight costs and about 8000 tons are produced locally with less than average quality and poor distribution activities and market penetration. Our company brings into the market a wealth of experience in this industry in addition to a strong marketing organization.

Our expansion plans would introduce into the market new furniture styles that are cheap and adequate quality, as well as other highly competitive products that are not manufactured locally. Our manufacturing costs will be lower than imported product and we shall enjoy a margin related to the high freight costs of this volumetric product. In addition, our foams are of higher than standard quality, and coupled with a proactive marketing and advertisement campaigns we forecast to gain a leadership position in this industry within the following year. As a result, we estimate demand for our products will outrun our production capacities.

Labor

Our current workforce of 35 is adequate for operation and will gradually increase to 133 within 2 years. The workers both Blue and White collar are operating with great skill and a good team spirit. All are working on basic salary plus incentive paid at year end. There will be a new training section established to continuously upgrade employee skills. Current base pay is less that estimates for future years as we forecast inflation will dictate higher pay levels. Unemployment is rampant in factory neighborhood and there's a good source of workers for the project. We have endeavored to use a more labor intensive manufacturing process to save on capital and take advantage of the abundance of cheap labor in our society. All employees in the company will be incentive driven and will definitely make more than their salaries in incentive payments.

Loan and related financial matters.

NFFIC started with 100% equity as financing from other sources was not possible. Iraqi banks have very poor financing schemes and international organizations (IFC) consider such a project as too small. The proposed loan would fulfill company plans for expansion into the second phase. The partners are willing to put up current production facilities and land (total worth about $1.5 million without good will) as collateral, in the hope that this would be adequate. Interest is assumed as 10% of outstanding amounts paid annually at beginning of month 13. The full loan is paid back at the end of year 4 from loan award. The company would have generated enough cash to go into the third phase of expansion: New facilities in the South and Spring Mattress production in Baghdad.

The figures presented here outline the activities of the project as a whole. This includes existing investment (P

It is assumed that Loan will be awarded in Dec 2005 and interest is accrued January 2006

Cashflow
Raw materials will be purchased on cash-in-advance basis for two months until 90 day credit facilities are estab
Income form sales will start on cash against sales. After two months, it is forecasted that deferred payment sch

Cost of sales
Selling price assumed as current market level less 20%
Raw materials prices assumed as highest historical level plus 10%
Labour pay considered as double current pay in anticipation of forthcoming inflation.

Other notes
There will be an amount of foam generated as scrap and used in rebonded foam manufacturing.
the cost is already calculated in the main foam costing and the sales are an added bonus, not measured in this

Capital required for the expansion is $ 3,311,743. Of this $2,350,000 will be financed through medium term loa

Cash generated in the 4th and 5th years will be used for third phase expansion, including Spring mattress prod

Sales plan in line with forecasts which are conservative in relation to observations from market

Loan pay back in 4 years. No dividend distribution larger than loan repayment throughout loan period

IRR for whole project calculated as 46%

sting investment (Phase 1) and expansion (Phase 2)

it facilities are established with suppliers.
ferred payment schemes would be established.

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ot measured in this proposal.

h medium term loan. Balance paid by partners from op cashflow.

ɔring mattress production.

ket

an period

	Year 2004			Year 2005			Year 2006			Year 2007			Year 2008	
Total	#	$/Month	total $	#	$/Month	total $	#	$/Month	total $	#	$/Month	total $	#	$/Month
Secretary	0	$ 200	$ -	1	$ 200	$ 200	1	$ 200	$ 200	1	$ 200	$ 200	1	$ 200
Guards	4	$ 80	$ 320	8	$ 200	$ 1,600	8	$ 200	$ 1,600	8	$ 200	$ 1,600	8	$ 200
Maintenance Mechanic	1	$ 200	$ 200	2	$ 250	$ 500	2	$ 250	$ 500	2	$ 250	$ 500	2	$ 250
Electrician	1	$ 200	$ 200	3	$ 250	$ 750	3	$ 250	$ 750	3	$ 250	$ 750	3	$ 250
Maintenance helpers	2	$ 100	$ 200	4	$ 200	$ 800	4	$ 200	$ 800	4	$ 200	$ 800	4	$ 200
Nurse						$ -			$ -			$ -		
Safety supervisor						$ -			$ -			$ -		
Foaming section						$ -			$ -			$ -		
Foaming technician	1	$ 300	$ 300	1	$ 400	$ 400	1	$ 400	$ 400	1	$ 400	$ 400	1	$ 400
Assistants	2	$ 100	$ 200	2	$ 250	$ 500	2	$ 250	$ 500	2	$ 250	$ 500	2	$ 250
Block Cutter technician	1	$ 120	$ 120	1	$ 300	$ 300	1	$ 300	$ 300	1	$ 300	$ 300	1	$ 300
Helper	1	$ 80	$ 80	1	$ 200	$ 200	1	$ 200	$ 200	1	$ 200	$ 200	1	$ 200
Foam handlers	4	$ 80	$ 320	6	$ 200	$ 1,200	8	$ 200	$ 1,600	8	$ 200	$ 1,600	8	$ 200
Foam stacker	1	$ 120	$ 120	1	$ 300	$ 300	1	$ 300	$ 300	1	$ 300	$ 300	1	$ 300
						$ -			$ -			$ -		
						$ -			$ -			$ -		
Foam cutting section						$ -			$ -			$ -		
Vertical cutter		$ 300	$ -	2	$ 300	$ 600	2	$ 300	$ 600	2	$ 300	$ 600	2	$ 300
Helper		$ 200	$ -	2	$ 200	$ 400	2	$ 200	$ 400	2	$ 200	$ 400	2	$ 200
Horizontal cutter		$ 300	$ -	2	$ 300	$ 600	2	$ 300	$ 600	2	$ 300	$ 600	2	$ 300
Helper		$ 200	$ -	2	$ 200	$ 400	2	$ 200	$ 400	2	$ 200	$ 400	2	$ 200
Contour Cutter		$ 300	$ -	3	$ 300	$ 900	3	$ 300	$ 900	3	$ 300	$ 900	3	$ 300
Helpers		$ 200	$ -	3	$ 200	$ 600	3	$ 200	$ 600	3	$ 200	$ 600	3	$ 200
Carousel technician		$ 300	$ -	1	$ 300	$ 300	1	$ 300	$ 300	1	$ 300	$ 300	1	$ 300
Helper		$ 200	$ -	2	$ 200	$ 400	2	$ 200	$ 400	2	$ 200	$ 400	2	$ 200
Other cutting technicians		$ 300	$ -	3	$ 300	$ 900	3	$ 300	$ 900	3	$ 300	$ 900	3	$ 300
Section General handlers		$ 200	$ -	2	$ 200	$ 400	2	$ 200	$ 400	2	$ 200	$ 400	2	$ 200
						$ -			$ -			$ -		
Bedding Production Hall						$ -			$ -			$ -		
Carding machine operator		$ 300	$ -	1	$ 300	$ 300	1	$ 300	$ 300	1	$ 300	$ 300	1	$ 300
Carding oven supervisor		$ 250	$ -	1	$ 250	$ 250	1	$ 250	$ 250	1	$ 250	$ 250	1	$ 250
Carding section helpers		$ 200	$ -	3	$ 200	$ 600	3	$ 200	$ 600	3	$ 200	$ 600	3	$ 200
Pillow machine operator		$ 250	$ -	1	$ 250	$ 250	1	$ 250	$ 250	1	$ 250	$ 250	1	$ 250
Pillow packers		$ 200	$ -	2	$ 200	$ 400	3	$ 200	$ 600	3	$ 200	$ 600	3	$ 200

Quilting machine operator		$ 300	$ -	1	$ 300	$ 300	2	$ 300	$ 600	2	$ 300	$ 600	2	$ 300
Quilting machine prep technicians		$ 250	$ -	2	$ 250	$ 500	4	$ 250	$ 1,000	4	$ 250	$ 1,000	4	$ 250
Handlers		$ 200	$ -	3	$ 200	$ 600	6	$ 200	$ 1,200	6	$ 200	$ 1,200	6	$ 200
Matress tackers		$ 250	$ -	3	$ 250	$ 750	3	$ 250	$ 750	5	$ 250	$ 1,250	5	$ 250
Matress tape edge operators		$ 300	$ -	3	$ 300	$ 900	3	$ 300	$ 900	5	$ 300	$ 1,500	5	$ 300
Handlers		$ 200	$ -	3	$ 200	$ 600	3	$ 200	$ 600	4	$ 200	$ 800	4	$ 200
Sewing machine operators		$ 200	$ -	3	$ 200	$ 600	4	$ 200	$ 800	4	$ 200	$ 800	4	$ 200
General section line feeders				2	$ 200	$ 400	4	$ 200	$ 800	4	$ 200	$ 800	4	$ 200
						$ -			$ -			$ -		
Total Monthly Direct labor	**18**		**$ 2,060**	**80**		**$ 18,700**	**92**		**$ 21,300**	**97**		**$ 22,600**	**97**	
Total annual direct labor	**18**		**$24,720**	**80**		**$224,400**	**92**		**$255,600**	**97**		**$271,200**	**97**	

Indirect Labor														
General Manager	1	$ 700	$ 700	1	$1,000	$ 1,000	1	$1,000	$ 1,000	1	$1,350	$ 1,350	1	$1,350
Financial controller		$ 500	$ -	1	$ 500	$ 500	1	$ 500	$ 500	1	$ 500	$ 500	1	$ 500
Materials Manager		$ 400	$ -	1	$ 400	$ 400	1	$ 400	$ 400	1	$ 400	$ 400	1	$ 400
Sales Manager	1	$ 300	$ 300	1	$ 500	$ 500	1	$ 500	$ 500	1	$ 500	$ 500	1	$ 500
Employee relations manager		$ 350	$ -	1	$ 350	$ 350	1	$ 350	$ 350	1	$ 350	$ 350	1	$ 350
Plant Manager		$ 500	$ -	1	$ 500	$ 500	1	$ 500	$ 500	1	$ 500	$ 500	1	$ 500
			$ -			$ -			$ -			$ -		
Accountants/Payroll clerk	1	$ 150	$ 150	3	$ 250	$ 750	3	$ 250	$ 750	3	$ 250	$ 750	3	$ 250
Despatcher/Store keeper	2	$ 120	$ 240	4	$ 300	$ 1,200	4	$ 300	$ 1,200	4	$ 300	$ 1,200	4	$ 300
Secretaries	1	$ 120	$ 120	3	$ 200	$ 600	3	$ 200	$ 600	3	$ 200	$ 600	3	$ 200
Salesmen	4	$ 150	$ 600	8	$ 350	$ 2,800	8	$ 350	$ 2,800	8	$ 350	$ 2,800	8	$ 350
Drivers	2	$ 120	$ 240	6	$ 200	$ 1,200	6	$ 200	$ 1,200	6	$ 200	$ 1,200	6	$ 200
ER staff	1	$ 135	$ 135	2	$ 250	$ 500	2	$ 250	$ 500	2	$ 250	$ 500	2	$ 250
Gofers	2	$ 100	$ 200	2	$ 200	$ 400	2	$ 200	$ 400	2	$ 200	$ 400	2	$ 200
Guards	2	$ 100	$ 200	2	$ 200	$ 400	2	$ 200	$ 400	2	$ 200	$ 400	2	$ 200
Total Monthly Indirect Worforce	**17**		**$ 2,885**	**36**		**$ 11,100**	**36**		**$ 11,100**	**36**		**$ 11,450**	**36**	
Total Annual Indirect workforce	**17**		**$34,620**	**36**		**$133,200**	**36**		**$133,200**	**36**		**$137,400**	**36**	

Total Company Monthly Workforce	**35**		**$ 4,945**	**116**		**$ 29,800**	**128**		**$ 32,400**	**133**		**$ 34,050**	**133**	
Total Company Annual Workforce	**35**		**$59,340**	**116**		**$357,600**	**128**		**$388,800**	**133**		**$408,600**	**133**	

2008
total $
$ 200
$ 1,600
$ 500
$ 750
$ 800
$ -
$ -
$ -
$ 400
$ 500
$ 300
$ 200
$ 1,600
$ 300
$ -
$ -
$ -
$ 600
$ 400
$ 600
$ 400
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$ 600
$ 300
$ 400
$ 900
$ 400
$ -
$ -
$ 300
$ 250
$ 600
$ 250
$ 600

$ 600
$ 1,000
$ 1,200
$ 1,250
$ 1,500
$ 800
$ 800
$ 800
$ -
$ 22,600
$271,200

$ 1,350
$ 500
$ 400
$ 500
$ 350
$ 500
$ -
$ 750
$ 1,200
$ 600
$ 2,800
$ 1,200
$ 500
$ 400
$ 400
$ 11,450
$137,400

$ 34,050
$408,600

	Overall project requirement			Already Paid
Material storage and handling	QTY	U Price	Total price	Phaze 1
Polyol SS Storage Tanks	1	$25,000	$ 25,000	$ -
Chemical Transfer pumps	2	$200	$ 400	$ -
Overhead Crane	1	$40,000	$ 40,000	$ -
Foam blocks transport conveyor	1	$30,000	$ 30,000	$ -
Fork lift truck	2	$15,000	$ 30,000	$ 5,000
Trolleys	24	$25	$ 600	$ 600
A/C's Hot/Cold	20	$350	$ 7,000	$ 7,000
Total material handling section			**$ 133,000**	**$ 12,600**

Foam production hall

SS Tanks Daily use	2	$ 9,500	$ 19,000	$ 12,350
Chemical pumps for daily tanks	2	$ 200	$ 400	$ 400
Heat Exchangers Heat and Cool	2	$ 12,500	$ 25,000	$ -
Foaming machine	1	$ 435,000	$ 435,000	$ 435,000
Block cutter saw	1	$ 56,000	$ 56,000	$ 56,000
Lab & test equipment	1	$ 12,000	$ 12,000	$ -
Bonded foam plant	1	$ 32,500	$ 32,500	$ -
Scrap shredder	1	$ 12,540	$ 12,540	$ -
Steam generator	1	$ 7,000	$ 7,000	$ -
Scrap foam Silo	1	$ 12,000	$ 12,000	$ -
Ventilation fans	7	$ 500	$ 3,500	$ 3,500
Ventilation Ducts	1	$ 3,650	$ 3,650	$ 3,650
A/C's	20	$ 350	$ 7,000	$ 2,480
Total Foam production hall			**$ 625,590**	**$ 513,380**

Foam cutting section

CNC Vertical band saw	2	$ 83,160	$ 166,320	$ -
CNC Horizontal band saw	2	$ 118,800	$ 237,600	$ -
Carousel horizontal Band saw	1	$ 164,000	$ 164,000	$ -
CNC Contour Cutter	3	$ 225,000	$ 675,000	$ -
Block Trimmer	1	$ 30,000	$ 30,000	$ -
Manual Vertical	2	$ 23,000	$ 46,000	$ -
Manual Horizontal	2	$ 27,000	$ 54,000	$ -
Foam coring cutter	1	$ 25,000	$ 25,000	$ -
Foam peeler	1	$ 42,500	$ 42,500	$ -
Spare blades		$ 6,000	$ -	$ -
Total foam cutting section			**$ 1,440,420**	**$ -**

Polyester fiber fill section

Polyester Carding line	1	$ 238,000	$ 238,000	$ -
Polyester curing oven	1	$ 284,000	$ 284,000	$ -
Automatic PES sheet roller & cutter	1	$ 37,000	$ 37,000	$ -
Pillow fill and stitch line	1	$ 61,000	$ 61,000	$ -
Sawing machines	8	$ 1,250	$ 10,000	$ -
Automatic Quilting 24 needle	1	$ 176,300	$ 176,300	$ -
Chain stitch machine	2	$ 97,800	$ 195,600	$ -
Edge stitching machine	2	$ 4,500	$ 9,000	$ -
Cloth cutters	4	$ 2,400	$ 9,600	$ -
Tape edge machines	4	$ 7,350	$ 29,400	$ -
Mattress assembly tables	4	$ 1,150	$ 4,600	$ -
Pillow & Quilt packing presses	2	$ 4,500	$ 9,000	$ -
Total Mattress section			**$ 1,063,500**	**$ -**
fire & safety eq.	Lumpsum	$ 25,000	$ 25,000	$ 25,000

Maintenance Workshop	lumpsum	$	25,500	$	25,500	$	12,300
Total Maintenance Section				**$**	**50,500**	**$**	**37,300**

Civil Works

New steel building	7500	$	35	$	262,500	$	125,500
Land Grading and filling	15500	$	2.5	$	38,750	$	25,000
Road Paving	4600	$	7	$	32,200	$	17,500
Concrete footings	162	$	260	$	42,120	$	12,400
Concrete floor	7500	$	13	$	97,500	$	33,500
Exterior Walls	3375	$	7.5	$	25,313	$	22,150
Other building finishing	Lumpsum			$	15,000	$	15,000
Insulated rooms	3	$	7,500	$	22,500	$	7,800
Stores cooling and heating system	5	$	2,500	$	12,500	$	5,000
Electrical Network	1	$	35,000	$	35,000	$	15,000
Other Civil works contingency	1	$	20,000	$	20,000	$	7,350
Generator	5	$	9,270	$	46,350	$	18,540
Land	20000m2	$	8.5	$	170,000	$	170,000
Total civil Works				**$**	**819,733**	**$**	**474,740**
Total Direct capital				**$**	**4,132,743**	**$**	**1,038,020**

Indirect Capital items

Office furniture	20	$	1,200	$	24,000	$	15,600
Computers	20	$	1,200	$	24,000	$	15,600
Telephone network	1	$	13,500	$	13,500	$	13,500
Network & Sat. Internet	1	$	8,000	$	8,000	$	8,000
Delivery Trailers	4	$	50,000	$	200,000	$	25,500
Van/Pickup truck	2	$	20,000	$	40,000	$	15,780
A/C's	12	$	300	$	3,600	$	2,100
Miscellaneous office equip.	1	$	15,000	$	15,000	$	15,000
Total indirect capital				**$**	**328,100**	**$**	**111,080**
Total Fixed Assets				**$**	**4,460,843**	**$**	**1,149,100**

Pre-operating expenses				**$**	**100,000**	**$**	**100,000**
Working Capital				**$**	**250,000**	**$**	**250,000**

Total financing required				**$**	**4,810,843**	**$**	**1,499,100**

Depreciation schedules

Direct depreciation							Phase 1
Land and related items (25 years)						$	456,200
Durable items (10 years)						$	581,820
Total direct depreciation						**$**	**76,430**

indirect Items (5 years)						$	111,080
Total indirect depreciation						**$**	**22,216**

Budget for expansion	
Phaze 2	
$	25,000
$	400
$	40,000
$	30,000
$	25,000
$	-
$	-
$	**120,400**

$	6,650
$	-
$	25,000
$	-
$	-
$	12,000
$	32,500
$	12,540
$	7,000
$	12,000
$	-
$	-
$	4,520
$	**112,210**

$	166,320
$	237,600
$	164,000
$	675,000
$	30,000
$	46,000
$	54,000
$	25,000
$	42,500
$	-
$	-
$	**1,440,420**

$	238,000
$	284,000
$	37,000
$	61,000
$	10,000
$	176,300
$	195,600
$	9,000
$	9,600
$	29,400
$	4,600
$	9,000
$	**1,063,500**
$	-

$	13,200
$	**13,200**

$	137,000
$	13,750
$	14,700
$	29,720
$	64,000
$	3,163
$	-
$	14,700
$	7,500
$	20,000
$	12,650
$	27,810
$	-
$	**344,993**
$	**3,094,723**

$	8,400
$	8,400
$	-
$	-
$	174,500
$	24,220
$	1,500
$	-
$	**217,020**
$	**3,311,743**

$	**-**
$	**-**

$	**3,311,743**

	Phase 2
$	317,183
$	2,777,540
$	**290,441**

$	217,020
$	**43,404**

Sales forecast 2004 shown on income statement for that year.

Sales plan 2005

Foam department sales	tons	m3	Per M3	Total Sales	Cost of sales	
Regular 15k foam	900	55,800	$ 31	$ 1,735,938	$ 1,635	$ 1,471,089
Mumtaz 20 kg/m3	1050	48,825	$ 61	$ 2,983,696	$ 1,635	$ 1,716,271
Super 28 kg/m3	750	24,911	$ 75	$ 1,868,304	$ 1,635	$ 1,225,908
HLB Foam 35 kg/m3	180	4,783	$ 86	$ 411,852	$ 1,635	$ 294,218
HR foam 35 kg/m3	120		$ 125	$ 15,000	$ 1,795	$ 215,400
Tons Bonded foam		-		$ -		
Total Foam sales	**3000**	**134,319**		**$ 7,014,789**		**$ 4,922,886**

Budget Quality	# units	Price/ unit	Total revenue		
Single 200X80X10	2,000	$ 9	$ 18,000	$ 7.57	$ 15,140
Twin 200X100X10	2,000	$ 11	$ 22,000	$ 9.46	$ 18,911
Queen 200X180X10	1,000	$ 18	$ 18,000	$ 16.30	$ 16,302
King 200X200X10	1,000	$ 20	$ 20,000	$ 18.01	$ 18,013
Total matreses	**6,000**		**$ 78,000**		**$ 68,366**
Medium quality	# units	Price/ unit	Total revenue		
Single 200X80X15	1,000	$ 27	$ 27,000	$ 22.12	$ 22,123
Twin 200X100X15	1,000	$ 32	$ 32,000	$ 26.82	$ 26,817
Queen 200X180X15	600	$ 54	$ 32,400	$ 48.58	$ 29,150
King 200X200X15	600	$ 64	$ 38,400	$ 53.30	$ 31,983
Total matreses	**3,200**		**$ 129,800**		**$ 110,073**
High quality Composite	# units	Price/ unit	Total revenue		
Single 200X80X20	300	$ 75	$ 22,500	$ 34.28	$ 10,284
Twin 200X100X20	300	$ 84	$ 25,200	$ 42.81	$ 12,844
Queen 200X180X20	300	$ 150	$ 45,000	$ 76.17	$ 22,851
King 200X200X20	300	$ 165	$ 49,500	$ 83.88	$ 25,165
Total matreses	**1,200**		**$ 142,200**		**$ 71,144**

Pillows and Comforters	# units	Price/ unit	Total revenue		
Pillows	5,000	$ 4	$ 20,000	$ 2.47	$ 12,350
Comforter Single	2,500	$ 18	$ 45,000	$ 12.23	$ 30,563
Comforter Double	1,000	$ 35	$ 35,000	$ 23.45	$ 23,450
Total P&C sales			**$ 100,000**		**$ 66,363**

Total Bedding Dept Sales	**$ 450,000**	**COS**	**$ 315,946**
Total sales year 2	**$ 7,464,789**	**COS year 2**	**$ 5,238,831**

Sales plan year 3	tons	m3	Per M3	Total Sales		
Regular 15k foam	1200	74,400	$ 31	$ 2,314,584	$ 1,635	$ 1,961,452
Mumtaz 20 kg/m3	1400	65,100	$ 61	$ 3,978,261	$ 1,635	$ 2,288,361
Super 28 kg/m3	1000	33,214	$ 75	$ 2,491,071	$ 1,635	$ 1,634,544
HLB Foam 35 kg/m3	240	6,377	$ 86	$ 549,136	$ 1,635	$ 392,290
HR foam 35 kg/m3	160		$ 125	$ 20,000	$ 1,795	$ 287,200
Tons Bonded foam		-		$ -		
Total Foam sales	**4000**	**179,091**		**$ 9,353,052**		**$ 6,563,848**

Budget Quality	# units	Price/ unit	Total revenue		
Single 200X80X10	8,000	$ 9	$ 72,000	$ 7.57	$ 60,561
Twin 200X100X10	8,000	$ 11	$ 88,000	$ 9.46	$ 75,645
Queen 200X180X10	4,000	$ 18	$ 72,000	$ 16.30	$ 65,207
King 200X200X10	4,000	$ 20	$ 80,000	$ 18.01	$ 72,053
Total matreses	**24,000**		**$ 312,000**		**$ 273,466**
Medium quality	# units	Price/ unit	Total revenue		
Single 200X80X15	4,000	$ 27	$ 108,000	$ 22.12	$ 88,493
Twin 200X100X15	4,000	$ 32	$ 128,000	$ 26.82	$ 107,269
Queen 200X180X15	2,500	$ 54	$ 135,000	$ 48.58	$ 121,458
King 200X200X15	2,500	$ 64	$ 160,000	$ 53.30	$ 133,261
Total matreses	**13,000**		**$ 531,000**		**$ 450,480**
High quality Composite	# units	Price/ unit	Total revenue		
Single 200X80X20	750	$ 75	$ 56,250	$ 34.28	$ 25,710
Twin 200X100X20	750	$ 84	$ 63,000	$ 42.81	$ 32,109

Queen 200X180X20	750	$ 150	$ 112,500		$ 76.17	$ 57,128
King 200X200X20	750	$ 165	$ 123,750		$ 83.88	$ 62,913
Total matreses	**3,000**		**$ 355,500**			**$ 177,860**
Pillows and Comforters	# units	Price/ unit	Total revenue			
Pillows	10,000	$ 4	$ 40,000		$ 2.47	$ 24,700
Comforter Single	4,000	$ 18	$ 72,000		$ 12.23	$ 48,900
Comforter Double	2,000	$ 35	$ 70,000		$ 23.45	$ 46,900
Total P&C sales			**$ 182,000**			**$ 120,500**
Total Bedding Dept Sales			**$ 1,380,500**	**COS**		**$ 1,022,306**
Total sales year 3			**$ 10,733,552**	**COS year 3**		**$ 7,586,153**

Sales plan year 4	**tons**	**m3**	**Per M3**	**Total Sales**		
Regular 15k foam	1650	102,300	$ 31	$ 3,182,553	$ 1,635	$ 2,696,997
Medium 20 kg/m3	1925	89,513	$ 61	$ 5,470,109	$ 1,635	$ 3,146,497
Super 28 kg/m3	1375	45,670	$ 75	$ 3,425,223	$ 1,635	$ 2,247,498
HLB Foam 35k/m3	330	8,769	$ 86	$ 755,062	$ 1,635	$ 539,399
HR foam 35 k/m3	220		$ 125	$ 27,500	$ 1,795	$ 394,900
Tons Bonded foam		-		$ -		
Total foam sales	**5500**	**246,251**		**$ 12,860,447**		**$ 9,025,290**
Matress sales	# units	Price/ unit	Total revenue			
Budget Quality						
Single 200X80X10	16,000	$ 9	$ 144,000		$ 7.57	$ 121,122
Twin 200X100X10	16,000	$ 11	$ 176,000		$ 9.46	$ 151,290
Queen 200X180X10	8,000	$ 18	$ 144,000		$ 16.30	$ 130,414
King 200X200X10	8,000	$ 20	$ 160,000		$ 18.01	$ 144,106
Total matreses	**48,000**		**$ 624,000**			**$ 546,932**
Medium quality	# units	Price/ unit	Total revenue			
Single 200X80X15	8,000	$ 27	$ 216,000		$ 22.12	$ 176,985
Twin 200X100X15	8,000	$ 32	$ 256,000		$ 26.82	$ 214,537
Queen 200X180X15	5,000	$ 54	$ 270,000		$ 48.58	$ 242,916
King 200X200X15	5,000	$ 64	$ 320,000		$ 53.30	$ 266,522

Total matreses	**52,000**		**$ 1,062,000**
High quality Composite	# units	Price/ unit	Total revenue
Single 200X80X20	3,000	$ 75	$ 225,000
Twin 200X100X20	3,000	$ 84	$ 252,000
Queen 200X180X20	3,000	$ 150	$ 450,000
King 200X200X20	3,000	$ 165	$ 495,000
Total matreses	**24,000**		**$ 1,422,000**

Pillows and Comforters	# units	Price/ unit	Total revenue
Pillows	20,000	$ 4	$ 80,000
Comforter Single	4,000	$ 18	$ 72,000
Comforter Double	4,000	$ 35	$ 140,000
Total P&C sales			**$ 292,000**

Total Bedding Dept Sales	**$ 3,400,000**

Total sales year 4	**$ 16,260,447**

		$ 900,961
$ 34.28		$ 102,840
$ 42.81		$ 128,436
$ 76.17		$ 228,510
$ 83.88		$ 251,652
		$ 711,438

$ 2.47	$ 49,400
$ 12.23	$ 48,900
$ 23.45	$ 93,800
	$ 192,100

COS	**$ 2,351,430**

COS year 4	**$ 11,376,721**

Year 5 onwards same as year 4

PROJECTED INCOME STATEMENT	2004 YEE	2005F	2006F	2007F
Sales (Monthly)	$ 222,110	$ 622,066	$ 894,463	$ 1,355,037
Total Annual Sales revenue	$ 1,554,770	$ 7,464,789	$ 10,733,552	$ 16,260,447
Sales Commission		$ 74,648	$ 107,336	$ 162,604
Transport		$ 149,296	$ 214,671	$ 325,209
Income from Sales	**$ 1,554,770**	**$ 7,240,845**	**$ 10,411,546**	**$ 15,772,633**
Cost of Sales				
Material	**$ 995,280**	**$ 5,238,831**	**$ 7,586,153**	**$ 11,376,721**
Direct Costs				
Labor	$ 24,720	$ 224,400	$ 255,600	$ 271,200
Direct Depreciation	$ 76,430	$ 290,441	$ 290,441	$ 290,441
Rental & Other	$ 20,000	$ -	$ -	$ -
Total Direct Costs	**$ 121,150**	**$ 514,841**	**$ 546,041**	**$ 561,641**
Total cost of sales	**$ 1,116,430**	**$ 5,753,673**	**$ 8,132,195**	**$ 11,938,362**
Gross Profit	**$ 438,340**	**$ 1,487,173**	**$ 2,279,351**	**$ 3,834,271**
Commission & Other Income	$ -	$ -	$ -	$ -
TOTAL REVENUE	**$ 438,340**	**$ 1,487,173**	**$ 2,279,351**	**$ 3,834,271**
Indirect Costs /Operating Expenses				
Salaries	$ 34,620	$ 133,200	$ 133,200	$ 137,400
Other Personnel Costs	$ -	$ 13,320	$ 13,320	$ 13,740
Rent & Office Accommodation	$ 12,000	$ 20,000	$ 60,000	$ 60,000
Transport & Travel	$ 2,500	$ 20,000	$ 40,000	$ 40,000
Supplies & Services	$ 2,000	$ 20,000	$ 35,000	$ 35,000
Financial Charges	$ -	$ -	$ -	$ -
Amortization	$ 20,000	$ 20,000	$ 20,000	$ 20,000
General Administration	$ 3,500	$ 20,000	$ 35,000	$ 35,000
Indirect Depreciation	$ 22,216	$ 43,404	$ 43,404	$ 43,404
TOTAL OPERATING EXPENSES	**$ 96,836**	**$ 289,924**	**$ 379,924**	**$ 384,544**
OPERATING INCOME	**$ 341,504**	**$ 1,197,249**	**$ 1,899,427**	**$ 3,449,727**
Medium term loan interest @10%		**$ 235,400**	**$ 235,400**	**$ 135,400**
Employee and Workers' Bonus	$ 17,075	$ 59,862	$ 94,971	$ 172,486
Tax				
NET INCOME	**$ 324,429**	**$ 901,986**	**$ 1,569,056**	**$ 3,141,841**
Operating Cash Flow	**$ 575,920**	**$ 1,089,009**	**$ 2,093,567**	**$ 3,587,696**
ROS	**21%**	**12%**	**15%**	**19%**
ROE	**22%**	**60%**	**105%**	**210%**
ROI	**22%**	**19%**	**33%**	**65%**
Workforce	**35**	**116**	**128**	**133**

2008F
$ 1,355,037
$ 16,260,447
$ 162,604
$ 325,209
$ 15,772,633
$ 11,376,721
$ 271,200
$ 290,441
$ -
$ 561,641
$ 11,938,362
$ 3,834,271
$ -
$ 3,834,271
$ 137,400
$ 13,740
$ 60,000
$ 40,000
$ 35,000
$ -
$ 20,000
$ 35,000
$ 43,404
$ 384,544

$ 3,449,727
$ 35,400
$ 172,486
$ 3,241,841
$ 3,718,573
20%
216%
67%
133

Investment and Capital cashflow				
Non Operating cash flow	year 1	year 2	year 3	year 4
Cash BOY	$ 250,000	$ 825,920	$ 953,929	$ 2,312,497
Financing for Expansion*	$ -	$ 2,350,000		
Cash from operations	$ 575,920	$ 1,089,009	$ 2,093,567	$ 3,587,696
Re-investment**	$ -	$ (3,311,000)		
Interest on loan			$ (235,000)	$ (135,000)
Dividend	$ -	$ -	$ -	$ (500,000)
Loan payback	$ -	$ -	$ (500,000)	$ (1,000,000)
Net cash YE	$ 825,920	$ 953,929	$ 2,312,497	$ 4,265,192

* Amount of loan requested

** Total Funds required for expansion

Year 5
$ 4,265,192
$ 3,718,573
$ (35,000)
$ (850,000)
$ (850,000)
$ 6,098,765

	Month 1	Month 2	Month 3	Month 4	Month 5
Project timing related to loan					
Loan approved					
Funds into company C/A					
New Equipment					
Open L/C's for new equipment					
Sign contract for new buildings					
Delivery CNC Cutting Machines					
Delivery Manual cutting machines					
Delivery pillow machine					
Arrival Quilting machine					
Delivery PET Carding m/c and Oven					
Delivery ancillary equipment					
Buildings					
Construction new building + Infrastructure					
Power network and material tanks					
Commissioning & Startup					
Order first batch raw materials					
Arrival Raw Materials					
Cutting section commissioning					
Bedding section commissioning					
Commercial production					

Month 6	Month 7	Month 8	Month 9	Month 10	Month 11
			Installation		
	Installation				
Installation					
Installation		Oven	Installation		

TRIANGLE NUMBERS IRAQ

(b)(6)

(b)(6)

From: (b)(6)
Sent: Wednesday, July 07, 2004 1:25 PM
To: (b)(6)
Cc:
Subject: RE: TNI Profile – REPLY

Dear (b)(6)

Thank you for sending me the information on your company Triangle Numerous Iraq. We have prepared Loan Proposal Guidelines and ask that you complete the information requested in the Guidelines. Once this is completed and e-mailed to us then we will be able to determine if the type of loan request you are seeking fits the criteria of the mid-market loan program. Please keep in mind that the program is for companies that are owned and operated by Iraqi's.

If you have any questions please feel free to give me a call.

Regards,
(b)(6)

-----Original Message-----
From: (b)(6) mailto:a (b)(6)
Sent: Tuesday, July 06, 2004 5:19 PM
To: (b)(6)
Subject: TNI Profile
Importance: High

(b)(6)
With reference to our telephone conversation, please find attached our company profile, and I'll be waiting for your application forms.
Please don't hesitate to contact me if you require further clarifications.
Thank you and best regards,

(b)(6)

TRIANGLE NUMERUS IRAQ

Company Profile and Capabilities

Company Background

Triangle Numerous Iraq (TNI) is a joint venture between Triangle International (El Tawil Group – Profile on website www.triangle.com.eg) and Numerus Holdings (Shanshal Group – Profile attached). This joint venture was established in 2003 to leverage the extensive international and local experience and resources of both groups in identifying and developing business opportunities in Iraq. The Triangle Numerus Iraq joint venture relies on over 100 years of combined business experience and notable accomplishments in various business sectors in the region and in Iraq specifically.

Current Activities Iraq

Within one month of its formation TNI was selected as one of the principal distribution partners for Orascom Telecom's **IraQna GSM network**. In a period of less than six weeks TNI was able to create an operational distribution network for GSM lines, handsets and refill scratch cards. This included the establishment of a network of over 35 branded and non-branded retail outlets throughout Baghdad and the central region, the establishment of independent dedicated offices, hiring and training of local and expatriate staff and the creation of a competent internal security team.

After less than 6 months of operation in the Iraqi market, TNI has developed an aggressive sales and marketing policy that generated substation turnover which positioned us as the leader in the market with over 26% market share and well renouned reputation.

TNI is also in the process of establishing a telecommunication project that is planned to be launched by the beginning of the 2nd quarter of 2004. The main objective of this project is to expand the TNI existence in the telecommunication and distribution business.

On the projects side; TNI has established a separate division that is focused on projects in the following sectors:

- Oil & Gas
- Power generation and transmission
- Civil Aviation and airports
- Transportation (Railroads and Highways)
- Telecommunications & IT
- Industrial projects
- Small and medium size water treatment plants

TNI with its professional team and strong connection was awarded several projects to major multinational companies working in Iraq, in contracting, supply; logistic support and IT supply installation and services.

TNI utilized and took advantage of the strength of the two groups; **Triangle's** experience and expertise through its successful alliance with Major US and International companies in the Egyptian market and the Middle East; **Numerus'** local market knowledge, and expertise and strong presence in the Iraqi market and was able to strength its existence in the Iraqi market. TNI is considered one of the well renouned companies in Iraq.TNI is also involved in other services and capabilities that add value to its Iraqi presence.

Services & Capabilities

- Offices
- Housing
- Human Resources and recruiting of Qualified Local Staff
- Provision of Machinery and Equipment

- Security
- Contracting

The group has participated in a number of large projects in various sectors in Iraq and in the region. In additions to its own technical resources, TNI is supported by an experienced group of associate Iraqi firm. These firms have extensive track record in their specialized fields which include:

- Design and Engineering Consultants
- Civil Works and Construction
- Electrical and Electromechanical Works
- Welding and Metal Works
- Other
- Logistics and Transportation

Oil & Gas Supplies and Services

Equipment Supply

- Centrifugal & Reciprocating Compressor
- Vacuum Pumps /Packages
- Centrifugal Pumps
- HP Pumps for Ammonia
- BFW Pumps
- Solution Pumps
- Gas Turbine General
- Vessel
- Turbine for Ammonia & UREA Plant
- Silencer
- Separator
- Heat Exchanger, Shell & Tube
- Heat Exchanger, Plate
- Tank, Shop assembled

- Flare
- Pipes
- Instrument Air Station (Compressors)
- Emergency Power Engine (Diesel Generator)
- Air Separation unite N2 Generation
- Water Treatment
- Cranes
- DCS – system
- Instrumentation
- Ball valves CS/SS
- Butterfly valves
- Safety valves
- Centrifugal Pumps
- Piping Material
- Belt Conveyors, Chutes, Product Handling Equipment
- Steel Structures
- Handling & hoisting equipment
- Oiling & seals
- Electrical equipment
- SCADA
- Safety wear & equipment
- Inspection equipment
- Vehicles (Government & military from Freightliner)
- Fire trucks
- Caravans

Services

Inspection

- Tubing Inspection
- Drill Pipe Inspection
- Casing Inspection

- Bottom Hole Assembly
- Hoisting & Handling Equipment
- Rig Mast & Structure Inspection
- Shoulder Re facing
- Pipe Straightening
- Coating
- Welding Inspection

Flow Line Services

- Installation
- Hydrostatic test

In addition to the above services, and by establishing partnership agreements with International well recognized oil field service companies, we have succeeded in expanding our scope of services to include the following:

- Fixed Offshore Platforms
- Single Point Moorings
- Marine Operations
- Pipelines & Seal lines
- Petrochemical & Water Treatment Plants
- Power Generation Plants
- Cranes
- Classed Mobile Units
- Civil Field
- Environmental Certification of Industrial Sites
- Marine Field
- Supplier Qualification
- Risk Analysis & HSE

Electrical Supplies

- Circuit breakers
- Electrical distribution boards
- Programming and timing devices
- Signaling devices
- Combinable earth – leakage modules
- Light switches
- Electrical socket outlets
- Data and telephone sockets and connectors
- TV & SAT socket connectors
- Acoustic signaling devices
- Indicators and emergency lamps
- Gas detectors
- Electrical safety devices
- Devices for sound diffusion system
- Intrusion detectors systems
- Devices for video door entry systems
- Burglar alarm system
- Communication general survey
- Low voltage insulated wires
- 6/1 KV power cables
- Medium and high voltage power cables
- Overhead conductors
- Covered overhead conductors

I T Services

- Software development
- IT training and education program
- System integration
- Hardware delivery, installation and support.

- HW architecture design & deployment
- CAD services using INTERGRAPH applications
- Mapping and GIS services
- Storage solutions, and SANs
- VOIP networks design & Implementations
- Structured Cabling Systems design and implementations
- End-to-end LAN & WAN design, implementation, and performance diagnostics & management.
- Design & Deployment of: Firewalls, Intrusion Detection Systems, System Scanners, Web based systems.
- Service Applications
- E-Commerce
- Computer Telephony Integration
- Integrated Voice Response – IVR
- Enterprise Asset Management
- Document Management Systems
- Business Intelligence
- Intranet Portals

Telecommunications Services

- Data connectivity that includes DSL, ISDN, VPN, and dial up services.
- Offers professional services mainly to leading carrier class manufacturers in the field of telecommunications
- State-of-the art call center facility, with a multilingual customer oriented team catering to regional clients, services include; tele-sales, tele-marketing, tele-research and tele-support.
- Delivering services, network and infrastructure solutions to telecommunications
- Service providers.

Airport Supply

- Baggage Conveying System
- Flight Information Display System
- Airfield Lighting System
- 400 HZ fixed ground power supply
- Pre-Conditioned Air
- Visual Docking System
- Aluminum Alloy Seam Roofing
- G.R.P Molded Architectural Ornamentation Counters
- Passenger Loading Bridges
- HVAC
- Escalators
- Travellators
- Elevators
- Apron Control Tower
- Automatic Control
- ric motorsElect
- MCC Components
- Building Automation Systems
- Cables
- Lighting
- Distribution Transformers
- Access Control
- PA Systems
- CCTV

Transportation

- Railway Locomotive spare parts
- Rehabilitation of locomotives
- Work shop equipment

- Rolling stock supply
- Technical training and support
- Railway Signalling and communication system supply

Other Services

- Catering
- Manpower recruitment
- Freightliner truck service
- Vehicles supply and rental

Triangle El Tawil Group

Triangle El Tawil Group roots trace back to 1810 in Egypt. Today it is one of the largest and most reputable companies in the Egyptian market. The Group employs 3000 employees. Through its alliance with major US & International companies, Triangle has become the trusted partner of choice in fields of Oil & Gas Equipment & Services, Construction Equipment & Materials, Aviation Equipment & Services, Telecom Services, Transportation Systems, and Distribution & General Trading.

AVIATION SECTOR

Services to the aviation industry form a key component in the portfolio of Triangle Group. Triangle Aviation was established in 1986, and is today among the pioneers specialized in the civil aviation field in Egypt. Through the provision of marketing and technical services to commercial customers, the division gained an in depth knowledge and experience of the business.

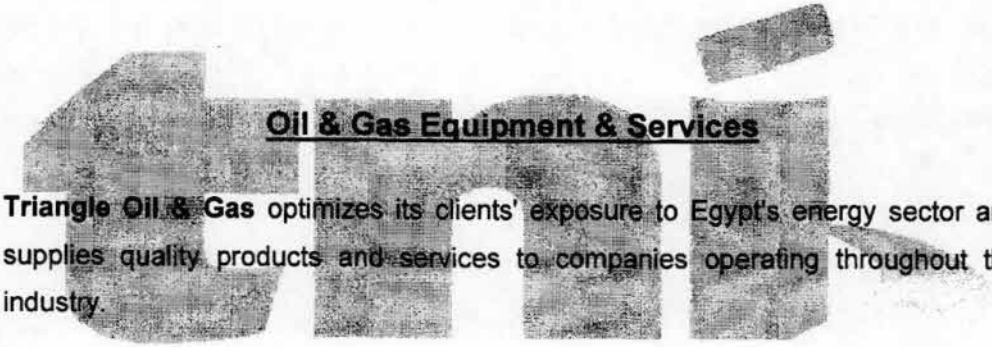
Airlines Sector:

Among the products and services offered to airline operators, are regional and business aircraft, helicopters, avionics systems, airborne entertainment systems, satellite communication, aircraft maintenance facilities, training and simulation systems. Our partners in this sector are world leaders like Lufthansa Technik,

Lufthansa Consulting, Bombardier Aerospace, Sikorsky Helicopters, Honeywell Commercial Flight Systems, Teledyne Controls, Hamilton Sundstrand, CAE Simulation, Shannon Aerospace, BE Aerospace, AIM Hens halls, Canadian Marconi, and TFC Simulation.

Airports Sector:

Triangle Aviation's marketed products and services cover airport needs starting from the airport's design, construction, equipment, Air Traffic Control to airport management. Our partners in the airport sector include Netherlands Airport Consultants, Raytheon, Northrop Grumman, Frankfurt Airport, Solari, INET, Thorn Europhane.



Oil & Gas Equipment & Services

Triangle Oil & Gas optimizes its clients' exposure to Egypt's energy sector and supplies quality products and services to companies operating throughout the industry.

Triangle Energy represents a select range of companies whose products and services are fundamental to the Energy Sector. Our partners in this sector includes Saipem drilling contractors, GE for equipment supply, MG Generon, Keafer insulation contractor, SAMIA flare systems, WEI drilling rigs maintenance, Rina third party inspector / verification.

The company actively seeks opportunities that allow clients to maximize their exposure to the local energy market, and supplies equipment, systems' design, and solutions to the main contractors governing these projects. The success of our business hinges around the high caliber of our professionals. Our team harnesses its expertise in engineering, sales, marketing, and its management skills, to satisfy the demands of customers.

SUBSIDIARIES

Triangle Oil Field Services is the company in the group specializing in services that include inspection, repair, machine shops, water blasting and drilling tools, tube casings, as well as pipe-supplies for drilling. Transportation Systems

Triangle Heavy Equipment Company

Triangle Heavy Equipment Company is a multi million US Dollar investment in a new 'State-of-the-art' dealership location in Cairo, offering an exceptionally high standard of service. It also holds the largest Freightliner dealership for trucks in the Middle East. A wholly owned subsidiary of Daimler Chrysler, Freightliner is the largest trucks manufacturer in the world.

In addition, Triangle holds the franchise of leading brands such as American LaFrance's modern firefighting equipment, and Thomas Built Buses. A multi-million US dollar investment, in a new 'state-of-the-art' dealership location in Cairo, offering an exceptionally high standard of service.

Triangle Transport numbers the Egyptian National Railways (ENR) among its most important clients. Through its partnership with **General Electric – Nuova Pignone**, Triangle has supplied modern locomotives to ENR, and has partnered with specialized International Companies **National Railway Equipment Co.** to provide ENR with the facilities for upgrading its existing fleet. Triangle is currently exploring further concession within the ENR.

Joining efforts with **Bombardier Transportation,** who is the global leader in the rail equipment, manufacturing, and servicing industry, to peruse the upcoming projects in Egypt as well as the region.

IT & Telecom Services

Raya Holding

Raya is the largest Egyptian national holding company with a paid capital of 63 M LE (18 M$) and work force that has reached 1500 individuals including subsidiaries. The company specializes in the IT and Telecommunication industries. With focus on the Middle East and Africa, Raya owns several subsidiaries operating in five different lines of business and professionally covering all aspects of the IT and Telecommunications. The company's particular structure consists of the autonomous subsidiaries in addition to several centralized support functions.

In 2000 Raya Holding focused on expanding the product portfolio by investing in two new lines of Business namely Education and Telecommunications.

In the Education field Raya Holding signed an agreement with Microsoft, the international software leader to establish an IT training institute that will cater to the rising demand for IT professionals in the regional markets and launched the education academy with a progressive educational program that was delivered to more than 400 trainees.

Expanded the investment in Telecommunications and launched the operations of Raya's world class public data network and call center facilities mainly focusing on delivering value added services.

Established Raya Saudi, followed by Raya Gulf in the UAE capitalizing on the advantages of language and culture in addition to the growing record of offshore project delivery.

Expanded the investment in Telecommunications and launched the operations of Raya's world class **public data network and call center** facilities mainly focusing on delivering value added services.

Numerus Group

Profile

Numerus Group is a group of partner companies registered in Dubai (Numerus Holdings SA), London (Cidikan International Ltd), Washington DC (Crescent Construction Co.), Toronto (Trimap Communications), Amman (United Khalediya Trade & Investments LLC), and Baghdad (Fakhry Shanshal & Co.). The group represents the business interests and focus of the Shanshal family and their associates on current opportunities in Iraq as well as other markets.

The business experience of the principals of Numerus Group spans several generations and is deeply rooted in a tradition of dedication, perseverance and creativity coupled with an unbending ethic of fairness and responsibility. It is through these principals and on these solid foundations that the business has been steadily transformed from its modest beginnings as a textile trading operation in Iraq into a dynamic and multi-dimensional international business with interests encompassing manufacturing, construction, real-estate development, trade, oil and gas exploration and field development, IT and consulting services.

One of the most significant turning points in the group's history took place in Iraq during the development boom of the mid 1970's and early 1980's. Due to its extensive knowledge of the Iraq market, its recognized and respected name in the business community and the work ethics of its principals and staff, it became the partner of choice for a number of multinational corporations seeking to do business in Iraq. The Baghdad office of Fakhry Shanshal & Co. succeeded in securing and executing for its multinational partners some of the largest civil projects in Iraq's recent history.

Presence: Iraq

As noted before, from the mid 1970's and throughout the 1980's, Numerus Group of companies, and especially the office of Fakhry Shanshal & Co., secured for its multinational partners and assisted them in executing projects in excess of US $4.0 billion in Iraq in various sectors demonstrating the group's versatility and ability to

adapt rapidly and efficiently to meet the needs of each project and partner successfully. The group also played the lead role in the introduction of consumer products in the Iraq market including product development, marketing, distribution, and after sales service with notable success.

During the 1990's and to date, the group maintained its presence in the Iraqi market while being in full compliance with United Nations imposed sanction on Iraq at all times. This included fully staffed offices and (with more than 50 employees and growing rapidly) in Baghdad and Mosul including experienced bilingual legal, accounting, IT and engineering personnel. The Baghdad and Mosul offices assist the principals of the group in the management of current operations in Iraq which include a 400,000 MT/year building material manufacturing plant, trading activities, real-estate development projects throughout the greater Baghdad and Mosul region as well as in the development and launch of new businesses and joint ventures in various sectors. The group also has access to associate offices in other cities in Iraq, including Basra, in which the group's principals intend to establish branch offices as soon as the situation stabilizes. The group's structured presence in Iraq gives it a firm foundation from which it can expand rapidly if necessary through the recruiting of qualified staff and the establishment of further regional locations.

Current Activities: Iraq

Since the end of the war in Iraq Numerus in partnership with a regional company has launched a fully operational **FedEx** network across Iraq that meets the **FedEx** standards and has thus become (in conjunction with it regional partner) the **FedEx** partner in Iraq. The FedEx operation has more than seven operational locations in Iraq with a fleet of delivery vans and multinational staff.

Numerus group has also entered into a joint venture agreement with another regional company (an **HP/Compaq** Business Partner in 27 Middle East and African countries) to become an **HP/Compaq** Business Partner in Iraq. This operation will also provide a number of solutions products to become a comprehensive IT supply and service provider.

The group has also been selected as a distribution partners in Iraq for **Master Foods (Mars).** Currently the group distributes Master Food products in Baghdad, the surrounding Provinces and the North Region through its MEGD operation (Middle East General Distribution). MEGD services more than 400 retail and wholesale outlets, operates its own warehousing facilities and a small fleet of refrigerated cash vans. It is the intention of MEGD to gain the exclusive distribution license for Master Foods and to expand the product line to include other premium brands and products.
Numerus has also be awarded the agency for **KHD HUMBOLDT WEDAG** a major cement plant engineering and construction company which has succeeded in concluding significant business in Iraq in past through a Numerus Group member company.

In the power sector Numerus Group has been selected as the Master Agent for **Wartsila** in Iraq. **Wartsila** is a major producer of dual fuel generators which has operated in Iraq in the past.

In addition Numerus Group is currently in discussions to establish a number of other ventures in Iraq involving major multinationals as well as regional companies in various sectors including telecom, marketing, logistics and infrastructure development. Numerus Group plans to maintain its focus on the Iraq market in the near and long term. It intends to fully apply its extensive knowledge of this market, its established presence there and the skills of its highly qualified local personnel to continue identifying, creating and developing business opportunities. In doing so it aspires not only to achieve growth and success for itself and its partners but to become a positive contributor to the current reconstruction of Iraq and its economic development in the future.

A Partner of Choice

Numerus Group has a unique combination of attributes that makes it a suitable business partner for a Multinational seeking to do business in Iraq. Numerus Group offers:

- Recognized and respected name in the Iraqi business community
- Substantial and detailed knowledge; of the plans in the key areas for Iraq's reconstruction and development.
- An in-depth understanding of the business environment in Iraq.
- Existing Office facilities, experienced staff and substantial properties.
- The ability to tap the necessary local administrative, management and marketing personnel.
- The ability to adapt quickly to changing market needs and environment.
- Sound financial capabilities.
- Clean reputation and high credibility in domestic and international business communities as well as local notables.
- Principals with US higher education, an extensive experience in Western/US business practices and understanding of the corporate needs of multinationals.

TNI CONTACT INFORMATION:

Tel.: (b)(6)

E-Mail :

Address:

SAMI AL RAMAHI CONTRACTING CO.

(b)(6)

From: (b)(6)
Sent: Wednesday, June 23, 2004 5:16 PM
To: (b)(6)
Cc:
Subject: Your loan request for financing home construction

(b)(6)

(b)(6) is no longer in Iraqi and thus I am replying to you regarding your loan request. I am with the Private Sector Development Group; under the Coalition Provisional Authority that is making decisions in regard to loans from the fund you are referring to in your E-mail.

I work with Mr. (b)(6) and we unfortunately have to reiterate what (b)(6) told you in regard to your request for a loan to construct various sized (1, 2, and 3 bedroom) homes. This request does not fit our loan profile and we will not be able to accommodate you for funding. Our loan policies are made to include the wide range of perspective borrowers however we do have criteria that we must maintain. We wish you much success in the future.

Regards,
(b)(6)

(b)(6)

From: (b)(6)
Sent: Monday, June 21, 2004 6:49 PM
To: (b)(6)
Subject: Fwd: RE: Loan application queries

(b)(6)

Hello from a freezing Cork / Ireland. If you are coming on vacation, pack plenty of wollens it is about 11c today.

I received this email below (attached) from a client in the portfolio, who we plainly told that "his proposal did not really fit with our objectives", nonehteless he has sent me this thesis today. I am merely forwarding it to you in case you (FINCO) wants to respond formally or just file it in the "pending" basket.

So how goes it in Baghdad these days...? Noisy as usual no doubt..!

Alberto, Adrian appear to have fragmented since we departed. Alberto is in Banghkok now on another assignment, Adrian is presently in Geneva, though I think he is thinking of moving to the US with his Fiance, I am hanging around waiting to go on vacation....and am getting bored..!

OK that's all the news from here, Take care and give my regards to Brad.

(b)(6)

Note: forwarded message attached.

ALL-NEW Yahoo! Messenger - ***sooooo many all-new ways to express yourself***

(b)(6)

From: (b)(6)
Sent: Monday, June 21, 2004 2:53 PM
To: (b)(6)
Cc:
Subject: RE: Loan application queries

Dear (b)(6)
Good day,
The basic cost table for the core-house project construction is below in this e-mail along with the detailed Bill of Quantities for house category (A,B,C,& D) completed by the basic cost for the construction of the 2–bed & 3-bed buildings. These tables will enable us to determine the amount of financing for the project to achieve the targeted number of houses with different categories and the building .the land price is not included.

let us meet as soon as possible
Looking forward to start the construction with your collaboration.

Regards

(b)(6)

No.	Categories	Core-House Specifications	Construction Area(m2)	Estimated cost ($)	Basic Cost ($)
1.	A	One Bed Room, Living Room, Kitchen & Dining Room, Bath, WC, Store. As in drawing no.(1)	95.00, ninety five	29,500 twenty nine thousands and five hundreds.	14,500 fourteen thousands and five hundreds.
2.	B	Two Bed Rooms, Living Room, Kitchen & Dining Room, Bath, WC, Store. As in drawing	113.00, one hundred and thirteen	39,500 thirty nine thousands and five hundreds.	17,140 seventeen thousands and one hundreds forty.

		no.(2)			
3.	C	Three Bed Rooms, Living Room, Kitchen & Dining Room, Bath, WC, Store. As in drawing no.(3)	130.00, one hundred and thirty.	43,500 forty three thousands and five hundreds.	20,880 twenty thousands and eight hundreds eighty
4.	D	Three Bed Room, Guest Room, Living Room, Kitchen & Dining Room, Bath, WC, Store. As in drawing no.(4)	146.00, one hundred and forty six.	49,800 forty nine thousands and eight hundreds.	23,760 twenty three thousands and seven hundreds sixty.
5.	E	2- Bed Room Flat, 2- Balcony, Dining Room, Living Room, Kitchen, Bath, WC, Store. As in drawing no.(5)	106.00, one hundred and six.	35,000 thirty five thousands .	19,080 nineteen thousands and eighty.
6.	F	3- Bed Room Flat, 2- Balcony, Dining Room, Living Room, Kitchen, Bath, WC, Store.	120.00 one hundred and twenty.	40,000 forty thousands.	21,600 twenty one thousands and six hundreds.

		As in drawing no.(6)			

Bill of Quantity (BoQ) for House Category (A)

The Basic cost for the construction of house category (A) is ($14,500), which includes the construction material as in the below (BoQ) and the labor cost as the IRAQI labor market index.

Item	Item Description	Unit	Quantity
1	Sub base under Foundation and Floors (Hard Core)	M3	20.00
2	Resistance Cement	Ton	13.00
3	Ordinary Cement	Ton	15.00
4	White Cement	Ton	2.00
5	Rod Steel	Ton	1.60
6	Sand	M3	60.00
7	Gravel	M3	50.00
8	Clay Brick "OR" Hallow Concrete Block (20*20*40) cm	Pcs	33,600 OR 4,800
9	Terrazzo Tiles (30*30) cm, (78.00 m2)	Pcs	90.00
10	Ceramic Tiles	M3	56.00
11	Terrazzo Precast Stairs(124*35*10) cm	Pcs	14.00
12	Coarse Gypsum for Internal Plastering	M3	9.70
13	Fine Gypsum for Internal Plastering	Kg	466.00
14	Scia for D.P.C	Ltr.	14.00
15	Precast Concrete Tiles for Roofing(80*80*4) cm	Pcs.	125.00
16	Bitumen Grade 20/30 for Water Proofing	Ltr.	350.00
17	Primer coat for Water Proofing	Ltr.	80.00
18	Mastic for Joints Filling	Ltr.	170.00
19	Emulsion Paint	Gallon	16.00
20	Oil paint	Gallon	4.00
21	Wooden door (210*100*4) cm	Pcs.	5.00
22	Steel Door (210*100*3) cm	Pcs.	1.00
23	Steel Door (210*80*3) cm	Pcs.	1.00
24	Outer Steel Door (260*160*3) cm	Pcs.	1.00
25	Steel Windows	M3	12.00
26	Glass 4 mm	M3	12.00
27	Steel Hand Rails	LM	6.80

28	PVC Pipe for Drainage and Rain Water (4) inch Dia. With Fittings	LM	27.00
29	PVC Pipe for Wash Basin (2) inch Dia. With Fittings	LM	2.00
30	Cast Iron Manhole Cover (30*30) cm	Pcs.	2.00
31	Cast Iron Manhole Cover (40*40) cm	Pcs.	1.00
32	Galvanized Pipe (1/2) Inch with Fittings	LM	60.00
33	Galvanized Pipe (3/4) Inch with Fittings	LM	6.00
34	Valve (1/2) Inch	Pcs.	4.00
35	Valve (3/4) Inch	Pcs.	2.00
36	Water Tap (1/2) Inch	Pcs.	5.00
37	Galvanized Water Tank (1) m3	Pcs.	1.00
38	Stainless Steel Sink (1 Bowel, 2Wings) with Mixer and Drain.	Pcs.	1.00
39	Wash Basin with Pedestal, Mixer, and Drain.	Pcs	1.00
40	Shower Tray with Mixer	Pcs.	1.00
41	Eastern W.C with Gully	Pcs.	1.00
42	Flush Tank for W.C	Pcs.	1.00
43	Gully Trap with Cover Chrome (20*20)cm	Pcs.	3.00
44	1.5 mm CU/PVC * 2 Wires	LM	325.00
45	2.5 mm CU/PVC * 2 Wires	LM	50.00
46	13 Amp. Socket Outlet (Plug Switch)	Pcs.	12.00
47	Light Switch	Pcs.	15.00
48	Light Pole with Lamp	Pcs.	6.00
49	Light base with Fluorescent Lamp	Pcs.	9.00
50	Exhaust Fan	Pcs.	2.00
51	Ceiling Fan	Pcs.	4.00
52	Circuit Breaker Distribution Board with (5) circuits	Pcs.	1.00

Bill of Quantity (BoQ) for house Category (B)

The Basic cost for the construction of house category (B) is ($17,140), which includes the construction material as in the below (BoQ) and the labor cost as the IRAQI labor market index.

Item	Item Description	Unit	Quantity
1	Sub base under Foundation and Floors	M3	20.00
2	Resistance Cement	Ton	12.75
3	Ordinary Cement	Ton	16.85
4	White Cement	Ton	2.10

5	Rod Steel	Ton	1.886
6	Sand	M3	64.20
7	Gravel	M3	52.90
8	Clay Brick "OR" Hallow Concrete Block (20*20*40) cm	Pcs	36,080 OR 5155
9	Terrazzo Tiles (30*30)	Pcs	108.00
10	Ceramic Tiles	M3	56.00
11	Terrazzo Precast Stairs(124*35*10) cm	Pcs	14.00
12	Coarse Gypsum for Internal Plastering	M3	11.70
13	Fine Gypsum for Internal Plastering	Kg	562.00
14	Scia for D.P.C	Ltr.	8.00
15	Precast Concrete Tiles for Roofing(80*80*4) cm	Pcs.	125.00
16	Bitumen Grade 20/30 for Water Proofing	Ltr.	350.00
17	Primer coat for Water Proofing	Ltr.	80.00
18	Mastic for Joints Filling	Ltr.	170.00
19	Emulsion Paint	Gallon	19.00
20	Oil paint	Gallon	5.00
21	Wooden door (210*100*4) cm	Pcs.	6.00
22	Steel Door (210*100*3) cm	Pcs.	1.00
23	Steel Door (210*80*3) cm	Pcs.	1.00
24	Outer Steel Door (260*160*3) cm	Pcs.	1.00
25	Steel Windows	M3	15.60
26	Glass 4 mm	M3	15.60
27	Steel Hand Rails	LM	6.80
28	PVC Pipe for Drainage and Rain Water (4) inch Dia. With Fittings	LM	30.00
29	PVC Pipe for Wash Basin (2) inch Dia. With Fittings	LM	2.00
30	Cast Iron Manhole Cover (30*30) cm	Pcs.	2.00
31	Cast Iron Manhole Cover (40*40) cm	Pcs.	1.00
32	Galvanized Pipe (1/2) Inch with Fittings	LM	60.00
33	Galvanized Pipe (1/2) Inch with Fittings	LM	6.00
34	Valve (1/2) Inch	Pcs.	4.00
35	Valve (3/4) Inch	Pcs.	2.00
36	Water Tap (1/2) Inch	Pcs.	5.00
37	Galvanized Water Tank (1) m3	Pcs.	1.00
38	Stainless Steel Sink (1 Bowel, 2Wings) with Mixer and Drain.	Pcs.	1.00
39	Wash Basin with Pedestal, Mixer, and Drain.	Pcs	1.00
40	Shower Tray with Mixer	Pcs.	1.00

41	Eastern W.C with Gully	Pcs.	1.00
42	Flush Tank for W.C	Pcs.	1.00
43	Gully Trap with Cover Chrome (20*20)cm	Pcs.	3.00
44	1.5 mm CU/PVC * 2 Wires	LM	370.00
45	2.5 mm CU/PVC * 2 Wires	LM	55.00
46	13 Amp. Socket Outlet (Plug Switch)	Pcs.	14.00
47	Light Switch	Pcs.	17.00
48	Light Pole with Lamp	Pcs.	7.00
49	Light base with Fluorescent Lamp	Pcs.	10.00
50	Exhaust Fan	Pcs.	2.00
51	Ceiling Fan	Pcs.	5.00
52	Circuit Breaker Distribution Board with (6) circuits	Pcs.	1.00

Bill of Quantity (BoQ) for house Category (C)

The Basic cost for the construction of house category (C) is ($20,880), which includes the construction material as in the below (BoQ) and the labor cost as the IRAQI labor market index.

Item	Item Description	Unit	Quantity
1	Sub base under Foundation and Floors	M3	24.00
2	Slate Resistance Cement	Ton	16.25
3	Ordinary Cement	Ton	18.75
4	White Cement	Ton	2.50
5	Rod Steel	Ton	2.00
6	Sand	M3	86.60
7	Gravel	M3	62.50
8	Clay Brick "OR" Hallow Concrete Block (20*20*40) cm	Pcs	42,000 OR 6,000
9	Terrazzo Tiles (30*30)	M3	97.50
10	Ceramic Tiles	M3	56.00
11	Terrazzo Precast Stairs(124*35*10) cm	Pcs	20.00
12	Coarse Gypsum for Internal Plastering	M3	12.125
13	Fine Gypsum for Internal Plastering	Kg	611.6
14	Scia for D.P.C	Ltr.	14.00
15	Precast Concrete Tiles for Roofing(80*80*4) cm	Pcs.	125.00
16	Bitumen Grade 20/30 for Water Proofing	Ltr.	350.00

17	Primer coat for Water Proofing	Ltr.	80.00
18	Mastic for Joints Filling	Ltr.	170.00
19	Emulsion Paint	Gallon	20.00
20	Oil paint	Gallon	5.00
21	Wooden door (210*100*4) cm	Pcs.	7.00
22	Steel Door (210*100*3) cm	Pcs.	1.00
23	Steel Door (210*80*3) cm	Pcs.	1.00
24	Outer Steel Door (260*160*3) cm	Pcs.	1.00
25	Steel Windows	M3	20.00
26	Glass 4 mm	M3	20.00
27	Steel Hand Rails	LM	13.00
28	PVC Pipe for Drainage and Rain Water (4) inch Dia. With Fittings	LM	29.00
29	PVC Pipe for Wash Basin (2) inch Dia. With Fittings	LM	2.00
30	Cast Iron Manhole Cover (30*30) cm	Pcs.	2.00
31	Cast Iron Manhole Cover (40*40) cm	Pcs.	1.00
32	Galvanized Pipe (1/2) Inch with Fittings	LM	60.00
33	Galvanized Pipe (1/2) Inch with Fittings	LM	6.00
34	Valve (1/2) Inch	Pcs.	4.00
35	Valve (3/4) Inch	Pcs.	2.00
36	Water Tap (1/2) Inch	Pcs.	5.00
37	Galvanized Water Tank (1) m3	Pcs.	1.00
38	Stainless Steel Sink (1 Bowel, 2Wings) with Mixer and Drain.	Pcs.	1.00
39	Wash Basin with Pedestal, Mixer, and Drain.	Pcs	1.00
40	Shower Tray with Mixer	Pcs.	1.00
41	Eastern W.C with Gully	Pcs.	1.00
42	Flush Tank for W.C	Pcs.	1.00
43	Gully Trap with Cover Chrome (20*20)cm	Pcs.	3.00
44	1.5 mm CU/PVC * 2 Wires	LM	415.00
45	2.5 mm CU/PVC * 2 Wires	LM	60.00
46	13 Amp. Socket Outlet (Plug Switch)	Pcs.	16.00
47	Light Switch	Pcs.	19.00
48	Light Pole with Lamp	Pcs.	8.00
49	Light base with Fluorescent Lamp	Pcs.	11.00
50	Exhaust Fan	Pcs.	2.00
51	Ceiling Fan	Pcs.	6.00
52	Circuit Breaker Distribution Board with (7) circuits	Pcs.	1.00

Bill of Quantity (BoQ) for house Category (D)

The Basic cost for the construction of house category (D) is ($23,760), which includes the construction material as in the below (BoQ) and the labor cost as the IRAQI labor market index.

Item	Item Description	Unit	Quantity
1	Sub base under Foundation and Floors	M3	29.00
2	Slate Resistance Cement	Ton	18.85
3	Ordinary Cement	Ton	21.75
4	White Cement	Ton	2.90
5	Rod Steel	Ton	2.32
6	Sand	M3	107.90
7	Gravel	M3	72.50
8	Clay Brick "OR" Hallow Concrete Block (20*20*40) cm	Pcs	48,720 OR 6,960
9	Terrazzo Tiles (30*30)	M3	113.10
10	Ceramic Tiles	M3	56.00
11	Terrazzo Precast Stairs(124*35*10) cm	Pcs	20.00
12	Coarse Gypsum for Internal Plastering	M3	14.00
13	Fine Gypsum for Internal Plastering	Kg	675.70
14	Scia for D.P.C	Ltr.	14.00
15	Precast Concrete Tiles for Roofing(80*80*4) cm	Pcs.	125.00
16	Bitumen Grade 20/30 for Water Proofing	Ltr.	350.00
17	Primer coat for Water Proofing	Ltr.	80.00
18	Mastic for Joints Filling	Ltr.	170.00
19	Emulsion Paint	Gallon	23.20
20	Oil paint	Gallon	7.00
21	Wooden door (210*100*4) cm	Pcs.	8.00
22	Steel Door (210*100*3) cm	Pcs.	1.00
23	Steel Door (210*80*3) cm	Pcs.	1.00
24	Outer Steel Door (260*160*3) cm	Pcs.	1.00
25	Steel Windows	M3	23.00
26	Glass 4 mm	M3	23.00
27	Steel Hand Rails	LM	13.00

28	PVC Pipe for Drainage and Rain Water (4) inch Dia. With Fittings	LM	29.00
29	PVC Pipe for Wash Basin (2) inch Dia. With Fittings	LM	2.00
30	Cast Iron Manhole Cover (30*30) cm	Pcs.	2.00
31	Cast Iron Manhole Cover (40*40) cm	Pcs.	1.00
32	Galvanized Pipe (1/2) Inch with Fittings	LM	60.00
33	Galvanized Pipe (1/2) Inch with Fittings	LM	6.00
34	Valve (1/2) Inch	Pcs.	4.00
35	Valve (3/4) Inch	Pcs.	2.00
36	Water Tap (1/2) Inch	Pcs.	5.00
37	Galvanized Water Tank (1) m3	Pcs.	1.00
38	Stainless Steel Sink (1 Bowel, 2Wings) with Mixer and Drain.	Pcs.	1.00
39	Wash Basin with Pedestal, Mixer, and Drain.	Pcs	1.00
40	Shower Tray with Mixer	Pcs.	1.00
41	Eastern W.C with Gully	Pcs.	1.00
42	Flush Tank for W.C	Pcs.	1.00
43	Gully Trap with Cover Chrome (20*20)cm	Pcs.	3.00
44	1.5 mm CU/PVC * 2 Wires	LM	500.00
45	2.5 mm CU/PVC * 2 Wires	LM	70.00
46	13 Amp. Socket Outlet (Plug Switch)	Pcs.	19.00
47	Light Switch	Pcs.	22.00
48	Light Pole with Lamp	Pcs.	8.00
49	Light base with Fluorescent Lamp	Pcs.	13.00
50	Exhaust Fan	Pcs.	2.00
51	Ceiling Fan	Pcs.	8.00
52	Circuit Breaker Distribution Board with (9) circuits	Pcs.	1.00

Basic cost for the building of 2-Bed Flat Category (E)

The Basic cost for the construction of flat category (E) is ($19,080), which includes the construction material and the IRAQI labor cost .

The construction of a 2-bed flats building concludes the following works;

1. **Civil Works; Concrete Blocks(6" and 4" thick), Construction Steel, R. &O. cement, White cement, Roof Insulation material, Roofing, Joints, Floor Tiles, Bathroom Floor Ceramic, Inside Paint, External Paint, Doors, Windows ...**

2. Plumbing Works; Water Supply, Sanitary Drainage, Sanitary Fittings, Sanitary Fixtures, Roof Drainage, Drinking Water Network, Under Water tanks, Sewage System…..
3. Electrical Works; PVC conduit, cabling, Wiring, Fittings, Light Switches, Plug Switches, Circuit Breaker, Lighting, Ceiling & Exhaust Fan …..

The building consists of (12) flats, hence the Basic cost for one building will be ($290, 000) which includes the building concrete foundations .

Basic cost for the building of 3-Bed Flat Category (F)

The Basic cost for the construction of flat category (A) is ($21,600), which includes the construction material and the IRAQI labor cost .

The construction of a 2-bed flats building concludes the following works;

1. Civil Works; Concrete Blocks(6" and 4" thick), Construction Steel, R. &O. cement, White cement, Roof Insulation material, Roofing, Joints, Floor Tiles, Bathroom Floor Ceramic, Inside Paint, External Paint, Doors, Windows …
2. Plumbing Works; Water Supply, Sanitary Drainage, Sanitary Fittings, Sanitary Fixtures, Roof Drainage, Drinking Water Network, Under Water tanks, Sewage System…..
3. Electrical Works; PVC conduit, cabling, Wiring, Fittings, Light Switches, Plug Switches, Circuit Breaker, Lighting, Ceiling & Exhaust Fan …..

The building consists of (12) flats, hence the Basic cost for one building will be ($340,0 000) which includes the building concrete foundations .

sami ramhi (b)(6) wrote:

> Dear (b)(6)
>
> good day,
>
> I have the pleasure this morning to meet your-goodself with the presence of (b)(6), thanks for your precious time and the successful meeting in which i found you a good listener to my housing project, fruitful business remarks, and profissional review.

6/23/2004

while i'm now producing the construction material table for the housing project; (25) houses per category in total will be (100) houses, and five building per flat categories in total will be (10) three stores/ four flats building, let me know the date that your agenda allows to have a meet in the next week.

looking forward to work with you.

regards

(b)(6) wrote:

Dear (b)(6)

I refer to our telephone conversation earlier today, and I suggest an initial meeting at the Convention Center (in the Green Zone) on Wednesday May 26th at 10.00am.

Please bring along any Historic Financial Statements that you have for Sami Al Ramahi Contracting Co., so that we can see it's profitability and trading history, and any evidence of a contract from the Ministry of Hosing to support this loan application.

I look forward to seeing you then.

Regards,

(b)(6)

Firm Level Assistance Program
USAID / Bearingpoint
Bearingpoint Camp
Presidential Palace
Baghdad IRAQ

(b)(6)

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Al-Khayat

(b)(6)

Saffin

(b)(6)

From: (b)(6)
Sent: Saturday, July 10, 2004 2:28 AM
To: (b)(6)
Subject: Loan Request and Information

(b)(6)

It was a pleasure to meet you both; thank you for coming to the Convention Center to discuss your business with me and Mr. Brad Swanson. I appreciated you both taking the time from your busy schedules to review your loan request for two million dollars for the purchase of equipment.

During our conversation we discussed the need for additional information on your businesses. I promised to provide you with some examples of general financial statements which you could use as a guide when preparing such statements for your own businesses. Attached are the example financials that you may use as a guide. If you have any questions please feel free to give me a call at any time.

Regards,
(b)(6)

(b)(6)

(b)(6)

From: (b)(6)

Sent: Monday, June 28, 2004 12:26 PM

To: (b)(6)

Subject: Loan Request and Information

Dear (b)(6)

It was a pleasure to meet with you recently and we thank you for taking the time out of your busy schedules to meet with us. Mr. Brad Swanson and I were very please to learn more about you various businesses. In terms of your loan request for $2 million dollars for equipment for your bottling business we have requested that you provide additional information to us.

Per our discussion I have provided you with an example of financial statements for your use. The material attached is an example of the accounts found on a typical Balance Sheet and Income statement. These are simple examples for you to model your financial statements after when providing us with information.. We would request that you provide to us historical financial statements for the past two years (2002 and 2003) and the first five months of this year (2004). I also request that you prepare cash flow statements for the same periods as the Balance Sheets and Income statements.

If you have any questions about the examples I have provided or any other matter pertaining to your loan request please feel free to give me a call. I look forward to hearing from you.

Regards,

(b)(6)

End of Year 2003 Balance Sheet

Assets		**Notes**
Current Assets		
Cash in Bank		
Inventory		
Prepaid Expenses		
Accounts Receivables		
Other Current Assets		
Total Current Assets		
Fixed Assets		
Machinery & Equipment		
Real Estate / Buildings		
Other Fixed Assets		
Total Fixed Assets		
Total Assets		
Liabilities & Net Worth		
Current Liabilities		
Accounts Payable		
Taxes Payable		
Other Current Liabilities		
Total Current Liabilities		
Long-term Liabilities		
Bank Loans Payable (greater than 12 months)		
Less: Short-term Portion		
Loans from Share holders		
Total Long-term Liabilities		
Total Liabilities		
Building Revaluation		
Retained Profits OBAL 2003		
Profit & Loss EOY 2003		Income statement
Owners' Equity (Net Worth)		
Total Liabilities & Net Worth		

A/C No.	A/C name	Us balance
Balance		

Table 1

A/C No.	A/C name	Us balance
Balance		

Table 2

A/C No.	A/C Name	Us balance
Balance		

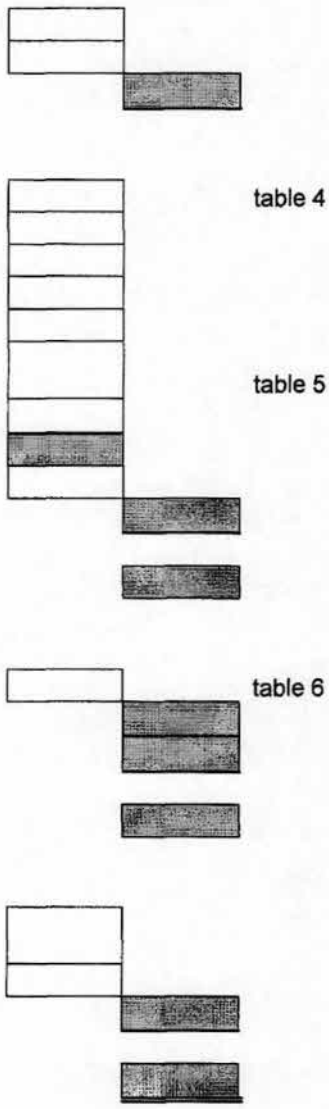
Table 3

Income Statement

Year Ending 2003

Financial Statements in U.S. Dollars

		Notes
Revenue		
Gross Sales		
Net Sales		
Cost of Goods Sold		
Beginning Inventory		table 4
Add:	Purchases	
	Freight-in	
	Direct Labor	
	Sub Contracts	
	Other Direct Expenses	table 5
	Indirect Expenses	
Inventory Available		
Cost of Goods Sold		
Gross Profit (Loss)		
Expenses		
War Damage Repair		table 6
Other Expenses		
Total Expenses		
Net Operating Income		
Other Income		
Gain (Loss) on Sale of Assets		
Interest Income		
Total Other Income		
Net Income (Loss)		



A/C No.	A/C Name	Us balance
Balance		

Table 4

A/C No.	A/C Name	Us balance
Balance		

Table 5

A/C Code	A/C Name	Us balance
balance		

Table 6

Al Khayat (family)

factories & Real Estate - Date No.

Kurdish - from North of Iraq

RE. complex in Erbile -

+3 factory - ① tile/Bricks const. material
② garment + Textile
③ blouses -

Trading - 3 Cos. - : food - importing - from Turkey
• electrical - electronic (CBSEO Home appliances)
• distributor for BEKO (Turkey) & Diwa
owned by Bach Group.

- Textiles from far East
- food - veg. oil nacsnui
distributor - they are wholesales.
- home appliances - wholesales.

Leo - Twoiwan - computers.

construction contracting.

Project:

Al thraya - plastic -
15,000 meters + 3,500 building -

H_2O + veg. oil - PET

20.-30,000 Tanks - Lakes -

H_2O - treatment ant - here -
↳ well -

are bottle for own business -
in the bottling business -
finish - H_2O -

[each day
10-20 bottles] 1.5 liters -

50,000 liters a day - (10 hr. 1 shift)

[selling to cities - wholesaler -
in Baghdad - 2-3 distributers -

10,000 Bottles - of oil - capacity

[each per week in truck -
40,000 - bottles of oil -

10,000 - bottles - per day - production -

[10% profit margin - veg.
15 - 30% margin]

[Al Thiqa - ready to produce -
hand / Buildings -
will need to Δ Corp. Structure?

(703) 343-8108

[5-10% Trading profit]

* Financial Statements from Cos — we need to —
— for guarantee the loan —
2 mos. to make a decision

Send examples to them

+ what we need

* process to them time

(b)(6)

From: (b)(6)
Sent: Tuesday, June 22, 2004 9:20 AM
To: (b)(6)
Cc:
Subject: Meeting Tuesday June 22, 2004

Dear (b)(6)

Please confirm a meeting at Baghdad's Convention Center for today; Tuesday June 22, 2004 at 11:30 AM. Please meet me and Mr. Brad Swanson inside the front door of the Convention Center on the first floor. **Please let me know ASAP if you wish to have this meeting. We are leaving the office at 9:45 to go to another meeting.**

Regards,
(b)(6)

(b)(6)

From: (b)(6)
Sent: Monday, June 21, 2004 12:51 PM
To: (b)(6)
Cc:
Subject: Meeting Tuesday June 22, 2004

Dear (b)(6)

Thank you for the information you sent to me yesterday. Per our brief conversation I wanted to confirm a meeting at Baghdad's Convention Center for tomorrow; Tuesday June 22, 2004 at 11:30 AM. Please meet me and Mr. (b)(6) inside the front door of the Convention Center on the first floor.

In order to have a meaningful conversation regarding any possible loan request you may have please complete the Loan Application that is attached. This is the same Loan Application that was E-mailed to you previously. To reiterate what (b)(6) wrote to you in his E-mail—we will not be able to give you detailed feedback until the facility begins operation in the near future and we have the information requested in the Loan Application.

Regards,
(b)(6)

GUIDELINES FOR MID-MARKET LOAN PROPOSALS

We are accepting proposals from Iraqi businesses for the mid-market medium term loan program.

Proposals should be submitted by e-mail. Please send only one proposal per company, the proposal should incorporate your best business idea that complements you existing company's operations. We prefer a proposal to expand an existing business, or go into a related business, rather than a completely new business that is a start-up operation.

Your proposal should include the following information:

1. Purpose of loan: Describe the project in one page or less. What equipment will you purchase, how many new employees will you hire, what will you produce, to whom will you sell your production, what are the profit margins expected and where is the project located? Many other relevant aspects of your proposal may be included depending on the nature of your business proposal and the particular aspect of the business that you are requesting to be financed.

2. Amount of loan requested: The loan size we will consider is $500,000 to $5 million. The interest rate will reflect conditions in the financial markets and the credit quality of the project and may be a fixed rate or a floating rate.

3. Please include how much of the project's cost you are expecting the loan to cover. We will NOT finance 100% of a project; the borrower must contribute toward the project cost, often it is in the 20% range. We do not have a minimum percentage requirement, but the more you contribute, the easier it is for us to approve it (because our risk will be lower).

4. Summary financial information for the borrowing company or company group should include:

   i. Revenue and net cash flow for the last full year and for the current year to date (i.e. the previous month).

   ii. Amount of shareholder's equity and debt outstanding as of the previous month.

5. Collateral: Describe the collateral you will provide for the loan – i.e., land, building, equipment, receivables, guarantees – and the estimated value of the collateral. We are not limited in the percentage of collateral value we will lend against. Please provide a conservative market value, not an inflated hope.

6. Please include information on Timing: From the time you receive financing, how long do you expect it will take to start the business project, how long until the project begins to generate revenue, and how long before it produces positive cash flow?

7. Pay back period: How long will it take from the time you receive financing to generate enough net cash to pay back the loan? Please provide an estimate of this payback period based on your best estimates/projections of cash flow generated from your business and a level of excess cash flow that provides comfort in servicing the loan.

8. Competition: Who is/will be your major competitors in the business we are financing, and what are the major points that will allow you to be successful in such a competitive environment?

Confidential company information you submit to us will be kept confidential within the CPA and our associates and contractors.

If you cannot answer all the questions above, answer as many as you can. The proposal should be at least two pages. You may attach feasibility studies and other relevant material, but this is not required at this stage.

If we decide to continue discussion after we review your proposal, we will meet with you and eventually perform a detailed analysis of the project including cash flow projections to demonstrate the project's credit worthiness as well as outlining the structure of the prospective loan and any particular other relevant details for moving forward.

For further information, contact:

(b)(6)
Financing Specialist
Private Sector Development
Coalition Provisional Authority
Republican Palace, Baghdad, Iraq
(b)(6)

(b)(6)

From: (b)(6)
Sent: Monday, June 21, 2004 12:51 PM
To: (b)(6)
Cc:
Subject: Meeting Tuesday June 22, 2004

Dear (b)(6)

Thank you for the information you sent to me yesterday. Per our brief conversation I wanted to confirm a meeting at Baghdad's Convention Center for tomorrow; Tuesday June 22, 2004 at 11:30 AM. Please meet me and Mr. (b)(6) inside the front door of the Convention Center on the first floor.

In order to have a meaningful conversation regarding any possible loan request you may have please complete the Loan Application that is attached. This is the same Loan Application that was E-mailed to you previously. To reiterate what (b)(6) wrote to you in his E-mail—we will not be able to give you detailed feedback until the facility begins operation in the near future and we have the information requested in the Loan Application.

Regards,

(b)(6)

(b)(6)

From: (b)(6)
Sent: Sunday, June 20, 2004 1:00 PM
To: (b)(6)
Cc:
Subject: RE: FINANCING SUPPORT

DEAR MISS (b)(6)
GOOD DAY ...
REF to our tel. conversation of Saturday ..
we are Iraqi company (Saffin Trading Agencies Co.) ...
I got your good name from ((b)(6)) ..

During our meting with Ambassador (Mr. Robert Black Will) , We discuss about the (financing support) for Iraqi companies to Establish projects in Iraq ...

(b)(6) asked us to contact with you to get your cooperation regarding the above subject..

How our company can get the financing support to expand our activity and get loan to order equipments for our Industrial Co. ?

Actually we wish to get your Dep. Cooperation to get financing support and loan to expand our business ..

I explained to you during our tel. Conversation , We are planning to produce the items which are dealing , like (mineral water , edible cooking oil , packing material for vegetables ... etc) ..
As We have industrial company its name (AL-THURAYA plastic industrial Co. Ltd.) , owned (15000 meter square land and building 3500 meter square ..) .., we wish to use the financing support to order equipments ..

Attached the reply to the questions , which sent to us by Mr. BRAD .....
(GUIDWELINES FOR LOAN PROPOSAL) ..

Also we attached our company profile..

I will waiting your email to confirm our Meting time on (Tuesday) ..
I wait your kind reply
best regards

(b)(6)
Saffin Trading Agencies Co.
Baghdad - Iraq .
(b)(6)

(b)(6)

Dear (b)(6)
Our office is establishing a mid-market loan facility which will be operational in several weeks. You may submit an application for financing now, however we will not be able to give you detailed feedback until the facility begins operation. I have attached guidelines for applications. Please send any information to my colleague (b)(6) whose contacts are in the guidelines.
Best regards,
(b)(6)

Do you Yahoo!?
New and Improved Yahoo! Mail - Send 10MB messages!

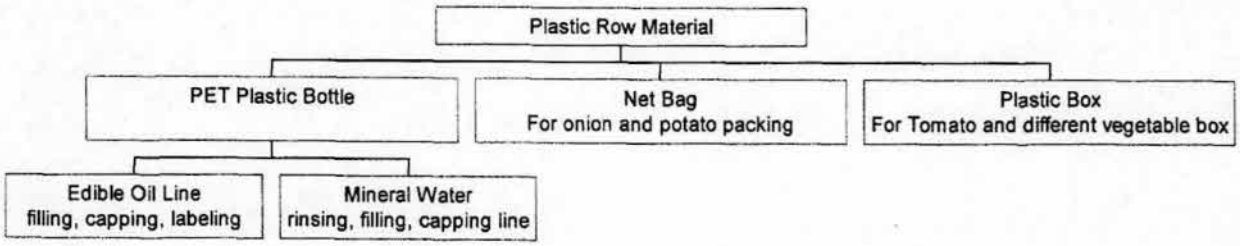
Our company : **Saffin Trading Agencies Co. Ltd.**
: **Al-Thuraya For Plastic Industry**

Local : **Baghdad**

Our Company : **Owned In Baghdad (15000 M^2) and building area (3500 M^2)**

We are planning to Produce.. :

1- PET plastic bottle (PET bottle used for water, oil, juice , carbonated drinks).
2- Plastic net bag.
3- plastic box.
4- mineral water filling line.
5- edible oil (filling in PET bottle).



Our project is important, due to the produced items are very important in Iraqi life. All above items mostly imported from outside, even its very simple industry, but until now not many factories established.

1- <u>Purpose Of The Loan</u>

A- We will use the loan to order the following equipment.
- **Machine to produce PET preform from plastic grain ..**
- **Machine for blowing PET preform to get the plastic bottle for (mineral water and edible oil)**
- **Filling line include : (rinsing, filling, capping, labeling & packing) for (mineral water)**
- **Filling line include : (filling, capping, labeling & packing)**
- **Net bag making machine and equipment**
- **Plastic box making machine**

B- No. of employer : 50- 70 (skilled, non skilled)

C- Production :
- **mineral water (1.5 Litter) (50,000 bottle per day)**
- **edible oil (1& 2 Litter) (10,000 bottle per day)**
- **net bag (50 x 80 cm) (5,000,000 per year) for (onion, potato .. etc packing)**
- **plastic box for (tomato .. etc packing) (500 box per day)**

D- The product will sell mostly in Iraq or neighbor countries.

E- Profit margin : (20-30 %) from the cost.
F- The project located in Baghdad.

2- Amount of loan requested : 2,000,000 USD
3- How much of the project cost will the loan cover
The cost of the equipment only 3,000,000 USD
4- Revenue and net cash flow for :

* **2003 was 7,550,000.00 USD.**
* **2004 until (31/5/2003) 4,600,000.00 USD.**

5- Collateral : land, building & project.
6- Timing : (6 months) to start
7- Pay back : (4 – 5 years)
8- competition:

- **(mineral water), there are several factory but still market need more, and also imported from (neighbor countries) .**
- **For (edible oil) not available Iraqi product for the time been.**
- **For net bag, not produced in Iraq.**
- **For plastic box, Iraqi factory produced but still there demand on the market.**

International Trading (Import & Export Trading Agencies)

- SAFFIN trading agencies co. ltd
- PERMAM general trading co. ltd
- K. ALKHAYAT trading co. ltd

AL-KHAYAT group is one of the leading companies in the private sector, activities with the import, export and trading agencies with experience and qualified personnel, which enable us to provide its customers with well-known Our work







The Group References Are As Followings

ARBIL - IRAQ
Al-khayat complex building
Rear goveen orate building
Tel. (066) 2222175 - 2220962 - 2221729

BAGHDAD - IRAQ
Sadoon st. - alexandir sifan building - opp. Baghdad hotel
Tel. (01) 7185371 - 7196891 - 74706478

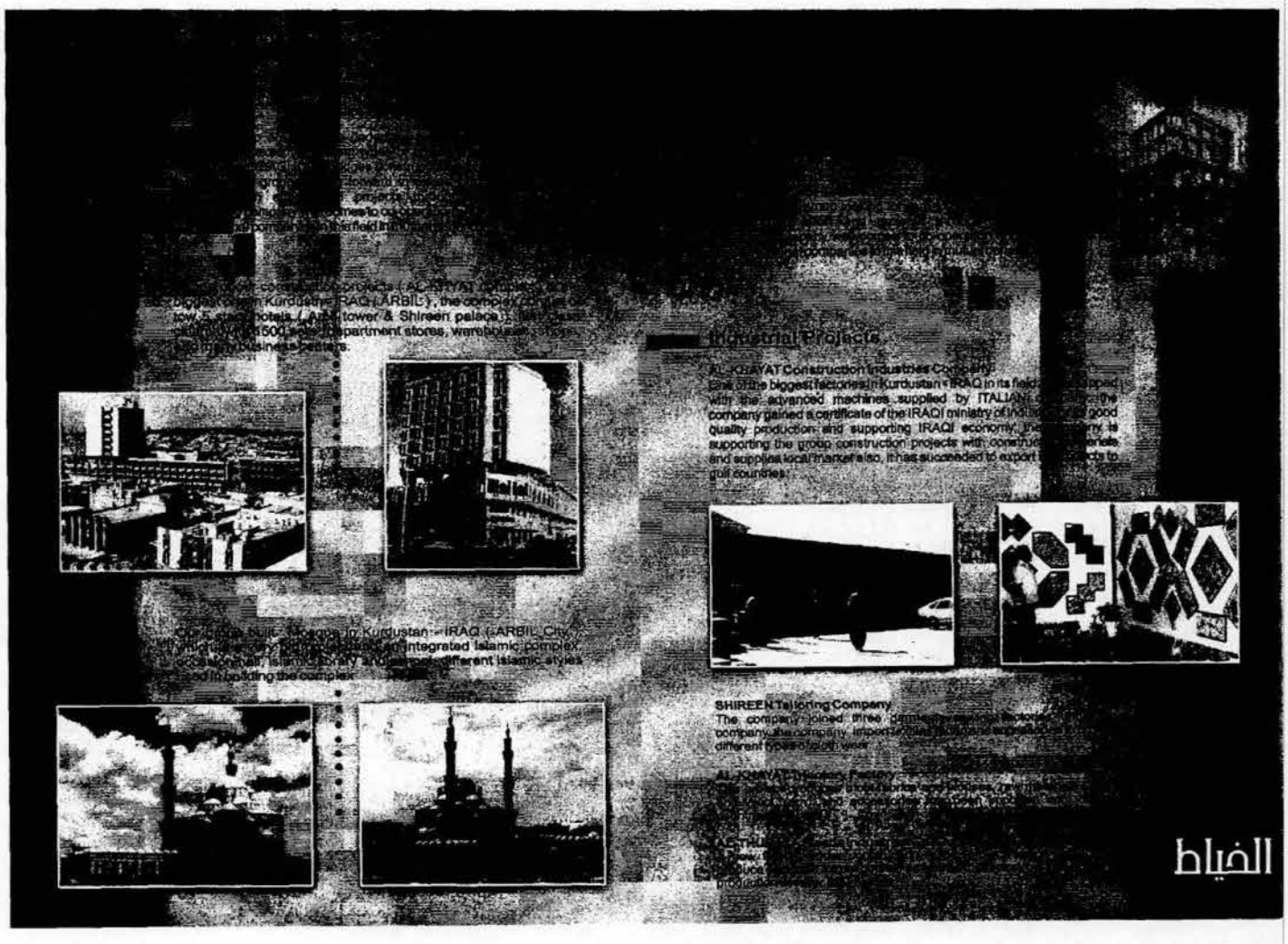
AMMAN - JORDAN
King hussien st. - cinema zahran building - no. 302
P.o.box 7902
Tel. (06) 4655032 - 4655036
Mob. 079 - 5606217

E-Mail Addresses :
Alkhayat@uruklink.net / djkhayat@yahoo.com
Beko_001@yahoo.com / nce@nets.com.jo

AL-KHAYAT

AL-K GROUP الخياط مجموعة




Industrial Projects
الخياط

International Trading (Import & Export Trading Agencies)

- SAFFIN trading agencies co. ltd.
- PERMAM general trading co. ltd.
- K. ALKHAYAT trading co. ltd.

AL-KHAYAT group is one of the leading companies in the private sector, actively deals with the import, export and trading agencies with experience and traditional enriched over sixty years.
Its imports items are so different as to include textiles, construction materials, electrical and electronic merchandise and consumer items, as well computer and its accessories.
Our companies are dealing with many big manufacturers all over the world as their sole agents and distributors for IRAQI market.

DAEWOO Electronics / KOREA, Electronics And Home Appliances.
ARCELIK A. S. / TURKEY, For Their BEKO Brand Home Appliances.
BEKO Electronics / TURKEY.
CASIO Company / JAPAN, Calculators, Watches and Music Instruments.
LEO Computers / TAIWAN.

manufacturers and trading companies and companies in KOREA, INDIA, TAIWAN, CHINA and INDONESIA.
many home appliances and electronics producers in EUROPE, TURKEY, CHINA, KOREA and SINGAPORE. many stationary, school and offices suppliers, manufacturers in CHINA and TAIWAN.







The Group References Are As Followings

ARBIL - IRAQ
Al-khayat complex building
Rear govern orate building
Tel. (065) 2222175 - 2220952 - 2221729

BAGHDAD - IRAQ
Sadoon st. - alexandir stifan building - opp. Baghdad hotel.
Tel. (01) 7185371 - 7198851 - 7470647/8

AMMAN - JORDAN
King hussien st. - cinema zahran building - no. 302
P.o.box 7902
Tel. (06) 4655032 - 4655036
Mob. 079 - 5606217

E-Mail Addresses :
Alkhayat@uruklink.net / djkhayat@yahoo.com
Beko_001@yahoo.com / nice@nets.com.jo

AL-K GROUP الخياط مجموعة

AL-KHAYAT
GROUP

It is our great pleasure to introduce ourselves to you as a business group since more than 60 years AL-KHAYAT group, has continued to grow in wide spectrum of business fields, covering different construction projects, industrial projects, and international trading. Their projects and credited to our effort to achieve highest possible quality products and new business fields.

Our group including the following compnies

- AL-KHAYAT construction industries company ltd.
- BAGHDAD bridges constructional contracting co. Ltd.
- BAGHDAD real state investment co. Ltd.
- AL-THURAYA plastic industries co. Ltd.
- SHIREEN tailoring co. Ltd.
- AL-KHAYAT wood factory.
- SAFFIN trading agencies co. Ltd.
- PERMAM general trading co. Ltd.
- K.AL-KHAYAT trading co. Ltd.

Our group has many offices and sister companies in Jordan and Turkey in order to follow and support the international business activities of the group outside of Iraq.

We are looking forward and warmly invite our friends all over the world to establish long lasting business relationship with us.





Constructional Projects

...truction and real estate field are imp... of them a big
...BAGHDAD bridges constructional contracting ... consist of many
...BAGHDAD real state investment co. ltd. ... in a land area is
... ...ading building in
... ...D under preparation.

The group are ready to undertake constructional contracting, to ... and execute different types of buildings, bridges, complexes ... through their (BAGHDAD bridges constructional contracting co. ltd.)
... well also our group looking forward to play a good roll in the IRAQ reconstruction effort and projects through their constructional contracting company well comes to co-operation and joint - venturing with international companies in this field in mutual benefit bases.

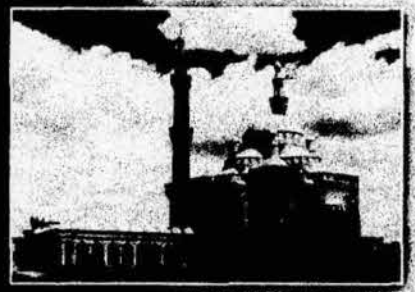


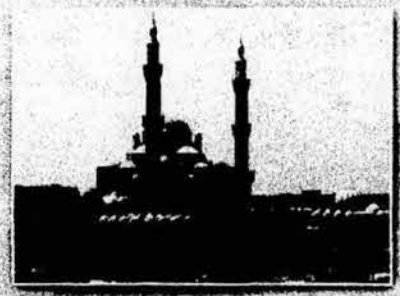
One of our construction projects (AL-KHYAT complex) is the biggest one in Kurdustn - IRAQ (ARBIL) , the complex consist of tow 5 stars hotels (Arbil tower & Shireen palace), first class cinema with 1500 sets , department stores, warehouses, shops, and many business centers.





Our group built Mosque in Kurdustan - IRAQ (ARBIL City), which is a very big project and an integrated islamic complex, occasion hall, islamic library and school, different islamic styles used in building the complex





Industrial Projects

AL-KHAYAT Construction Industries Company
One of the biggest factories in Kurdustan - IRAQ in its field, it is equipped with the advanced machines supplied by ITALIAN company, the company gained a certificate of the IRAQI ministry of industry for its good quality production and supporting IRAQI economy, the company is supporting the group construction projects with construction materials and supplies local market also, it has succeeded to export its products to gulf countries.





SHIREEN Tailoring Company
The company joined three garments sewing factories under one company. the company import textiles fabric and accessories to produce different types of cloth wear.

AL-KHAYAT Tricotory Factory
This project produces tricot fabrics and blouses, raw materials (Acrylic and Wool Yarn), and accessories has been imported from different countries.

AL-THURAYA Plastic Industries Co. Ltd
A new factory under construction, a big project factory in IRAQ to produce performs for pet bottles. as well as the factory contains different production lines for PET bottles.

الخياط

Sweet and Pastry Project

(b)(6)

To: GIC (1) date: 22.may.04

Sub. Asking for A loan

I would like to thank [redacted] (b)(6) because of his care to develop Karada district and create chances for ~~Iraqi people to work~~ the sons of free Iraq. I would like to ask for a loan it is $3,000,000 three million dollar to develop my current work ~~to~~ to get all the needed things for this and the next phase in Iraq and in the Middle East and we are ready to coopcrate with reconstruction companies, NGOs and International companies from all over the world whom they need fast food for their staff and for their parties. And because we have ~~no~~ alot of Numbers of the visitors and tourist. And also it will help the individuals to raise their salaries and the Iraqi is well known ~~that~~ that he is jenerous with his visitors, ~~as~~ this ~~that~~ is what I ~~live~~ used to live

a- ~~cool~~ ~~cool~~ cool and not cool moving belts for making food meal for 10 000 person in one work term.

b- Tables for ~~baking~~ preparing cakes and pastries.

~~3~~ 4 The first floor is for parking the ~~vehicles~~ Vehicles and frozen ~~storages~~ and not frozen storage for raw material and for the cooked food and rooms of for managing the storages.

~~The pfe~~
we ~~ba~~need to buy 4 cool ~~cars~~ vehicles 1/2 Tun ~~and~~ one Tun and 2 Tuns with 2 ~~microbus~~ vans and 4 microbus in addition for the stationary, computers and ~~Qu~~ quality controll labrotary.

* The Number of the worker:
They need ~~to hire 250~~ 200 to 250 workers for one work shift.

* The location of the project:
near by the highway, & that link ~~west of~~ East of Iraq with the South of it.
and in the nearst point of Mohammad Al-kasim Street

Foreign Language

Foreign Language

Hand +

Sourced document to monica - plan from CATT
send audit

(b)(6) [redacted]

(Training RIPS)

(4.00 - mob)

Iraqi Metal Weaving Co. Ltd.

(b)(6)

From: (b)(6)
Sent: Monday, June 07, 2004 1:48 PM
To: (b)(6)
Cc:
Subject: FW: Wire Drawing and galv. Plant.

(b)(6) I think these guys look promising too. Just wanted to give you a heads up on them.

From: (b)(6)
Sent: 06 June 2004 20:50
To: (b)(6)
Subject: RE: Wire Drawing and galv. Plant.

Dear (b)(6)
Many thanks for your message.
For the past weeks I had made some contacts with potential manufacturers of the machines,and have managed to receive only two offers, one from the well known Belgium Company (The Guader Group) and the other from the Turkish manufacturer from whom we got our latest machine for Chain Link Mesh.
I have given the above offers to a reliable Industrial Consultant Engineering Office who will make a fresh feasibility study in the light of the latest prices of the machineries and capacities.The study will also include a cost analysis chart and the excpected profit marjin for each wire size to be produced,taken in to cosideration the latest local market prices as well as the prices of the wires ex-works or FOB and the cost of transportation from the origin to Baghdad. According to my contract with the consultants ,the reports should be ready at your disposale three weeks from now.
The reports should give you and me a realistic vision on the proposed expantion of our factory.
At the same time I had asked a well established Engineering & Contracting firm to evaluate the cost needed to complete the building to house the new machineries including the civil,mechanical & electrical works. The estimated cost should be included in a short report indicating among other things, the time required to complete the works and make the building ready for the instulation of the machineries.

On the financial side , I can confirm to you once again the ability and the consent of our share holders to participate in the funding of the wire drawing plant by 20%
of the total cost as cash revenue.

I sincerely hope that our new expantion plant will be included in your list of priority clients.

I will pass to you the reports directly as they come from my consultants .

Best Regards

(b)(6)
General Manager
Iraqi Metal Weaving Co.Ltd
Baghdad-Iraq

(b)(6) wrote:

| Dear (b)(6)

I hope you are well. I am writing to enquire whether you have managed to make any progress on gathering further information for your loan application, including, initially:

1) The total cost of the proposed plant expansion, including any construction costs needed to house new machinery
2) Total annual running costs

If you have got new information for us, could you please confirm your shareholders are still interested in pursuing the request for credit, and in contributing the minimum 20% cash requirement? We are in the process of compiling a list of priority clients for attention after August 2004, and would like an update from you to determine whether you should be included.

Many thanks and best regards,

(b)(6)

(b)(6)
Firm Level Assistance Program
USAID / Bearing Point
Bearing Point Camp
Presidential Palace
Baghdad IRAQ
APO AE 09335

(b)(6)

From: (b)(6)
Sent: 06 May 2004 19:18
To: (b)(6)
Subject: Wire Drawing and galv. Plant.

Dear (b)(6)

I have the pleasure to confirm that the share holders of our company agreed to invest not less than 20% in cash money, of the total cost of establishing the proposed Wire Drawing and Galvanization Plant.This agreement was secured during a meeting of the General Assymbly of the company held on Monday 3rd May 2004.

It is important to state that this cash investment could come not only from money inside Iraq but also from accounts belonging to the share holders out side the country.

As for the other important points which I promised to give you,I have managed to obtain part of it by today.You will find it attached to this e-mail.

The rest of the information you had requested will follow soonest I get it from other sources,such as the present cost of the complete plant according to our revised capacities,the running costs according to labour and services costs prevailing now a days in Baghdad and the actual cost of establishing the building to house the plant prepared by a competent contracting and engineering office.

I will try to supply you with the above as I receive it, so you will be familiar with it when we have our next meeting.In the meeting I will have the whole thing in one binder for easy reference.

Many thanks for your kind attention.

Best Regards

(b)(6)
General Manager
Iraqi Metal Weaving Co. Ltd.
Baghdad-Iraq

Do you Yahoo!?
Win a $20,000 Career Makeover at Yahoo! HotJobs

Do you Yahoo!?
Friends. Fun. Try the all-new Yahoo! Messenger

(b)(6)

From: (b)(6)
Sent: Tuesday, June 22, 2004 12:29 AM
To: (b)(6)
Cc:
Subject: Wire Drawing Plant

Kind (b)(6)
Deputy Director
cpa-private sector development

Dear (b)(6)
I refer to my original request (submitted in April 2004),for granting our company a loan to expand the present wire weaving factory by adding a new line for wire drawing , annealing and galvanization . In addition to what I have already submitted to (b)(6) during our meeting and subsequent e-mails, I have now, the pleasure to attach herewith,the following documents for your consideration and comments.

1. A feasibility study and cost analysis report.
2. A modified collateral statement .
3. The time needed to finalize the work.
4. The amount of the requested loan based on the latest available data.

I do hope that those documents will enable you to include my request in the list of priorities for the projects who will be eligible to be granted the requested loan.

Please confirm the receipt of the above documents by return e-mail.
Awaiting your comments with much interest.

Thanks & B.regards

(b)(6)
General Manager
Iraqi Metal Weaving Co. Ltd
Baghdad-Iraq.
(b)(6)

Do you Yahoo!?
New and Improved Yahoo! Mail - Send 10MB messages!

From: (b)(6)
Sent: Tuesday, June 22, 2004 7:51 AM
To: mohammed shikara
(b)(6)
Subject: RE: Wire Drawing Plant
Dear (b)(6) Thank you for your document, which we found very interesting. To progress our understanding of the project, please tell us the current state of production – volume, revenues, number of employees, net cash flow, etc. As you may know, we prefer to finance the expansion of an existing company rather than a "greenfield" new project.
Best regards,
(b)(6)

-----Original Message-----
From: (b)(6)
Sent: Tuesday, June 22, 2004 12:29 AM
To: (b)(6)
(b)(6)
Subject: Wire Drawing Plant

Kind atten (b)(6)

Dear (b)(6)
I refer to my original request (submitted in April 2004),for granting our company a loan to expand the present wire weaving factory by adding a new line for wire drawing , annealing and galvanization . In addition to what I have already submitted to (b)(6) during our meeting and subsequent e-mails, I have now, the pleasure to attach herewith,the following documents for your consideration and comments.

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Please confirm the receipt of the above documents by return e-mail.
Awaiting your comments with much interest.

Thanks & B.regards

(b)(6)
General Manager
Iraqi Metal Weaving Co. Ltd
Baghdad-Iraq.

(b)(6) [redacted]

Do you Yahoo!?
New and Improved Yahoo! Mail - Send 10MB messages!

(b)(6)

From: (b)(6)
Sent: Tuesday, June 22, 2004 7:51 AM
To: (b)(6)
Cc:
Subject: RE: Wire Drawing Plant

Dear (b)(6) Thank you for your document, which we found very interesting. To progress our understanding of the project, please tell us the current state of production – volume, revenues, number of employees, net cash flow, etc. As you may know, we prefer to finance the expansion of an existing company rather than a "greenfield" new project.
Best regards.
(b)(6)

(b)(6)

-----Original Message-----
From: (b)(6)
Sent: Tuesday, June 22, 2004 12:29 AM
To: (b)(6)
Cc:
Subject: Wire Drawing Plant

Kind atten: (b)(6)
Deputy Director
cpa-private sector development

Dear (b)(6)
I refer to my original request (submitted in April 2004),for granting our company a loan to expand the present wire weaving factory by adding a new line for wire drawing , annealing and galvanization . In addition to what I have already submitted to Mr.A. Rouse during our meeting and subsequent e-mails, I have now, the pleasure to attach herewith,the following documents for your consideration and comments.

1. A feasibility study and cost analysis report.
2. A modified collateral statement .
3. The time needed to finalize the work.
4. The amount of the requested loan based on the latest available data.

I do hope that those documents will enable you to include my request in the list of priorities for the projects who will be eligible to be granted the requested loan.

Please confirm the receipt of the above documents by return e-mail.
Awaiting your comments with much interest.

Thanks & B.regards

(b)(6)
General Manager
Iraqi Metal Weaving Co. Ltd
Baghdad-Iraq.
(b)(6)

Do you Yahoo!?
New and Improved Yahoo! Mail - Send 10MB messages!

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مكتب أطلس الهندسي استشاريون و خبراء صناعيون

Atlas Engineering & Industrial Consultants

Loan Proposal for:

Iraqi Metal Weaving co. Ltd

Wire Drawing, Annealing and Galvanizing Plant

Feasibility Study & Cost Analysis
Collateral & Loan calculation amount

Baghdad – June 2004

Iraqi Metal Weaving Co. Ltd.

History: (The Company)

The company was established under license No. 1656 dated 18th July 1966,issued by the Ministry of Industry. The company was also registered with the Iraqi Federation of Industries.

Paid Capital: ID. 1,500,000.- Based on the exchange rate of ID=3.2889 USD.

Main Share Holders:

(b)(6) -General Manager- Consultant Engineer	B.Sc. Al-Hikma University/Baghdad	1968.
(b)(6) Mechanical Engineer	B.Sc. University of California/Berkley	1954
(b)(6) Economist	B.Sc. University of Baghdad/Baghdad	1961

Banks: Commercial Bank of Iraq
Iraqi Investment Bank

The Factory:

The company established its factory for the manufacture of Wire Mesh in 1968.Its product of wire mesh was first introduced to the local market in 1969.

During the sixties and the seventies the Ministry of Industry granted seven licenses for the establishment of wire weaving factories, however, by 1990 non-of those factories was in existence. Since that dates our factory is the only one of its kind in Iraq supplying the local market with its products.

Products:

a. Insect screen wire mesh, for door and windows
b. Sieve wire mesh for industrial uses.
c. Hexagonal Chicken wire mesh for general us
d. Chain Link Mesh for fencing.

To manufacture the above products the company imports galvanized iron wires from different countries mainly: China, Japan and Belgium.

The yearly demand of GI.Wires is about 500 M/Tons in different sizes and the production capacity is about 600,000 square meters of wire mesh.

The machines were imported from:

Japan	13	for wire weaving and chicken wire mesh
China	3	for sieving mesh ,chicken wire mesh and spring making machine.
Turkey	1	for Chain Link fencing mesh. (German design).

Germany 2 for wire weaving (WAFIOS) manufacture.

Introduction:

Wire & wire product-making plants are secondary products of wire rod including naked wire, wire mesh, nail, barbed wire and fencing wire. They are products, which enjoy a large demand both in industrial & agricultural usage. Therefore the market for the products is huge.

Wire rod used as a starting material is the small round bar with a diameter ranging from 5.5 to 19 mm. It comes in the shape of coils, with a bundle weighing about 300 to 1000 Kg.

In order to make wire rod into the thinner wire gauge required, it is put on a wire drawing machine for gradual reduction of the sectional area of the rod.

According to use, the diameter of wire changes extensively. Therefore, depending upon the dimension of the product, there arises great difference in the number of drawing machines required even though the tonnage of production may be the same.

When wire of the proposed size has been obtained through wire drawing, it is subjected to, annealing and /or galvanization.

Kind of Products & Production Capacity

The wire products, which are manufactured from wire rod as the starting material, range over a wide field.

This project however is designed to turn out only wires, to be used in the manufacturing of wire meshes, which have the largest demand in the local market.

As the quality of the wire rod, is mild steel, it is easy to procure, and needs only simple type of drawing machines.

The production capacity of this project has been set, for the time being, at 2250 - 2500 tons a year, approximately 200 tons a month i.e 8 tons per two shifts working hours a day.

Raw Materials

The diameter of wire rod, as a starting material, is mostly5-6 mm rod, In this project; it is presumed that the wire rod having diameter 0f 5.5 mm, which is most popular, is used.

As for the secondary materials required, they include chemical reagents for pickling - chiefly sulfuric acid- dies, lubricants, fuel oil and electric power for drawing and a moderate amount of industrial water.

Process Description

1. Pickling operation

As stains and scale are attached to the surface of wire rod, pickling should be taken place prior to be drawn so as to obtain a brilliant surface as a result of their removal. If the condition of the scale attached to the surface of the wire rod is moderate, the mechanical de- scaler is applied as a cleaning method.

2. Drawing

One end of the bundle of wire rod is made narrower by the pointer machine so as to put it through the hole of the die, and a motor derived clamper draws the wire rod.

The area reduction ratio per pass of the die is about 25 per cent on an average. If the diameter of wire rod is 5.5 mm, the sectional area is 23.7 mm2.

As the diameter of the hole, corresponding to 25% reduction of the area, is about 4.76 mm hole of die at first, narrowing it by drawing.

In the case of wire size B.W.G. No.11, the number of drawings are five–six, while in the case of B.W.G No.20; it is eight–nine.

The area reduction ratio differs considerably according to the quality of the material used. This is to say the less the carbon content, the larger the area reduction. Hence, the decrease in the number of passes.

The continuous system is compact machinery in which several die blocks are set in one unit.

In this project, 7 units of the continuous machinery are installed.

3. Annealing

Drawing brings about a change in the physical structure of steel, making it hard and brittle. Therefore, it is subjected to the metallurgical treatment by annealing so as to provide softness. Two Annealing electrical furnaces are recommended.

4. Galvanization

About 60% of wire products are galvanized in order to prevent weathering. The wire to be galvanized should have a clean surface in order that the zinc coating may stick to it.

The galvanization of wire is performed continuously, with several lines of wire galvanized simultaneously and in parallel. The zinc pot is made

into long casing in order to increase running speed of wire for enhancement of productivity.

Description of the proposed Project

Production scheme

The project has been worked out on the assumption that the annual total production will be 2250 - 2500 tons, which may be broken down as in the following table:

Size of wire B.W.G	Diameter. mm	Tons /year	End use
34	0.24	50	Insect screen mesh
26	0.40	50	Sieve mesh
24	0.50	50	ditto
20	0.92	1000 – 1200	Chicken mesh + tie wire
13	2.45	800	Chain link mesh
11	3.00	200 - 350	ditto

Employing different die size using the same drawing machines to match the market condition may easily change the scheme.

The above capacities are intended to provide the need of the Factory and The extra production is for supply to the local market .

PLEASE NOTE THAT THE DRAWING LINES MENTIONED IN TABLE 2 (MACHINERY),ARE RE-CONDITIONED MACHINES OFFERED BY THE WELL KNOWN :
GAUDER GROUP OF BELGIUM

The rest of the supplementary machines , galvanization, the workshop tools and the cranes are all brand new, from different sources.

Table 1
Fixed Investments (Buildings)

Description	Area	Cost per square meter $	Total $
Main production building	1800 m2	150	270 000
Electrical & mechanical installations	miscellaneous		70 000
Water supply installations	miscellaneous		45 000
Other needed installation such as offices…etc			25 000
Total			**410 000**

Table 2
Fixed Investments (Machinery)

Machine type	Number	Price in EUR	Price in $	Total $
KOCH 7 Blocks Rod Break Down, Model GWD 600/550	3	75000 EUR	90000	270000
ARBOGA 8 Dies Drawing Line	2	117000 EUR	140400	280800
REDAELLI 21 Die Carbon Wet Type Drawing Line	1	52000 EUR	62400	62400
Annealing Furnace	2		45000	90000
Butt Welder	6		1000	6000
Tip milling machine	6		2000	12000
Lay-off lifting machine	6		1500	9000
			Grand Total	**730200**

Table 3
Fixed Investment (Maintenance Workshop)

Machine type	Number	Price in $	Total $
Dies repairing Machine	5 sets	2000	10000
Lathe	1	9000	9000
Weighing Machine	3 sets	2000	6000
Total			**25000**

Table 4
Fixed Investments (Auxiliary equipment)

Description	Amount $
Quality Control equipment	5000
Fork lifts	10000
Transportation	9000
Traveling crane	36000
Total	**60000**

Table 5
Fixed Investments (office equipment)

Description	Unit Price	Amount $
Furniture for offices and Labour rooms	Lump sum	5000
Computer, Copier, Type writer…etc	Lump sum	5000
Total		**10000**

Table 6
Fixed Investment (Galvanization Line)

Description	Unit Price	Amount $
Complete Line of Galv.	Lump Sum	**85000**

Table 7
Wages & Salaries (Two Shifts/day)

Title	No.	$ per month	Total/Year $
Production Manager	2	500	12000
Maintenance Engineer	2	300	7200
Mechanic Forman	4	200	9600
Ass. Mechanic	8	150	14400
Skill Worker	16	100	12000
Semi Skill Worker	16	75	9000
Unskilled worker	24	50	12000
Total	72		**76200**

Table 8
Raw & Auxiliary Materials

Description	Quantity	Unit price $	Transportation & Other.15%	Total $
Wire rod 5.5	2500 t	420	63	1,207,500
Zinc electrodes	90 t	1500	225	154250
Drawing Powder	6 t			5000
Drawing Dies	20000 pieces			10000
Cooling Liquid				4000
Grease & Oil				2000
Total				**1,382,750**

Table 9
Energy, Water and Insurance /Year

Description			Total $
Electricity			5000
Water			1000
Fuel			3000
Total			**9000**

ıe cost for erecting the	Machineries and	Trial running of	The plant
Vill be known at the	Final stages of	Discussions .	
stimation			**90000.-**

Table 10
Overall Production cost

Description	Table Number	Amount $
Raw & Aux. Materials	8	1,382,750
Wages & Salaries	7	76200
Energy , Water & Insurance	9	9000
Depreciation	5%	60000
Interest	2%	36000
Total		**1,563,950**

Table 11
Yearly Sales Of All Produce

Type of wire B.W.G	mm	T/year	$ per ton	Total $
34	0.24	50	1200	65000
26	0.40	50	850	45000
24	0.50	50	800	42500
20	0.92	1200	750	900000
13	2.45	800	700	560000
11	3.00	350	690	286500
Total		2500		**1,889,000**

The envisaged before tax profit per year = USD. 325050.-

Timing: Keeping in mind the unstable security situation in the country, it is expected that the erection and installation of the plant will take from 6 to 8 months from the date of receiving the LOAN.

Collateral :

The company assets consist of the Land, The building of the present wire weaving factory, The concrete structure of the proposed wire drawing plant and The existing machineries.

The land: In Baghdad at Al-Ubaidi Industrial area
4000 sq.meters.
The Building: Two story with a roofed area of 750 sq.meters for each level.
The C.structure: 8 meters high and 1800.- sq. meters area plus a 2 level building for the offices and the workshop.
The existing machines:

12 Wire Weaving Looms
4 Chicken wire mesh(Hexagonal) making
1 Sieve wire mesh weaving machine.
4 Wire spooling machines.
1 Set of warping machine and tools.
1 Chain Link Fencing mesh machine
1 Spring making machine

The estimates of the above assets:

The land + the existing Buildings	USD. 1,150,000.-
The concrete structure	USD. 250,000.-
The machinery	USD. 850,000.-

Total assets as per prevailing prices
At the present time USD. 2,250,000.-.

The amount of the LOAN needed to establish the Wire Drawing, Annealing & Galvanization PLANT as presented in the above report to be as follows:

1.Buildings Table 1	US$. 410,000.-
2.Machineries Tables 2,3,4,5&6	US$. 920,200.-
3.Erection & Trial running Estimation	US$. 90,000.-
3.Running costs for 4 months Table 10	US$. 521,300.-
Total	US$. 1,941,500.-

One million, nine hundred fourty one thousand and five hundred .

Yours Sincerely

Muhammed A.R.Shikara General Manager
Iraqi Metal Weaving Co. Ltd
Baghdad- IRAQ

(b)(6)

مكتب أطلس الهندسي استشاريون و خبراء صناعيون

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Baghdad – June 2004

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Paid Capital: ID. 1,500,000.- Based on the exchange rate of ID=3.2889 USD.

Main Share Holders:

Mr. (b)(6)	-General Manager-		
	Consultant Engineer	B.Sc. Al-Hikma University/Baghdad	1968.
Mr. (b)(6)			
	Mechanical Engineer	B.Sc. University of California/Berkley	1954
Mr. (b)(6)			
	Economist	B.Sc. University of Baghdad/Baghdad	1961

Banks: Commercial Bank of Iraq
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The Factory:

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The production capacity of this project has been set, for the time being, at 2250 - 2500 tons a year, approximately 200 tons a month i.e 8 tons per two shifts working hours a day.

Raw Materials

The diameter of wire rod, as a starting material, is mostly5-6 mm rod, In this project; it is presumed that the wire rod having diameter 0f 5.5 mm, which is most popular, is used.
As for the secondary materials required, they include chemical reagents for pickling - chiefly sulfuric acid- dies, lubricants, fuel oil and electric power for drawing and a moderate amount of industrial water.

Process Description

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Total			**410 000**

Table 2
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Total		2500		**1,889,000**

The envisaged before tax profit per year = USD. 325050.-

Timing: Keeping in mind the unstable security situation in the country, it is expected that the erection and installation of the plant will take from 6 to 8 months from the date of receiving the LOAN.

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3.Running costs for 4 months Table 10	US$. 521,300.-
Total	US$. 1,941,500.-

One million, nine hundred fourty one thousand and five hundred .

Yours Sincerely

(b)(6)

General Manager
Iraqi Metal Weaving Co. Ltd
Baghdad- IRAQ

(b)(6)

Al-Rawi



Hotel / candy / canning - Date No.

- Tomato paste
- Dates
- Vinigar
- fruit juices
- fruit canning
- Date syrup

(new production -

Iraq largest grower + exporter of Dates
now produces - date syrup.

Hungarian / Bulgaria - project in 1960's
1980 privitized industry -
exporting to nearby countries
+ some into Europe

*[competion - much? - need to check on (about 10)
Damas - product name (Brand)
(tear)
Dibis - date syrup.

- October -
Dates seasonal
fluctuation of price

second grade of dates -
Tons -
200M IR Dinar - 250

Von Guard - CPA contracting -

↳ issue on bids and response.

medical supplies -

KBRRIO - (restructuring / requirements)

registered w/ RIO -

TO DO / ↳ director of Baghdad Business Center -

↳ introduce them to: Pete Rocha -

35% of market -
(7 tons per day)

- 1 shift -
domestic only -

export → demand outside -
large - potential market -

other countries - price of dates -
very expensive - per ton
on a comparative basis -
(Research - large market)
↳ other products used in
+ drink -

check for this } (China + India)
↳ market -

Zahda - data only on Iraq
type

(b)(6)

From: (b)(6) CIV)
Sent: Wednesday, June 16, 2004 10:01 AM
To: (b)(6)
Subject: 11 am mtg tomorrow (thurs 6-17)

At convention center, following (b)(6)

(b)(6)

(b)(6)

From: (b)(6)
Sent: Sunday, June 27, 2004 10:56 AM
To: (b)(6)
Cc:
Subject: Loan Request

June 27, 2004

Dear (b)(6)

I have reviewed the materials that were provided to me by (b)(6) in regard to your loan request of five million dollars for constructing a second hotel; the Shanashel Tower Hotel, by your real estate company; Al-Inmaa Real Estate Investment Co. Ltd. Your request for a loan of five million dollars was for the majority of the construction costs for a new hotel, the second hotel that you would own. The first hotel being the Shanashel Palace Hotel should be completed shortly and you have projected the new hotel would take one year to complete construction.

Our policy is to provide funding for businesses that are going to expand, upgrade, modernize, or undertake an additional, yet related product line. We are looking for businesses that presently generate cash flow that will substantially contribute to the repayment of a loan. The existing cash flow produced by the business on a historical basis along with the cash flow from additional net income produced by the expansion, modernization, etc. must be able to repay the loan (principal and interest) as agreed per the required amortization schedule.

The profile of the loans we are in the process of making only include those requests from existing companies that are continuing in their same business and that have proven to be successful in the past. We wish you much success in your new venture, the real estate-hotel business, and regret that we are unable to participate with you in this venture. I thank you very much for your interest in the financing facilities we provide.

Regards,
(b)(6)

(b)(6)

(b)(6)

From: (b)(6)
Sent: Sunday, June 20, 2004 12:22 PM
To: (b)(6)
Subject: Loan Proposal of Al-Inmaa Real Estate Investment co. Ltd.

To: (b)(6)
Financing Specialist CPA
No.: 221
Date: 20/6/2004
Sub: Loan Proposal of Al-Inmaa Real Estate Investment Co. Ltd

Thank you so much for your attention to our Loan proposal and for the time you had spent with my colleague Mr. Sabah Najem for meeting him, I would like to explain for you the following: -

1- ***I have bought this company in June / 2001, and we trying to accomplish a chain of local Hotels Named (Shanashel) and for operating this Hotels we are hiring a professional staff and we may employ 50 people to operate the first Hotel (Shanashel Palace Hotel)***
2- ***We have another business (Family business) we own a wheat flower factory since 1974, and now we owned two companies for wheat flower mills, the first is Al-Bbayadir Co. for milling flower in Baquba – Diyala (150 ton/day) the nominal capacity, and the second is Al-Suwara Co. for milling the flower in Suwara – Wasit of nominal capacity (150 ton/day).***
3- ***We have another commercial land, if you need it as extra guarantee for the Loan.***

I am really interested in your department to discuss a lot of ideas regarding developing new Iraq, that we are a private firm and we manage our own work to perfection and that make it different from contractor who is taking contract and there is no one watching closely (now a days) as we do, so financing private firm like ours

will create a lot of work opportunities to a lot of Iraqies and that will create a lot of growth in their financial independent and that can make a lot of changes in our society, Also decrease the fundamentalist people in our society and can making them function right and progress in new Iraq.
I believe in your department will be the great solutions for all the problems in Iraq for the time been.
Appreciate your cooperation and hope to hear from you soon

(b)(6)

G.M
Al-Inmaa Real Estate Investment co. Ltd.

Do you Yahoo!?
Yahoo! Mail is new and improved - Check it out!

AL-INMA Real State Ltd. Co
Cap. 250 ID million
Est. since 1988

شركة الإنماء للاستثمارات العقارية المحدودة
رأسمالها ٢٥٠ مليون دينار
تأسست عام ١٩٨٨

To: - Iraq Economic Recovery Reform and Sustained Growth Project – CPA
Sub: - Loan Proposal for Establishment of a "5" stars Hotel in Baghdad.
Date: - 16/6/2004
No: - 215

Establishment of (5) Stars Hotel in Baghdad
(Shanashel Tower Hotel)

Our Company presents its best wishes to you

We enclose herewith our Loan Proposal, We would like to inform you that we have a possession deed of the plot in the name of the company and complete architectural, constructional and service charts of the project. We also can provide accurate quantity tables and economical feasibility study and any other document your studies will require.

We wish to cooperate with you for the sake of participating in creating and building a new Iraq under the leadership of Coalition Provisional Authority.

(b)(6)

G.M AL-Inmaa Real Estate Investment Co. Ltd
Baghdad – Iraq

(b)(6)

AL-INMA Real State Ltd. Co
Cap. 250 ID million
Est. since 1988

شركة الإنماء للاستثمارات العقارية المحدودة

رأسمالها ٢٥٠ مليون دينار

تأسست عام ١٩٨٨

Quiq Submit Form

- ***Project title: Shanashel Tower Hotel.***
- ***Type of Project: Real Estate Five stars full service Hotel.***
- ***Type of Funding Desired: Loan Against Existing Collateral.***
- ***Borrowing Entity: Al-Inmaa Real Estate Investment Co. Ltd.***
- ***Principals Name: Eng. Abbas Makki Ahmad EL-Bawi.***
- ***Principals Address: 929 – 2 – 28/1 – AL-Masbah – Near the Germany Embassy – Baghdad – Iraq.***
- ***City: Baghdad.***
- ***Country: Iraq.***
- ***Web address: www.shanashel.com (Under Construction)***
- (b)(6)
- ***Funding Request: USD 5 Million (Only Five millions dollars)***
- ***Collateral Value: USD 6 Million (Only six millions dollars)***
- ***Investment to date: 998000 (Only nine hundred ninety eight thousand dollars)***
- ***Finished Project Value: USD 10 Million (Only ten millions dollars)***
- ***Describes Project: Establishing a (86) rooms five stars Hotel.***
- ***Use of fund the funds will be used in construction, furnishing, and operating the above-mentioned Hotel.***
- ***Source of Repayment: After we finish this project, we shall have two first class Hotels of (51+86) = 136 rooms and from the revenue of these two Hotels we shall repay the loan.***
- ***Description of collaterment: Real Estate, Shanashel Palace Hotel (51) rooms Hotel include (6) suites, owned by our company located in city center of Baghdad and it will start its operation on 1 of July.***
- ***Project Start date: First of July.***
- ***Target Completion: 1 Year after receiving the funds***

(b)(6)

AL-INMA Real State Ltd. Co
Cap. 250 ID million
Est. since 1988

شركة الإنماء للاستثمارات العقارية المحدودة

رأسمالها ٢٥٠ مليون دينار

تأسست عام ١٩٨٨

Loan Proposal

Firstly: - The Purpose of Loan

Establishing a touristic hotel (5 Stars) on the plot No. 480/356 Battaween of area amounting (878 M^3) situated in Baghdad and owned by our company, Al- Inma for Real Estate Investments Limited. The Hotel consists of the following: -

1- *(86) Rooms, (12) suites included.*
2- ***Reception room, Saloon, Administration room and (2) restaurants with a cafeteria and a bar with a terrace and pastry.***
3- *Businessmen Center.*
4- *Multipurpose hall for (300) persons.*
5- *Sports Hall (Spa).*
6- *Gift shops and Hairdressing saloons for men and women and a laundry.*
7- *All services and necessary facilities to operate the hotel.*

** The Loan will be used in constructing, furnishing and operating the above- mentioned hotel.*

- *Materials and Equipment which will be purchased: -*

1- *All constructional, sanitary, electrical materials necessary for building.*
2- *All doors, windows, glass and (Smart Cart) electrical locking system for doors.*
3- *(3) Elevators (2) dump waiters.*
4- *Central air- conditioning (heating and cooling), which consists of Chillers, Fan coils, with all pipes and fitting, wrapping and control systems.*
5- *System such as Central Satellite, Internet, Central Telephone Exchange, Fire systems, Property Management System and Softwares required operate the hotel.*
6- *All the Hotel furniture (Furniture of rooms, Restaurants, Bar & Cafeteria and Reception room) with all appliances and equipment of the Kitchen, Laundry, Restaurant tools and Service tools.*
7- *All requirements for the guest (Guest Amenity) with, lenon, Bed sheets, Curtains and Moquettes.*
8- *All tools and equipment required to manage and operate the hotel.*

(b)(6)

AL-INMA Real State Ltd. Co
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شركة الإنماء للاستثمارات العقارية المحدودة
رأسمالها ٢٥٠ مليون دينار
تأسست عام ١٩٨٨

Work opportunities which will be provided by the project: -

**** Interim Staff for execution (one year period) 200 employees and the Permanent Staff (after inauguration and operating) 80 employees.***
**** Quality of product: Hotel rooms five stars.***
**** Consumer: For all foreigners coming to the country.***
**** Profit Margin: 5 years to pay capital after operation.***
**** Site: the Hotel situation is in Baghdad –near Al- Tahariyat Sq. Neighbouring to (Qasr Al- Sultan) Hotel.***

Secondly: - Amount of Loan Requested

The amount of the Loan requested is USD (5000 000$) only Five million American Dollars no more.

Thirdly: - Total Project Size

1. ***Cost of land: ----- USD 878,000(Only eight hundred seventy eight thousand dollars)***
2. ***Designs and studies also digging and treating the soil under foundation: ----- USD 120,000(Only one hundred twenty thousand dollars)***
3. ***Infrastructure and construction cost: ----- USD 3,600,000(Only three millions six hundred thousand dollars)***
4. ***Furniture, Fixture, and Equipment: -----USD 1,200,000(Only one millions two hundred thousand dollars)***
5. ***Unforeseen charges: ------ USD 480,000(Only four hundred eighty thousand dollars)***
6. ***Working Capital: ----- USD 300,000(Only three hundred thousand dollars)***
7. ***Total cost of the Project: -------USD 6,578,000(Only six millions five hundred seventy eight thousand dollars)***

*Total cost of project (summarization):

1-Loan Amount in USD: ----- 5,000,000(Only five millions dollars)
2-Total expenses :(Except the financial charges and the interest on loan) ----- USD 6,578,000(Only six millions five hundred seventy eight thousand dollars)
3-Amount of personal Investment: - ----USD 1,578,000(Only one million five hundred seventy eight thousand dollars)

(b)(6)

AL-INMA Real State Ltd. Co
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شركة الإنماء للاستثمارات العقارية المحدودة
رأسمالها ٢٥٠ مليون دينار
تأسست عام ١٩٨٨

Fourthly: - Summary of Financial Information

1- ***The Company has not gained proceed or income for the previous year 2003 and that is because it performs investment works to establish fixed assets (constructing the first hotel belonging of the company) and that the size of investment being in the amount of ID (741496149) only Seven hundred forty one million, four hundred ninety six and one hundred forty nine dinars during the year 2003 only, that is with an increase of 873% from the year 2002 in spite of the crucial circumstances having passed in the country, knowing that the company was bought in 2001 and its capital was increased from ID(150000) only one hundred thousand dinars to ID(2500000000) only two hundred fifty million dinars in the same year of buying the company.***

► ***Concerning cash flows of the company up to the end of year 2003 they come from: -***

**** The Capital paid by the shareholders of the company amounting (250000000) only two hundred fifty million dinars.***

**** Loans of the shareholder Abbas Makki Ahmed, his Credit balance amounted (938114559) only Nine hundred thirty eight million, one hundred fourteen thousand and five hundred fifty nine dinars without interests.***

**** Al- Warka' Bank loan amounting (233521330) Two hundred thirty three million, five hundred twenty one thousand three hundred thirty Dinars.***

Attached for you a copy of the final accounts of the company for the year 2003.

But, concerning the company's situation for the year 2004, it is proceeding in the same former direction and it attempts to complete its investment in establishing its assets which amounted to (635083000) Six hundred thirty five million, eighty three thousand Dinars up to 30/4/2004.

(b)(6)

AL-INMA Real State Ltd. Co
Cap. 250 ID million
Est. since 1988

شركة الإنماء للاستثمارات العقارية المحدودة
رأسمالها ٢٥٠ مليون دينار
تأسست عام ١٩٨٨

Fifthly: - Additional Securities

First class Hotel consist of (51) rooms include (6) suites with restaurant for (80) persons with bar, with cafeteria, with businessmen center.
Owned by our company AL-Inmaa Real Estate Investment.
Description of building: -
1- Location: -101-1-4 Al-Nidhal Street -Baghdad -Iraq.
2- Five floors with Ground floor with basement, Total (7) floors.
3- Land area (600) m2 (Only six hundreds square meter).
4- Central AC. (Cooling and Heating) all the building.
5- Two elevators (8 person) each, and two dump waiters.
6- All doors from wood from excellent quality.
7- All windows are aluminums.
8- Architectural work will be finished within (10) ten days and expected date for starting operation of Hotel on 1 of July 2004.

Sixthly: - Timing

One year is required for execution at the time of inauguration the project will be ready for generating profits.

Seventhly: - Pay Back Period

One year is required for execution and after that payment will start as equal installments, each six months and for five years after the end of the first year.

Eighthly: - Competition

Our competition are the hotels existing in Baghdad and when you visit the First hotel (Shanshel Palace Hotel) it will be clear to you to what extent of the commodity quality we produce concerning design and service.

(b)(6)

PROJECT GREEN

AL HAMRA HOTEL

(b)(6)

From: (b)(6)
Sent: Thursday, June 10, 2004 12:46 PM
To: (b)(6)
Cc:
Subject: Al Hamra Hotel Project

(b)(6)

Many thanks for your time yesterday. We very much enjoyed meeting you. We are looking forward to receiving, by e-mail, the items listed below, so we can make progress on your project.

1) A copy of your revised proposal
2) Financial accounts for full year 2003 and Q12004
3) A list and estimate of the current market value ($m) of your assets (land, buildings etc.)

Could you also please confirm that Mr. Fausi, head of the Sharif Group's Arsawi Company (excuse any misspelling) is available at 10am on Saturday morning at the Convention Center to discuss the Iraqi concrete pile market?

Many thanks and best regards,

(b)(6)

Firm Level Assistance Program
USAID / Bearing Point
Bearing Point Camp
Presidential Palace
Baghdad IRAQ
APO AE 09335

(b)(6)

1. Ask re: construction loan - Date No.

2 Nevarity terms for Tranches. A+B.

Sharif Group - owns 41% of Bk of Baghdad
11 equal share holders.

17,000 nonbank shareholders.

9mm - total Bk of B
5 loan - ↗ 4 shareholders.
4
~~4~~ sharif family - 31,-

[90% occupancy all year long
suite hotel.]

Kitchenette
studio - 3 room -

Construction 1980 - only - private sector
of size in Baghdad.

(only studios) for new ones.

($70-$110 room rate)
4-person $170

nearby foreigners

security — strong.

need visit —

loan to Alhambra Co. —

financials - 2003 audited.
(one year)
1st Quarter:

(2-3 years - construction)

other Co's
Insurance Alarm insurance.
see policy.]

T (OPEC. insurance)
send information —

contractor —
Bonded —

(management of all workers)

(b)(6)

From: (b)(6)
Sent: Monday, June 07, 2004 8:16 PM
To: (b)(6)
Subject: RE: REPLY FROM (b)(6)

(b)(6) es, if you can make it , it would be good for you to have the direct contact. Thks,

-----Original Message-----
From: (b)(6)
Sent: Mon 6/7/2004 2:05 PM
To: (b)(6)
Cc:
Subject: FW: REPLY FROM (b)(6)

(b)(6)
Do you think I should go to this meeting?
(b)(6)

-----Original Message-----
From: (b)(6)
Sent: Monday, June 07, 2004 1:45 PM
To: (b)(6)
Cc:
Subject: RE: REPLY FROM (b)(6)

Meeting set for Weds morning at 10am.

-----Original Message-----
From (b)(6)
Sent: 06 June 2004 22:58
To: (b)(6)
Cc:
Subject: FW: REPLY FROM (b)(6)

(b)(6) please contact him, this is re Project Green, constructing apartment-type hotel rooms at Al Hamra Hotel. This may be a good project, the market needs such accommodations and he may be able to provide some good backing with cash flow from the al Hamra. Thks

-----Original Message-----

From: (b)(6)
Sent: Sun 6/6/2004 2:09 PM
To: (b)(6)
Cc:
Subject: REPLY FROM (b)(6)

Sunday 6th June 2004
Dear Mr (b)(6)
Because Mr. Sharif has been away from the office for the past two days, i could only bring your email to his attention today upon his return and am pleased to inform you he is at the hotel at the moment and can be contacted through the following numbers :

Hotel Tel. No. 00964 1 7786982, 7781805
Mr. Samir's mobile : (b)(6)

Thank you and with best regards.
(b)(6)

> (b)(6) I am in US for a few days, but I asked (b)(6) before I
> left to make a decision and let the group know.
> On another subject, I believe there was a proposal for a loan regarding
> construction at the Al Hamra? I am trying to get in touch with (b)(6) or
> any other person who can speak to me about this. Please be so kind as to track
> this down and get back to me.
> Thanks and best regards,
> (b)(6)
>
> -----Original Message-----
> From: (b)(6)
> Sent: Mon 5/31/2004 7:29 PM
> To: (b)(6)
> Cc:
> Subject: BUSINESSMEN'S MEETING TUESDAY 1ST JUNE
>
>
>
> Monday 31st May 2004
> Dear Sir,
> Please confirm if the businessmen's meeting is scheduled for
> tomorrow Tuesday 1st June at 3:00 p.m.
> Many thanks.

> AlHamra
> --

Reed, June R. (AD)

From: (b)(6)
Sent: Monday, June 07, 2004 1:45 PM
To: (b)(6)
Cc: Reed, June R. (AD)
Subject: RE: REPLY FROM (b)(6)

Meeting set for Weds morning at 10am.

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From: (b)(6)
Sent: 06 June 2004 22:58
To: (b)(6)
Cc:
Subject: FW: REPLY FROM (b)(6)

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Sent: Sun 6/6/2004 2:09 PM
To: (b)(6)
Cc:
Subject: REPLY FROM (b)(6)

Sunday 6th June 2004
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Hotel Tel. No. 00964 1 7786982, 7781805
(b)(6) mobile : (b)(6)

Thank you and with best regards.
(b)(6) for (b)(6)

> (b)(6) I am in US for a few days, but I asked (b)(6)
> (b)(6) before I left to make a decision and let the group know.
> On another subject, I believe there was a proposal for a loan regarding
> construction at the Al Hamra? I am trying to get in touch with
> (b)(6) or
> any other person who can speak to me about this. Please be so kind as to track
> this down and get back to me.
> Thanks and best regards,
> (b)(6)
>
> -----Original Message-----
> From: (b)(6)
> Sent: Mon 5/31/2004 7:29 PM
> To: (b)(6) (CIV)
> Cc:
> Subject: BUSINESSMEN'S MEETING TUESDAY 1ST JUNE

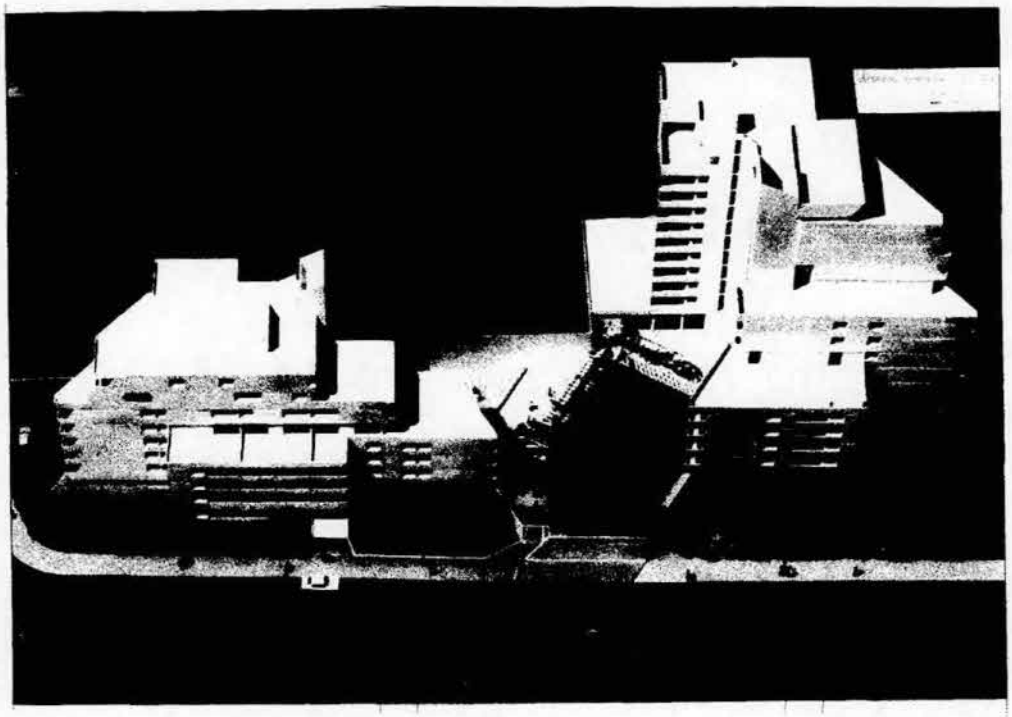
>
>
>
> Monday 31st May 2004
> Dear Sir,
> Please confirm if the businessmen's meeting is scheduled
for
> tomorrow Tuesday 1st June at 3:00 p.m.
> Many thanks.
> AlHamra
> --

PROJECT GREEN

Study For Development of AL HAMRA Hotel in Jaderiya - Baghdad



April 2004



The liberation of Iraq and its consequent opening up of the economy to the outside world has had positive effects on:

(a) Standard of living of the population.
(b) Expansion of trade and the increased demand for accommodation and services.

This has made possible a new vision for AL-Hamra Hotel Company to undertake expansion and improvement of existing premises to meet the new conditions.

A brief description in sales value as of 1995 shows a gradual increase in business becoming more rapid as of 2003. The breakdown of figures indicate substantial increase in accommodation income, restaurant and cafeteria sales but in some areas of the Hotel such as the bakery and the cafeteria in MANSOUR there was a decline owing to the war conditions in the early part of 2003.



Revenue

Millions of Dinars

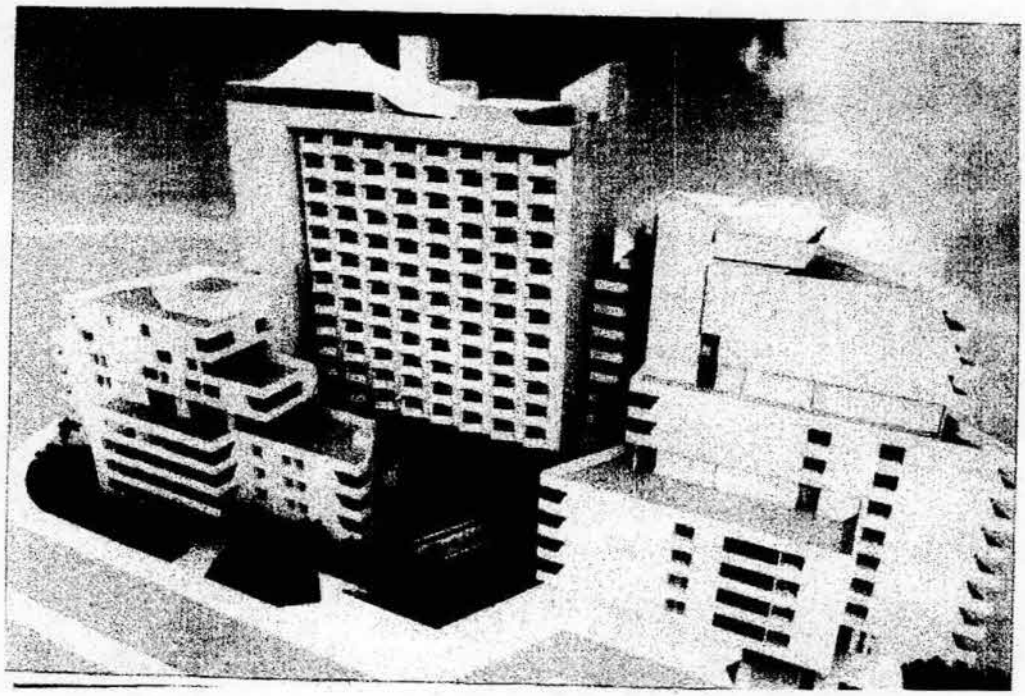
	Years
123.7	1995
	2000
2206.3	
	2003

Revenue: Accommodation and Services

Millions of Dinars

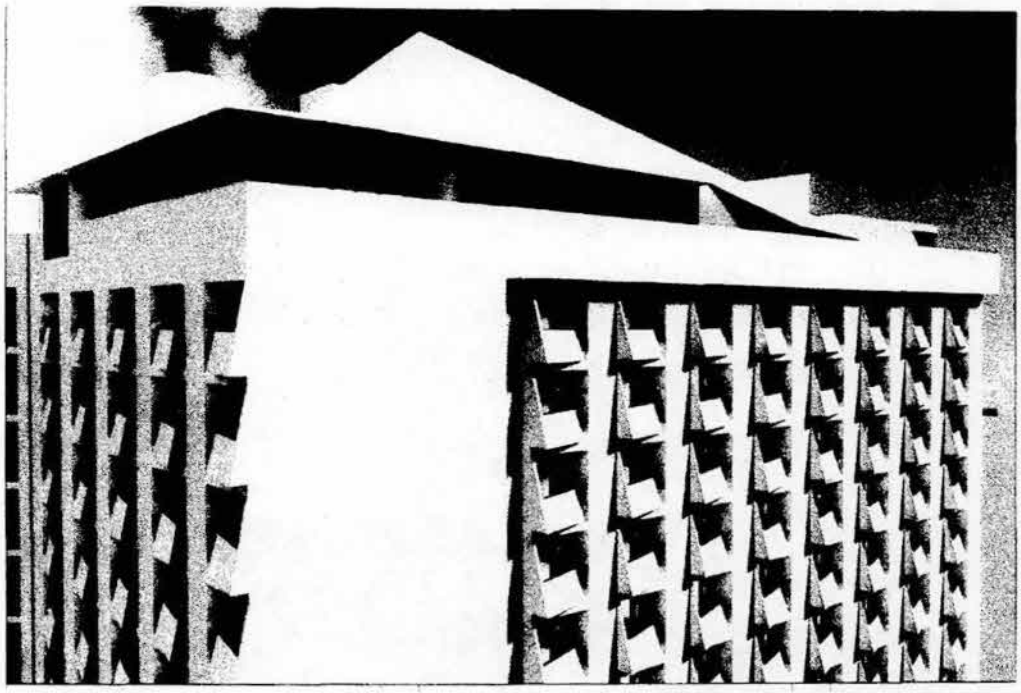
Variety		Snacks		Parties		Rest.		Years
----	----	----	23	5.4	9.8	1.15	84.3	
8.5	7.7	148.5	405.5	34.9	65.7	29.3	805.1	
20	87.1	185.7	424.3	27.3	82.2	40.2	1329	
----	23.9	169.3	426.7	34.0	303.4	56.6	2212	

Expenditure in December 31/2003 leveled at 1.408 as compared with 1.083 in 2001, the increase is compatible with sales rise especially in accommodation.



Expenditure Millions Of Dinars

189.9	147.8	108.5	Wages
716.3	622	479	Commodity In Put Costs
329.9	239	163	Service In Put Costs
42.8	0.1	0.7	Operating Costs
85.5	66.6	16.8	Depreciation
----	5.5	5.3	Expenditures Transfer
41.9	-----	-----	Others



Below A Table Showing Profits As Of 2001, 1123 Millions Increasing To 2009 Millions In 2003.

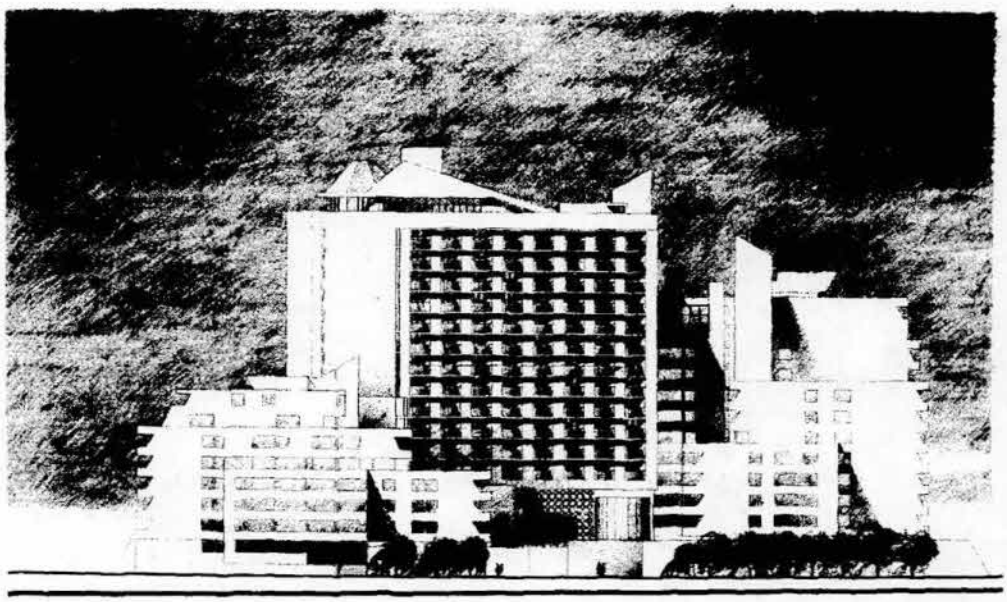
Profits

Profit	Year
[redacted]	1995
40.1	[redacted]
125.7	1997
151.6	**1998**
243.7	1999
731.0	[redacted]
1123.0	2001
2095.4	**2003**

The Improvement In Profits And The Increase Demand necessitates.

(a) Renovation Of Existing Buildings.
(b) Construction Of New Tower On An Adjacent Land Belonging To The Hotel.





NEW TOWER

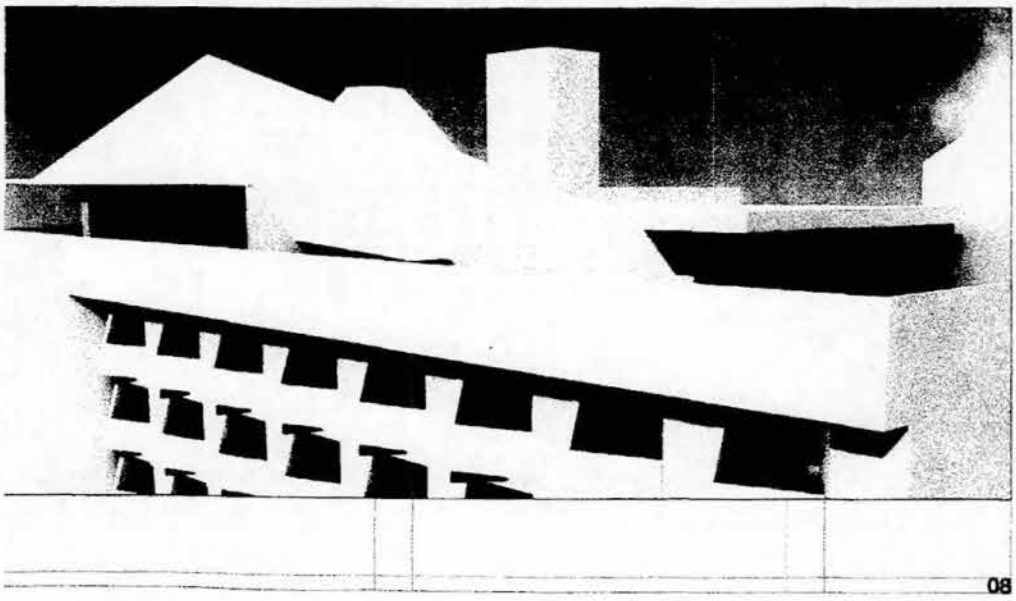
- Land Area 600 m^2
- Numbers of Stories 16
- Numbers of Suites 211
- Built Up Area 14375 m^2
- Cost Per Meters 400 \$ / m^2

14375 x 400 = Total Cost 5750000 \$

- Cost Of Furnishing 200 \$ Per Meter
- Total Cost of Furnishing 2875000 \$

200 x 14375 = 2875000 \$

- Total Cost Furnishing And Buildings 8650000 \$
- Period of Completion 3 Years
- Cost of Finance (8%) Based On Market Price As Bank of Baghdad Rate.



Revenue Expectation: -

To Give An Estimate Of Revenue The Below Assumptions Were Given.

- Numbers Of Suites 211
- Rate Per Day 100 $
- Percentage Occupancy 70%

211 x 100$ x 70% x 360days = 5317200 $

Plus 25 % Representing Other Services Such As Laundry, Restaraunts, Telephones, Etc.

Total Revenue Per Year 6646500 $

Expenditure: -

Expenditure Of AL-Hamra Hotel for the years 2000 to 2003 was taken to represent as a percentage of revenue to arrive at the expenditure expectation for the new tower.

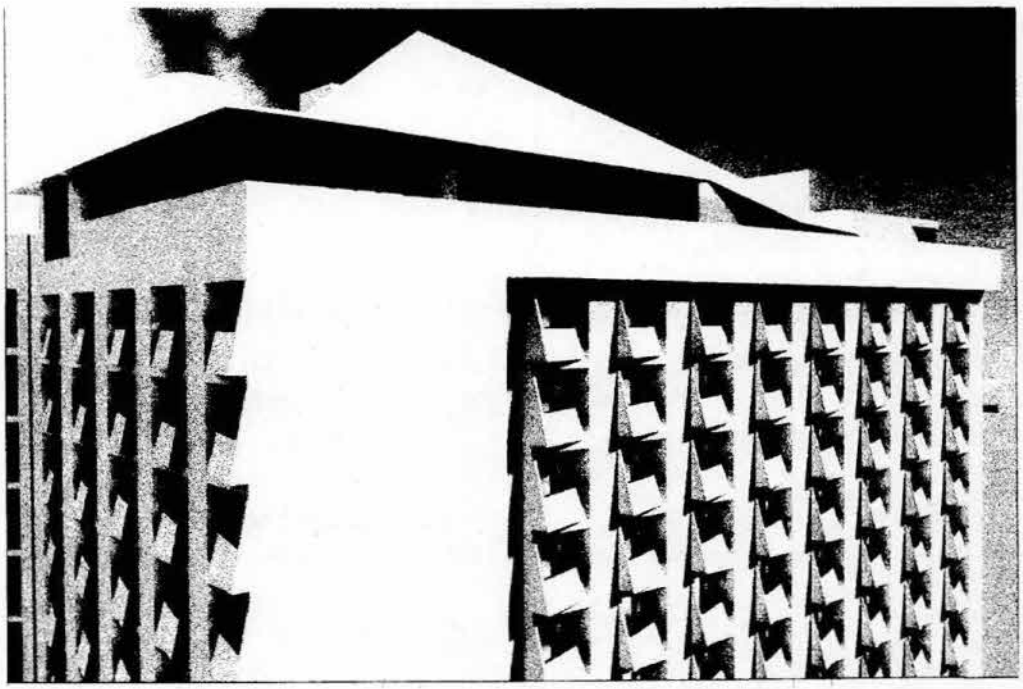
Millions of Dinars

	Expenses		Year
51%		1505	
	1083		2001
40%		3504	
	3265		**TOTAL**

Therefore The Expenditure Expectation For The New Tower.

6646555 $ x 45 % = 2990925 $

Estimated Profits 6646555 – 2990925 = 3655575 $



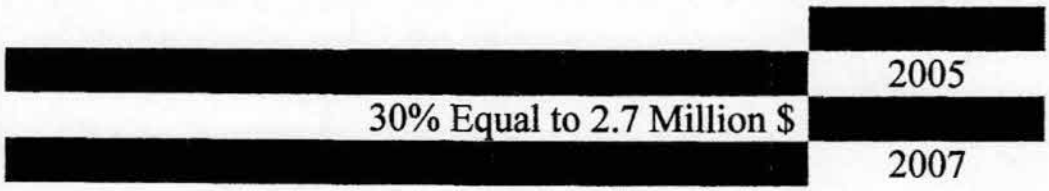
Cash Flow For New Towers: -

Capital Required: -

(a)	Fixed capital	8650000.
(b)	Operating capital	350000

Total 9 m $

The Time Scale Through Which This Amount Will Be Spend As Below: -



Duration of executing the project is determined by three years in case that the execution is by classical method, and this execution duration can be minimized in case of moving to modern and recent methods. It is suggested to choose contractors depending on this basis.

The total amount invested in the third tower, which amounts to (9) million Dollars, will be provided through three resources :

- Taking up loans from foreign banks with about five million Dollars.
- Taking up loans from local banks.
- Shareholders.

Bu the recent study considered that the complete amount is borrowed and calculated the costs of investment and cash flow depending on this basis within the following conditions :

1. Calculated the loan interest (7 %) annually according to interest rates granted by Baghdad Bank on American Dollar with allowing period of six months.

2. The loan shall be revoked within a period of five years with equal annual installments. The first installment shall be started after passing one year.

3. Interests shall be paid after six months from granting the loan, and then installments shall be paid with interests annually.

4. Revenues of Al-Hamra Hotels Company during the coming years from operating the working buildings currently shall be increased with a rate of (5 %) only, which is considerably less than its rates during the passed years.

According to the information introduced previously, the investment movement and retrieving the loan amounted to (9) million Dollars shall be as follows :

Investment Movement and Loan Settlement for the Period from 2005-2009 (with millions of Dollars)

Year	Investment	Interest	Settled installment	Tota ol Settlement	Rvenue of Loan
2005	2.7	0315	-	0315	9
2006	2.7	0504	1.8	2.304	7.2
2007	3.6	0378	1.8	2.178	5.4
2008	-	0.525	1.8	2.052	3.6
2009	-	0.126	1.8	1.926	1.8
2010	-	-	1.8	1.8	-
TOTAL:	9	1.575	9	10.575	-

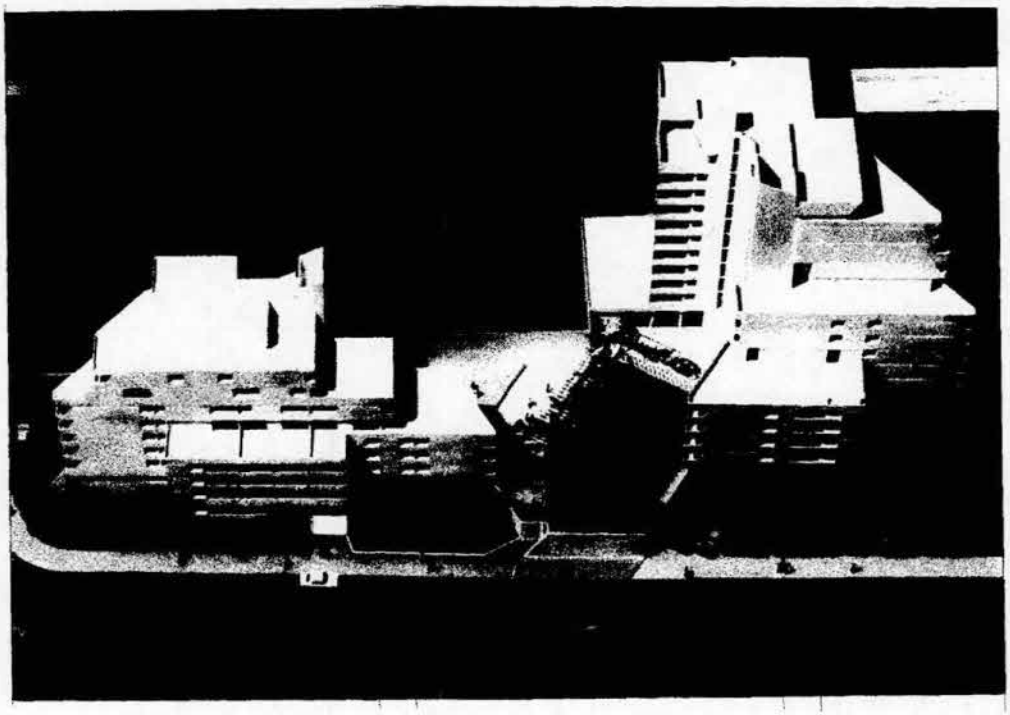
It is noticed from the movement of cash flow of Al Hamra Hotels Co. Ltd. during the coming ten years that it will achieve a shortage in the year 2006 of (0.694) million Dollar, and in 2007 approx. (0.597) million Dollar. As for the other years, they will be in the interest of the company, especially after settling the loan.

It is remarkable to refer that this shortage can be settled by the shareholders, especially its magnitude is small, or through activating the work of Al Hamra Hotels Company in producing pastries and ice cream, or opening additional tourist coffee shops in order to increase the revenues.

Year	Paid installment for loan settlement	Expenses of operating the new project	project revenues	Net revenues of Al Hamra Hotels Co.	Cash flow
2005	0315	-	1,434	1,434	+1,119
2006	2,2	-	1,506	1,506	-0,694
2007	2,178	-	1,581	1,581	-0,597
2008	2,052	2.99	1,660	1,660	+3,258
2009	1,926	2.99	1,743	1,743	+3,467
2010	1,8	2.99	1,830	1,830	+3,680
2011	-	2.99	1,921	1,921	+5,571

Dollar = 1460 Iraqi Dinar (in dollars.)

based on 70% occupancy rate.
- 7% assumption -



Project Susceptibility: -

1- The Interest Rate Taken Into The Calculation of 7 Percent Is Not The Prevailing Rate outside Of Iraq Therefore We Expect A Lower Cost Of Finance.
2- The Rate Of Suite Per Day Is Calculated As 100 $ Which Is Also Lower Than The Price Outside Of Iraq.

We Expect The Revenue And Costs Flow To Vary Substantially In The Next Few Years When The new Project Nears Completion Therefore We Present Below Some Four Possibilities: -

(a) Rise in expenditure by 10% revenue remaining the same.
(b) Rise in expenditure by 20% and revenue by 10%.
(c) Rise in expenditure by 30% and revenue by 20%.
(d) Rise in expenditure by 50% and revenue by 20%.
(e) Decrease the volume of accommodation from (70% - 50%).

The above possibilities still leave profitability of the proposed project appreciable.

	Expenses	Income	Probability
3,32		6,60	1
3,68	3,58		2
4,03	3,88	7,92	
3,44	4,48	7,92	4
1,757	2,99	4,747	5

based on 50% occupancy.
only project.



Summary: -

The new tower will cost (9) million $. Five million will be financed by a loan the rest will be locally financed through banks & share holders. The interest rate of (7%) percent although higher than the internationally prevailing rate is still viable owing to the high profitability of the project. Within its first operating year and subsequent years it is covering loans and interest. the project shows success when even susceptible to (50%) percent increase in expenditure and (20%) increase in revenue. Profit expected will approximate to 3.4 m $ per years.

In case of decrease in accommodation to (50%), the achieved profit for the project will be (1.757) million Dollars annually.

(b)(6)

From: (b)(6)

Sent: Thursday, July 01, 2004 11:48 PM

To: (b)(6)

Cc:

Subject: Iraq MMF- service provider selected

(b)(6) I am unable to contact (b)(6) complete earlier conversations. Based upon my independent conversations with both of you, I can share that we all three agree that CHF is the preferred choice over Bearing Point.

CHF has committed to selecting its CEO within 2 weeks of contract execution and understands that loans are to be disbursed within 7 weeks of contract execution.

(b)(6) has shared that she believes that there will be sufficient qualified applicants for the position within Iraq and that CHF should be able to successfully implement the timeline.

(b)(6) is in the process of completing a RFP which can provide training to local Iraqis bankers and employees of the IMMDF. This assuaged my concern about meeting current lending opportunities.

(b)(6) also suggested that in Iraq the lending analysis for IMMDF will be similar to what CHF experienced in Kosovo with its .

In summary, we three have reached comfort that CHF's perceived weaknesses can be readily addressed.

Bearing Point, who initially appears to have the greater strengths, is presenting a package that represents a significantly higher initial and ongoing cost to the program. That expense effectively reduces the amount of onlending that the program can provide. The perceived initial greater value of Bearing Point does not offset the price differential between the two candidates.

We understand that CHF has requested its application be withdrawn. OPIC believes that their withdrawal decision was based upon a misunderstanding that can be clarified. We anticipate OPIC reverting to CHF today requesting that they reconsider their decision. If they elect to do so, we'll select CHF.

If CHF does not elect to participate, we all agree that we are satisfied that Bearing Point demonstrates the ability to run the program. We would like to see if they would once again review their cost estimates.



(CHF)

(b)(6)

No.

(CEO Thos

(b)(6)

Pres

(b)(6)

told him to sit tight

spoke w/ (b)(6) – yes FINCO was created

+ temp. Directors –

Looking to get perm. directors.

(b)(6)

CHF – confusion or do not like that co. already created & leading their

would have perm. position on – Board –

need to speak w/ Pres. –

[redacted]

(b)(6)

From: (b)(6)
Sent: Saturday, June 19, 2004 1:05 AM
To: (b)(6)
Subject: CHF Proposal for OPIC-04-R-0008

Dear (b)(6)

This email is in follow up to our phone conversation a few minutes to go and provides an electronic version of CHF's technical proposal. As discussed, the appendices for the SF1449, certs and reps, and ACH Form are not included. Cost information can be found in the technical proposal.

If you need any other assistance, please let me know.

Best regards, (b)(6)

(b)(6)
Senior Program Officer/Program Development Coordinator

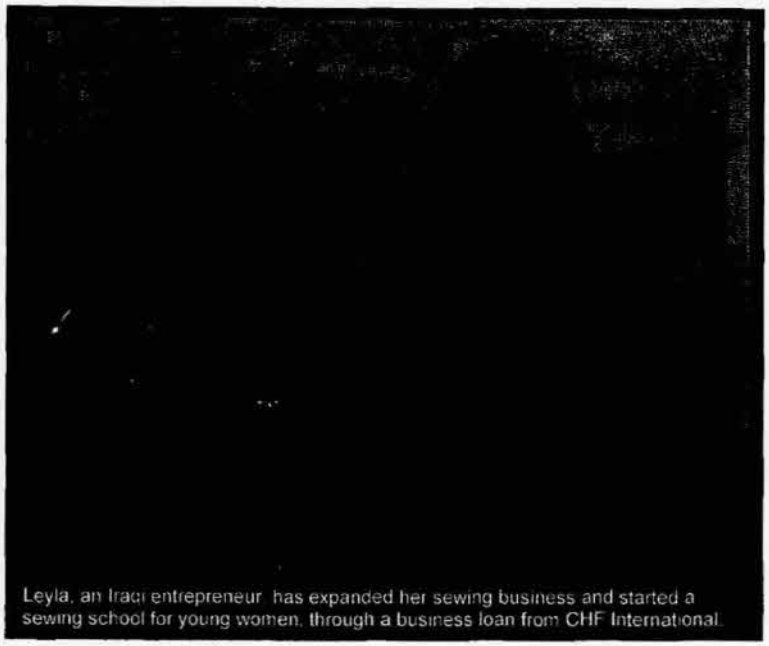
CHF International
8601 Georgia Avenue, Suite 800
Silver Spring, MD 20910
301.587.4700 ext. 308
301.587.7315fax
(b)(6)
http://www.chfhq.org

Helping People Through
Community Habitat Finance

CHF International

Iraq FINCO

Establishment of Nonprofit Finance Agency



Leyla, an Iraqi entrepreneur has expanded her sewing business and started a sewing school for young women, through a business loan from CHF International.

Submitted to:
Overseas Private Investment Corporation
Attn: (b)(6)
(b)(6)

Submitted by:
CHF International
(b)(6)
(b)(6)
www.chfhq.org

June 18, 2004
3:00pm

Iraq FINCO

Establishment of Nonprofit Finance Agency

OPIC-04-R-0008

Submitted to:
Overseas Private
Investment Corporation
Attn: (b)(6)
(b)(6)

Date: June 18, 2004
Delivery Time: 3:00pm

Submitted by:

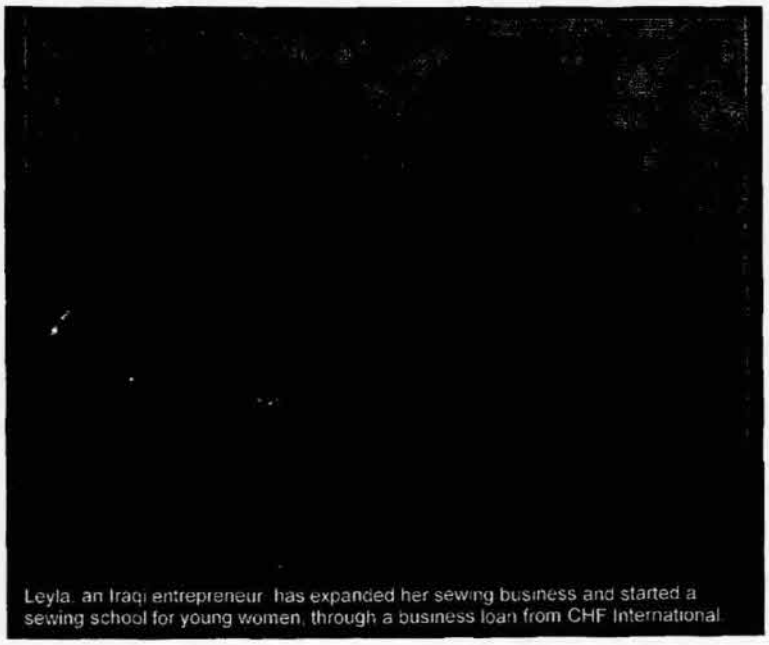
CHF International
(b)(6)

Contact:
(b)(6)
Vice President
(b)(6)

CHF International

Iraq FINCO

Establishment of Nonprofit Finance Agency



Leyla, an Iraqi entrepreneur, has expanded her sewing business and started a sewing school for young women, through a business loan from CHF International.

Submitted to:
Overseas Private Investment Corporation
Attn: (b)(6)
(b)(6)

Submitted by:
CHF International
(b)(6)
(b)(6) www.chfhq.org

June 18, 2004
3:00pm

Iraq FINCO

Establishment of Nonprofit Finance Agency

OPIC-04-R-0008

Submitted to:
Overseas Private
Investment Corporation
(b)(6)

Date: June 18, 2004
Delivery Time: 3:00pm

Submitted by:

CHF International
(b)(6)

Contact:
(b)(6)

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Acronyms – Abbreviations

ACSI	CPA/CHF Access to Credit Services Initiative
AMEEN	Access to Microfinance and Enhanced Enterprise Niches
CPA	Coalition Provisional Authority
DFI	Development Finance Institution
ICAP	USAID/CHF Iraq Community Action Program
MME	Middle Market Enterprise
ODF	Office of Development Finance
OPIC	Overseas Private Investment Corporation
PFI	Private Financial Institution
USAID	United States Agency for International Development

Executive Summary

CHF will provide a robust and active approach to the establishment, monitoring and support of the nonprofit finance agency (FINCO). CHF's Office of Development Finance will take the lead in coordinating FINCO establishment, direct liaison with FINCO after the initial start-up period, regular monitoring and policy advice, and in identifying technical assistance needs to be filled through quarterly in-country reviews or teleconference. Experienced development finance and institutional development professionals from throughout the CHF headquarters and field network, and particularly from CHF-owned development finance institutions in the Middle East, will be on call to CHF's Office of Development Finance to provide their expertise to FINCO.

CHF has been working in Iraq since June 2003 and currently implements two large development programs: the Iraq Community Action Program and the Access to Credit Services Initiative. Through these programs, CHF has established a "can-do" reputation with the Coalition Provisional Authority, the United States Agency for International Development, local businesses, and Iraqi financial institutions. CHF's Central Management and Support Unit, based in Baghdad, has successfully opened nine separate site installations throughout Iraq and will be available to provide logistics, communications and other support to the establishment of FINCO.

CHF has significant experience relevant to the FINCO activity. **CHF has established five development finance institutions**, undertaking a structured process including understanding and complying with legal requirements, selecting a qualified Board of Directors, identifying Chief Executive Officers with the experience to guide a new organization, advising on credit policies and procedures, and conduct ongoing monitoring of portfolio performance. CHF has also developed strong relationships with private financial institutions throughout the Middle East, serving as **a technical advisor to banks** on the development of loan products to reach the working poor while mitigating lending risk. Iraq's Rafidain Bank has worked with CHF to adapt the credit policies and procedures of CHF's Access to Credit Services Initiative to the bank's own needs. CHF is also initiating work with the International Finance Corporation to build the capacity of Iraqi banking professionals through the CHF Training Center in Beirut, Lebanon.

1 Background

1.1 Nature of Problem

The fall of the Saddam Hussein regime left behind a banking system in Iraq that was highly unstable. The central bank and the government banks are basically insolvent, their balance sheets dominated by claims on the Hussein government. The banking system which centered on two large state-owned banks, Al Rasheed and Rafidain, as well as the central bank, were used by the former leader to fund government over spending and personal whims.

While private banks existed they were few in number and largely undercapitalized. These banks were mainly family owned banks that made loans based on personal relationships. Both pubic and private Iraqi banks were oriented toward the fulfillment of Baath Party political objectives rather than toward financial intermediation. Banks did not make loans based on commercial viability and a borrower's ability to repay but rather based on collateral and personal relationships. Most 'loans' made were actually overdrafts which were continuously rolled over and never paid off leaving unstable balance sheets.

Although the private sector was allowed to operate during Saddam Hussein's rule, no financial dealings could be conducted without the permission of the authorities. Banks were not encouraged to lend. The state owned Agriculture Bank, for example, had not made a loan in over 14 years prior to the fall of the Hussein regime. Instead banks invested in government debt. While there was a stock market it was small and tightly controlled. Without a reliable

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source of financing, most businesses were largely self capitalized and due to capital constraints had not made significant investments in their businesses in years.

The banking sector will have to be recapitalized and restructured to operate in a market economy. The country lacks a commercial banking culture, technical skills and basic banking infrastructure. Foreign banks which were expected to help shore up the banking sector have not rushed in due to the legal vacuum in Iraq that would govern banking operations, debt collection, and foreclosure. The availability of retail credit products for micro, small, and mid-sized business is virtually non-existent.

1.2 Opportunity Statement

The opportunity exists to support the revitalization of the Iraqi economy and the Iraqi private banking sector through the establishment of a credit facility, in the form of a nonprofit finance agency, to leverage funds from the Coalition Provisional Authority (CPA), the Overseas Private Investment Corporation (OPIC) and Commercial Banks for on-lending to Iraqi Middle Market Enterprises (MMEs) and Private Financial Institutions (PFIs). This opportunity must be carefully managed to ensure that the nonprofit finance agency is effectively governed and managed, is staffed with well-trained loan officers and analysts, uses sound credit policies and procedures to conduct due diligence in the selection of borrowers, and monitors repayment to highlight and manage potential defaults.

2 Goals & Objectives

2.1 Program Goal

Establish a US$136.5 million credit facility through a nonprofit finance agency registered in a US jurisdiction, with an office in Iraq

2.2 Objectives

Establish FINCO with a Board of Directors, Chief Executive Officer, staff, and policies and procedures.

Advise FINCO on entering into agreements with OPIC and other Participants necessary to operate the credit facility.

Provide services to FINCO to build its capacity to make loans ranging from US$500,000 to US$5 million to middle-market enterprises (MMEs) in Iraq which meet credit criteria and engage in eligible business activities

Provide services to FINCO to build its capacity to make loans to private financial institutions (PFIs) in Iraq which meet credit criteria and which will extend loans to middle-market businesses.

3 Program Design

CHF has designed its program and technical approach to respond to the Statement of Work detailed in Solicitation Number OPIC-04-R-0008. This approach will establish, build the capacity of, and support a non-profit finance agency (FINCO) that issues and recoups loans to eligible borrowers based on clear guidelines, sound business analysis, and adherence to agreements with OPIC and other partners. CHF will apply its lending and operational experience in Iraq and its experience in developing finance institutions in other challenging environments to supporting FINCO during the seven-year maturity period of the activity. CHF coordination with the management and Board of Directors of FINCO will result in thorough monitoring, targeted technical assistance, and policy advice. Ongoing support will be provided through CHF's Office of Development Finance and Division of Field Program Operations, both based in Silver Spring, Maryland, and CHF's Central Management and Support Unit, based in

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Baghdad, Iraq. In-house experts in various aspects of development finance will be drawn upon on an as-needed basis. This strategy ensures that FINCO will achieve maximum impact with its lending investments while safeguarding its equity base for future development purposes after liquidation of FINCO.

4 Technical Approach

4.1 Establishment of Non-Profit Finance Agency

4.1.1 Registration in US Jurisdiction and Filing for Non-profit Status with IRS

Upon execution of a contract for services with OPIC, CHF will create a nonprofit entity in a U.S. jurisdiction. The entity will most likely be registered in Maryland, because that state expedites registration within less than two weeks. CHF's experience in working with legal advisors in Maryland and in establishing four CHF wholly-owned subsidiaries in Eurasia and Mexico will allow for quick and efficient progress through the required steps.

Drafts of Articles of Incorporation and Bylaws will be ready within three days. Procedures for the termination and liquidation of FINCO at the end of the seven-year maturity period will be outlined in the Articles of Incorporation.

CHF will notify candidates for interim board members that they have been requested to serve for a period of three months. The interim board of directors will consist of three individuals appointed by CHF in consultation with OPIC and CPA. To expedite the start-up phase, all interim directors will be based in the United States and will be US citizens.

CHF will obtain a certified copy of the Articles of Incorporation and the interim Board will meet to adopt the Bylaws. FINCO would begin operations immediately after its Articles are filed in Maryland and Bylaws are adopted.

CHF will prepare, for the Board's approval, form 1023, *Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code* for submission to the IRS. CHF's experience suggests that a response will be expected within two weeks of submission, though FINCO can begin operations prior to official notification.

Detailed steps for establishing the non-profit agency include:

- Selecting a jurisdiction in which FINCO should be incorporated; most likely Maryland.
- Assuring that the name FINCO (or whatever other name is chosen) is available in the state where incorporation will take place and reserving it with the Corporations Office.
- Drafting Articles of Incorporation in consultation with OPIC and CPA. For this step, a mission statement will be developed and the names of 3 directors will be provided, at least 2 of which should be U.S. citizens.
- Drafting Bylaws in consultation with OPIC and CPA.
- Drafting procedures for overseas fund transfers and perform a risk-based assessment of the planned loan procedures under both Treasury Best Practices recommendations and other reasonable rules to assure no funds are paid to terrorist organizations or their affiliates.
- Holding an organizational meeting at which the Directors approve the Bylaws, elect Officers and authorize such actions as opening bank accounts.

Detailed steps for obtaining recognition of tax-exemption include:

- Obtaining certified copy of Articles of Incorporation.
- Creating proposed budgets for 2 years of operations.
- Obtaining list of all Directors and Officers, and compensation that will initially be paid to each.
- Completing and submitting Form SS-4 to obtain Taxpayer ID number for the Non-Profit.

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- Completing *Form 1023, Application for Recognition of Exemption*, and submitting with necessary schedules, attachments, Filing Fee (currently $500) and Form 8718 and 2 originals of form 870.
- Responding to any questions asked by the IRS and, if necessary, holding a meeting with the IRS.
- Receiving favorable ruling letter from IRS.

4.1.2 Procurement of Licenses to Operate in Iraq

The Coalition Provisional Authority Order 45, issued on November 25, 2003, established an official registration process for domestic and international NGOs operating in Iraq, and created the NGO Assistance Office of the Ministry of Planning and Development Cooperation to manage this process. Registration authorizes NGOs to operate legally in Iraq and enables NGOs to benefit from tax exemptions and other government services available to non-profit organizations. CHF's current $12.7 million microfinance program is registered under this order.

CHF will attempt to register FINCO according to this standing order. Following the transition to Iraqi sovereignty on July 1, 2004, this legislation may come under modification. CHF has worked closely with the CPA on the development of Order 45. CHF also has strong ties to the Ministry of Planning and Development Cooperation which will allow it to closely follow the evolution of NGO registration in Iraq should changes to current legislation be proposed. In-country legal counsel will be able to assist in ensuring that FINCO complies with future legislation or regulation that affects its ability to lend in Iraq.

4.2 Establishment of an Independent Board of Directors

4.2.1 Interim Board for Start-up Phase

An interim board of directors will be nominated and asked to serve for a 3-month start-up period in order to facilitate an expedited schedule for establishment of FINCO and initiation of lending activity. The interim board of directors will consist of three individuals appointed by CHF in consultation with OPIC and CPA. These individuals will have key qualifications related to the establishment of a financial institution. To expedite the start-up phase and coordination among CHF, OPIC and the interim board of FINCO, all interim directors will be based in the United States and will be US citizens.

4.2.2 Identification of Members for Permanent Board

FINCO will be managed by an independent board of directors which will hire and oversee the Chief Executive Officer and provide policy guidance. CHF has successfully established five independent financial institutions and selected qualified directors for the boards of these organizations. Local board members selected are senior managers with extensive credit experience, local knowledge and networks, and other experience valuable for strategic oversight of a finance institution. Local directors are also able to facilitate access to government officials and policy makers. U.S.-based directors complement the local directors by bringing outstanding technical skills, an international perspective and regional experience. A cross section of cultures, abilities and perspectives lends itself to constructive discussion and valuable policy and decision making.

The FINCO board will be made up of five to nine members, at least 51% of whom will be U.S. citizens. CHF will appoint the directors of FINCO in consultation with OPIC. Representatives of OPIC and the commercial banking partner will be asked to serve. CHF's work in West Bank/Gaza, Lebanon, Jordan and Iraq has provided an extensive network of local leaders in banking, politics, industry and academia who as board candidates would add tremendous value to the FINCO initiative and contribute to local credibility.

CHF will provide the FINCO Board with training on their roles and responsibilities and on the effective functioning of a Board of Directors. The Board will hold an in-person annual meeting and conduct more regular or special board business by teleconference call to accommodate for the geographic distance between board members. Board

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committees such as an Executive Committee or Audit Committee will be used for efficiency purposes if it is determined that a board size larger than five will be beneficial.

4.3 Negotiation of, and Entering into, Necessary Agreements for Implementation

4.3.1 Agreements between FINCO, OPIC, and Commercial Lenders

After the interim board appoints the CEO of FINCO in consultation with OPIC and CPA, CHF will advise the CEO in completing negotiations and executing all required financing documents, including but not limited, to Tranche A Finance Agreement, Tranche B Framework Agreement (including the form of syndicated loan agreement attached thereto), Escrow Account Agreement, Administrative Services Agreements for each of Tranche A and B, and other related financing documents. CHF has reviewed the draft agreements provided by OPIC and is prepared to comment on potential modifications that would reduce credit risk while meeting the objectives of issuing credit to MMEs and PFIs. CHF's existing partnerships with OPIC in initiatives in Romania and Mexico will provide the foundation for working through those negotiations efficiently.

4.4 FINCO/Iraq Office Establishment and Staffing

The program will build on the successes of CHF's ongoing activities in Iraq including the Access to Credit in Services for Iraq (ACSI), a US$12.7 million, micro and small business finance program funded by the CPA that has been functioning in Iraq since July of 2003 and the Iraq Community Action Program (ICAP), a US$22.9 million rural infrastructure program funded by USAID. Through these programs, CHF has established relationships with the Iraqi Ministry of Finance, the Central Bank and a wide series of key Iraqi ministries.

4.4.1 Hiring of CEO

A critical success factor for FINCO will most certainly be the senior leadership in-country managing the lending operations. CHF has successfully recruited development finance experts from throughout the Middle East for its ongoing programs in the West Bank and Gaza, Lebanon, Jordan and Iraq. CHF was a wide range of institutional contacts on which to draw for recruitment in the region including the commercial banking sector, development finance institutions, and local and international NGOs. In addition, CHF has within its network of over 1200 current employees around the world, individuals who have the experience and capability to manage a credit facility such as FINCO in a challenging environment.

The CEO of FINCO will have extensive experience with large transactions in emerging and challenging markets using a diverse array of instruments including leasing, mezzanine financing, convertible instruments, and warrants. The candidate will have strong experience in business analysis, valuation, due diligence and cash flow lending.

Candidates have been identified who are qualified and willing to work in Iraq. The goals and procedures of FINCO are similar to those of the Enterprise Funds established in Central and Eastern Europe in the 1990s based on the Support for East European Democracy (SEED) Act of 1989. Although those funds have had mixed success, they offer important lessons learned. CHF will consider the results of those operations when designing and staffing FINCO as a means of having a similar impact in Iraq and the Middle East region.

4.4.2 Hiring of Staff

Through the implementation of its current programs, CHF has pool of local, Iraqi expertise in a variety of diverse fields. It also has a very wide network of partner NGOs, local and international, in Iraq through which it works to identify qualified Iraqi staff. Finally, CHF is a member of the NGO Coordinating Committee for Iraq that, among other functions, maintains a database of qualified Iraqis willing and able to work with the international community. Due to the security concerns that dominate every aspect of development activities in Iraq, CHF also uses newspaper advertisements that do not identify CHF as the prospective employer and which direct CVs to be sent to a PO Box.

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Interviews are held at a secure location. CHF will leverage its networks and implement similar protocols for the staffing of FINCO.

CHF will also support the FINCO Chief Executive Officer in training new staff, utilizing tools developed through other CHF finance programs in the region and the resources of its Training Center in Beirut.

4.4.3 Opening of Office

CHF has a Central Management and Support Unit in Iraq. This unit includes staff responsible for administration, finance, security, procurement, information technology, and media and reporting. It allows CHF to rapidly mobilize its experts in a variety of sectors, quickly open new facilities, ensure security arrangements, computerize offices, and submit reports cost effectively. The Central Management and Support Unit now numbers 170.
Since June 2003, CHF has opened a total of nine separate site installations in Iraq with full telecommunications, transport, logistical, security and administrative support systems. For the ICAP program, the Central Management and Support Unit was able to quickly establish a strong field presence in the Babil and Kerbala provinces. For the ACSI finance program, the unit supported a rapid start-up that met and exceeded the quick-start goals for the program.

CHF will implement the same protocols and mobilize key members of its 170+ member staff to provide start-up and ongoing support to the establishment and implementation of the FINCO program.

4.5 FINCO as Administrative Agent of Tranche A and Tranche B

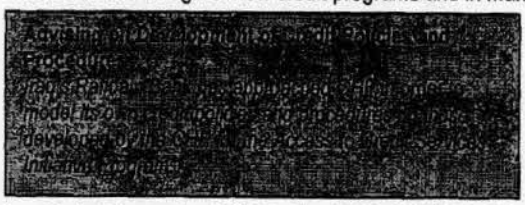
Through advice on implementing credit policies and procedures, providing staff training and technical assistance, and monitoring; CHF will ensure that FINCO is able to perform the Administrative Agent services for Tranche A and Tranche B. CHF's Office of Development Finance and CHF resource personnel will target all activities towards this critical goal required for the initiation of lending activities.

Through its role on the interim board of directors of FINCO, which will appoint the Chief Executive Officer, CHF will cause FINCO to enter in to the required Administrative Agency Agreements with OPIC.

Thereafter, through the provision of ongoing support described below, CHF will monitor and advise on the successful implementation of that agreement.

4.6 Development of credit policies, operating procedures, and strategic objectives

CHF will support FINCO through its Office of Development Finance (ODF). All CHF International credit programs throughout the world are supported by this team of professionals at headquarters. The ODF Team is comprised of a Director, Associate Director (based in Beirut), Credit Manager and Credit Analyst. All staff hold finance-related degrees and have experience in finance, lending, financial monitoring and analysis. The unit is responsible for monitoring the performance of CHF's loan portfolio and implementing best practices at field offices. The team is also involved in the design of new credit programs and in managing the risk exposure of CHF's capital around the world.



This team, along with other key CHF staff, will advise and guide FINCO in designing credit policies, operating procedures, and strategic objectives. Existing CHF tools and manuals such as the Finance Manual for accounting and financial management of a field office, demand assessment templates, and a due diligence checklist will be adapted for use by FINCO. The CEO of FINCO will lead the process of developing policies, procedures and objectives and will be backstopped by the CHF team.

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4.7 Provision of Ongoing Support to FINCO

CHF's relationship with FINCO will be governed in part by a Memorandum of Understanding / Technical Consulting Agreement that will outline the monitoring, technical assistance, and policy guidance aspects of CHF's support of FINCO. This Agreement will outline the mechanisms for coordination between CHF and FINCO management, requests for assistance by FINCO, and both proactive and responsive provision of monitoring, technical assistance and policy advice by CHF.

Within the CHF International Office of Development Finance (ODF), two full-time professional staff perform the following functions for all CHF credit entities: (1) monitoring of credit entities via the collection and analysis of data from these entities; (2) regulating CHF credit entities through researching and creating CHF-wide manuals and guidelines; (3) providing technical assistance to credit entities with the goal of nurturing them to operational and then financial sustainability; (4) researching internal and external sources of information on CHF credit entities and on microfinance in general; (5) raising new capital from private entities and donors; and (6) exercising budgetary control over four wholly-owned subsidiaries.

Additionally, FINCO will interface regularly with CHF's Central Management and Support Unit and ongoing programs in Iraq in order to make procurements, communications, security arrangements and overall operations more economic and efficient.

4.7.1 Monitoring

CHF will implement monthly remote monitoring of FINCO throughout the activity period, coupled with quarterly review trips to Iraq in the first two years of FINCO activity and two to three trips per year thereafter.

The Office of Development Finance at CHF International will act as a monitoring agent for the board of directors of FINCO. This credit monitoring unit will collect and analyze data in a form and substance agreeable to OPIC and the other board members. Transaction volume, portfolio quality, expenses, financial indicators, and performance against targets will all be scrutinized on a monthly basis, and any recommendations or issues communicated to the FINCO Board of Directors and Chief Executive Officer.

Review trips in the first two years will be intensive one-week assessments of credit operations, loan documentation, portfolio quality, and staff capacity. Any technical assistance needs that have been previously highlighted will be included in the scope of work of the review trip. Reviews in the latter years of the FINCO period of activity will focus on highlighting any under-performing loans and developing strategies for recouping outstanding principal.

4.7.2 Technical Assistance

As CHF's monitoring of FINCO determines that the organization faces new challenges or can improve an aspect of its operations, CHF will offer to provide technical assistance to FINCO and obtain buy-in from the FINCO CEO and/or Board of Directors to ensure that the technical assistance is valued and will be effectively utilized. CHF will match the appropriate in-house personnel or external consultants to the specific technical assistance needs, with CHF/HQ involvement to ensure a consistent approach. Examples of both remote and in-country technical assistance that could be provided by CHF to FINCO over the life of the activity include design or selection of loan tracking software, training of FINCO loan officers in cash flow analysis and portfolio management, and advice on restructuring of under-performing loans.

4.7.3 Policy Advice

In addition to assisting FINCO to establish high-level credit policies and operating procedures during its start-up period, CHF will provide ongoing policy advice as requested by the FINCO Chief Executive Officer or Board or Directors, or when the need for such advice is demonstrated by CHF's monitoring of FINCO's operations. CHF envisions that policy advice on PFI credit analysis may be needed as FINCO initiates Tranche B lending and that policy advice on the development of recovery plans may be needed if and when MMEs or PFIs encounter repayment difficulties.

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4.7.4 Audit Support

Through its participation on the board of directors, CHF will cause FINCO to have an annual audit to verify proper use of loan capital and operational funds, verify financial statements and thereby boost public and donor confidence in FINCO's solidity. CHF headquarters and field offices undergo an audit on an annual basis, providing CHF with substantial experience in preparing for and managing audits, as well as in selecting qualified auditing firms. The auditors of FINCO will be approved by its board of directors. Working in partnership with CHF's ACSI and ICAP programs to share an auditor will improve pricing and efficiency.

4.8 Liquidation of FINCO

The liquidation of FINCO after the maturity or termination of the credit facility will be included as part of FINCO's Articles of Incorporation when the nonprofit is established. This will provide for clear, transparent guidelines that are known from the outset of the activity; mitigating complications which may arise over the term of the facility.

CHF will provide assistance to prepare FINCO for termination. Key steps of termination include packaging and sale of any remaining current loans, final write-offs of any loans in default, conformance with any regulations regarding personnel and bank accounts, and conduct of a final audit to prepare the books of FINCO for closure. CHF will work with FINCO to ensure that any termination and liquidation costs are planned for and budgeted.

CHF will consult with OPIC to determine the programming of the funds liquidated by FINCO's termination. Potential development programming include 1) a micro-small and medium enterprise lending program; 2) a business development services program to either provide services directly to Iraqi businesses or to build the capacity of local service providers to offer quality services to businesses; or 3) a grants program to invest in infrastructure or community enterprises which benefit a broad section of a community. The situation in Iraq is very dynamic and is expected to remain so over the 7-year period of the FINCO operations. Throughout this period, CHF will assess the opportunities and barriers to widespread economic development and will develop a program strategy that ensures the most effective use of funds liquidated from FINCO.

5 Work Plan

CHF will provide the services described above for the establishment of FINCO in an expedited, effective start-up. CHF has in place the infrastructure and institutional knowledge critical for such a rapid start-up in a challenging environment. Security protocols, procurement experience, staff candidates, legal resources, and knowledge of the Iraqi banking sector are all part of the institutional capacity CHF will bring to this endeavor. Procedures for securing office space, equipment, housing, vehicles, and other required assets as well as security policies, procedures and systems have been established through CHF's current program experience in Iraq

Once a contract is executed with OPIC, CHF staff and lawyers in the US will begin the process of establishing the nonprofit entity and receiving recognition from the IRS. This process of preparing and approving charter documents, appointing the interim board, and filing the IRS application is expected to be complete in less than 2 weeks.

Also upon contract execution, CHF staff in Iraq will immediately begin the registration process to permit FINCO to operate in Iraq. CHF has already gone through the process of registering as an NGO in Iraq and is presently researching potential structures for registering ACSI as a local entity. CHF is therefore knowledgeable of the registration options and systems. CHF also has in-country legal counsel in Iraq which it can draw upon. CHF has also researched and worked with several Iraqi banks which will facilitate the establishing of any required bank relationships and bank accounts.

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Concurrently, CHF senior managers and the interim board members will launch a search for the expatriate Chief Executive Office and Operations Manager. The Chief Executive Officer will be identified and hired within 4 weeks of contract award, and will be fielded to Iraq, security conditions permitting, within one week of hiring.

Security in Baghdad permitting, CHF expatriate and local staff will be on the ground in Iraq and operating within one week of executing the agreements with OPIC. CHF's Central Management and Support Unit in Iraq will assist FINCO to locate office space and set up its operations within 4 weeks of contract award.

Utilizing the networks of the CHF ACSI program, CHF expatriate staff will launch a search for qualified local candidates for FINCO staff positions; finalists will be interviewed by the incoming CEO and key local staff will hired within 6 weeks of contract award.

CHF will provide the incoming CEO with draft credit policies and procedures and work with him/her to adapt and refine so that FINCO can initiate staff training and commence full operations within seven weeks of contract award.

Given CHF's relevant country and operational experience, along with the fact that eligible borrowers have already been identified by CHF/Iraq and OPIC, the first loans are expected to be disbursed within 12 weeks of contract execution - following development of due diligence procedures and intensive training of local staff. The due diligence process on transactions of this size and complexity, however, will need to be extremely robust, so the pace of disbursements will be determined once the market for qualified MMEs is evaluated. Disbursements are expected to continue to MMEs through year 3 with collections ongoing through the life of the project.

The current banking environment in Iraq is characterized by very limited capitalization. Loans to PFIs will, therefore, be dependent upon the further development of the local banking sector, so that prudent financial ratios can be maintained and the target loan sizes can be disbursed. The first PFI loans by Month 6 and continue through the end of year 3. Collections will follow in years three through seven.

After the end of the start-up period, CHF will continue to provide ongoing support to FINCO. This support will be determined through continual contact by email and telephone, monthly report monitoring, and quarterly in-country reviews.

6 FINCO Organizational Structure

CHF has developed a suggested initial organizational structure for FINCO through which the organization can maintain effective oversight over its lending operations, and finance and administration while maintaining cost effectiveness.

FINCO will be led by an expatriate Chief Executive Officer / General Manager who will be approved by the Board of Directors and who will be responsible for overall management and strategic oversight.

An expatriate Operations Manager will oversee the day-to-day operations of the organization, lead the lending team and manage the loan portfolio in conjunction with the Chief Executive Officer and Chief Financial Officer.

An expatriate Security Advisor will be critical at least in the early stages of the FINCO activity to advise on office and residence security and staff movements and on the changing security environment. As the security in Iraq improves, this position may be eliminated and security turned over to local guards.

The local staff structure will include:

- A Deputy Operations Manager to run the day-to-day operations of FINCO's Lending Team;

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- Three Loan Officers and three Loan Analysts to conduct outreach, gather loan documentation, conduct due diligence, recommend loans to credit committee, and monitor repayments;
- A Chief Financial Officer with significant experience in finance and accounting who will oversee two Accountants;
- An Office Manager/Human Resources Director who will manage human resources functions and oversee the IT Assistant, Translator, Receptionist and Maintenance Worker.

The Chief Executive Officer will have hiring authority for all local staff positions; however, it is suggested that the Board of Directors also approve the local Chief Financial Officer given the responsibilities of that position.

7 Management

7.1 Role of CHF's Office of Development Finance

Key management responsibility for CHF's startup and support of the FINCO activity, and close coordination with OPIC, will rest within CHF's Office of Development Finance, the specialized unit within CHF that serves as the institution's central repository of development finance policies and procedures, knowledge and experience. The Office of Development Finance currently supports 12 lending programs throughout Eurasia and Central/South America. The FINCO activity will be given top priority by ODF and will be supported by a dedicated Program Officer along with senior CHF managers.

7.2 Role of CHF's Finance Department

CHF's Finance Department has primary responsibility for financial oversight of all CHF programs and for the overall organization. The Finance Department issues policies and procedures for loan program accounting, portfolio quality, and write-offs. Internal auditors confirm field office compliance with CHF policies. Mr. James E. Russo is CHF's Chief Financial Officer and primary negotiator for CHF lines of credit from commercial banks, the World Bank, and OPIC.

7.3 CHF Resource Personnel

7.3.1 Resource Personnel with Iraq Experience

CHF's resource personnel with significant experience operating successful programs within the challenging post-conflict Iraq environment carry over 40 years combined experience in the assessment, design, implementation, monitoring, and evaluation of development finance initiatives, including 2 years in Iraq and a total of 10+ years in the Middle East.

- Matthew Lovick, CHF/Iraq Chief of Party, has more than 15 years of finance and community development experience throughout the world including one year in Iraq and 4+ years in the Middle East. Mr. Lovick has designed, managed and evaluated financing programs for micro and small business and for micro and large-scale housing finance. He also has assisted in the development of local community development financial institutions in Romania and the US. Mr. Lovick has consulted on projects related to development finance, privatization, and urban development throughout the Middle East, Eastern Europe and Africa.
- Kimberly Tilock has served as CHF's Director for the Access to Credit in Southern Iraq program since July 2003. Prior to this posting, she served as CHF International's Credit Manager, overseeing all aspects of the organization's US$36 million loan portfolio, developing lending policies and procedures, training, and providing technical assistance to offices in nearly a dozen countries world-wide. Ms. Tilock has been instrumental in ensuring performance of CHF lending activities in challenging post-conflict environments, including loan programs serving borrowers in the Gaza Strip and the West Bank, post-war Beirut, and Bosnia among others.

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7.3.2 Other CHF Resource Personnel – Headquarters and Field

CHF will make available a pool of well-qualified development finance professionals as resource personnel to the FINCO activity. These resource personnel will be on call to respond to start-up or ongoing technical assistance needs identified by FINCO or the CHF Office of Development Finance. This team includes:

- Franck Daphnis, Director of Field Program Operations, is a recognized expert in finance and community development. Mr. Daphnis has played a key role in the design, implementation, and evaluation of CHF's microfinance programs in Lebanon and Jordan and CHF's housing microfinance programs in Gaza, Honduras, Mexico, El Salvador and Romania. Recently, Mr. Daphnis led the development of a regional conference on "Local Development in Mali/West Africa: A Call for Action"—the first of its kind in the region—which introduced new debt instruments and replicable municipal finance interventions to respond to the region's recent decentralization efforts.

- David Strine Mr. Strine serves as the Director of the Office of Development Finance for CHF International's worldwide programs, where he is responsible for oversight and monitoring of 12 lending programs comprising US$36 million in loan portfolio and US$5 million in cash assets throughout the Middle East, Latin America and Eurasia. With expertise in SME development, finance and investment in emerging markets, he has more than 10 years of international business and SME development experience throughout Africa, Eurasia, and South America. Prior to working with CHF, Mr. Strine was Program Director at the Romanian American Enterprise Fund responsible for SME equity investments. He has closed scores of equity and debt transactions with small businesses around the world.

- Mayada Baydas, Program Director to the Access to Microfinance and Enhanced Enterprise Niches (AMEEN) in Lebanon, as well as the Associate Director to the ODF, Dr. Baydas serves as an advisor to CHF development finance projects around the world, where she provides consultation, advising, and training in the areas of microfinance and market assessments. She has led research teams and conducted extensive fieldwork involving assessments of both financial and non-financial institutions in Gambia, Ghana, Rwanda, Niger, Bosnia, Peru, Egypt, Jordan, and Lebanon. Her areas of expertise are finance and economic development, money and banking, agricultural economics, advanced micro and macroeconomic theory, statistics, and econometrics and quantitative methods.

- William Seas oversees CHF's programs in Romania, including a country-wide credit program with funding from OPIC and the World Bank. A banking and finance professional with over fifteen years of experience, Mr. Seas served over six years as Chief Financial Officer of a major US banking institution with over US$1 billion in assets.

- Naser Darwish is General Manager of the Middle East Micro Credit Company in Jordan, a wholly-owned subsidiary of CHF International. A native Arabic speaker, he has 13 years of experience in banking and finance at international financial institutions serving the Middle East, including 9 years of experience in credit management for small and medium enterprises. He has managed SME loan portfolios in excess of US$5 million.

- Samer Dallal is Chief Financial Officer of the Middle East Micro Credit Company in Jordan. A native Arabic speaker, he has several years experience with finance and administration of development finance programs.

- Ziad Halaby, former Chief Financial Officer of the AMEEN finance program in Lebanon and of CHF's country office in Azerbaijan, currently serves as a trainer of local finance officers in CHF offices around the world. Mr. Halaby is a native Arabic speaker.

- Supporting all these individuals is a cadre of over 50 experienced development finance professionals throughout the world, including the Middle East, who are ready for dispatch for short-term technical assistance on an as-needs basis.

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8 Institutional Capacity

8.1 CHF International: Finance Programming & Support to Development Finance Institutions (DFIs)

CHF International has over 20 years experience in designing and delivering financial services in transition and post-conflict environments. Operating out of its Office of Development Finance (ODF), CHF currently oversees 12 microfinance programs in 11 countries[1], monitoring and managing over US$41 million of microfinance assets with a global repayment rate of 98%. Of this amount, approximately US$6.3 million are assets that CHF manages on behalf of local commercial banks, and US$8.6 million are debt capital (including US$4 million of OPIC capital in Romania and Mexico). These programs have resulted in the creation of four Development Finance Institutions (DFIs) in addition to the over 200 local credit unions, MFIs, cooperatives, non-government organizations, and commercial banks that have received technical assistance from CHF in the development and management of both housing and enterprise finance products. Examples of CHF's success include:

- In Iraq, a two-part Access to Credit Services Initiative Program (ACSI & ACSI II) micro and small business lending program disbursed over 2350 in loans and US$4.6 million in loan capital in less than 12 months. The program operates in the governorates of Najaf, Karbalah, Babil, Baghdad, Basara and will be opening branch offices in the governorates of Qadissiya Missan, Muthanna, Dhi Qar, and Wasit. To date, CHF has trained a cadre of 70 local microfinance experts capable of undertaking on-going microfinance activities, and is establishing a locally registered entity that will allow for the continuation of the program beyond the grant period.
- In Lebanon, the Access to Microfinance and Enhanced Enterprise Niches (AMEEN) program works in partnerships with three banks—Jammal Trust Bank, Credit Libanais, and Lebanese Canadian Bank —to provide microfinance products and services for small- and medium-sized enterprises. The banks provide 50-100% of the loan capital and manage loan disbursement and collection. CHF's role is to service the loan, managing client outreach and screening, application processing, evaluation, and monitoring. As of May 31, 2004, total disbursed loans amounted to over US $27.9 million. The AMEEN program 30-day portfolio at risk was 1 percent, and arrears rate was 0.7 percent.
- In Gaza and the West Bank, CHF has partnered with a number of commercial banks—the Arab Bank, Cairo Amman Bank, Egyptian Arab Land Bank, and the Bank of Palestine —to operate a housing microfinance program. CHF advises the banks on credit analysis and repayment monitoring; the banks provide a share of the loan capital and help administer the loans, in addition to handling program promotion, loan application processing, underwriting, collection, and general loan maintenance.[2] To ensure program success, CHF provides training and technical assistance to the banks at all levels, particularly on their Management Information Systems and marketing functions. As of May 31, 2004, the total managed portfolio was nearly US$8.5 million, including more than US$5.4 million from partner banks in Gaza.

8.1.1 CHF Experience with Establishing Financial Entities

CHF has experience in four countries[3] in establishing independent financial entities to perform the role of a credit facility, and has assisted more than 200 organizations in building their organizational capacity to deliver services by providing critical guidance, training, and the tools required to deliver quality services and ensure long-term viability of these institutions. As part of this process, CHF first explores the legal framework and determines the requirements in the local context. The appropriate legal structure is then selected, e.g. non-profit organization, limited liability

[1] Active countries include: Iraq, Jordan, Lebanon, West Bank/ Gaza, Afghanistan, Bosnia, Romania, Colombia, Honduras, Mexico, and Peru.
[2] The agreement with Bank of Palestine ended in Q2 2004 due to the difficult economic conditions in the Territories. Currently, CHF is only collecting on outstanding loans through the bank. CHF's entered into an agreement with the Egyptian Arab Land Bank in Q3 FY 04, where the bank does not participate in capital or risk sharing.
[3] DFIs are in: Lebanon, Jordan, Mexico, and Bosnia-Herzegovina.

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company, financial institution, etc., depending on the existing and anticipated financial regulatory environment. Initial shareholder structure and equity value is determined, usually with CHF as a significant shareholder to maintain oversight in the initial stages of the DFI. In most cases, governance and management structures are designed to allow for substantial CHF oversight in the initial stages. CHF also determines an appropriate operating budget and procedures, strategic objectives, credit policies, and hires relevant management to manage their lending portfolio and report to the DFI Boards. Transfer of ownership depends upon the local context: for instance, in Romania CHF is adopting a conservative transition from microfinance program to DFI, through a minimal capitalization of initial shareholder equity. This strategy is based on lessons learned in the changing Romanian legal and regulatory environment, and anticipated improvements in the enabling structure for financial services delivery as the country progresses towards EU accession.

Examples of CHF Past Performance in this arena include:

- Afghanistan Microfinance Initiative (AMI) for the Microfinance Investment and Support Facility (MISFA) – CHF is creating a sustainable microfinance institution (MFI) that provides long-term access to a broad range of financial services for low-income individuals, households and business owners in Afghanistan. The goal of this initiative is to improve the quality of life for individuals in rural provinces of Afghanistan through the provision of financial services that address the demand and need for broader access to loans and provide opportunities for a diverse range of income generation activities. AMI is based in Bamiyan province with branches in Yakawlang and Ghazni City. Micro and small loans will be offered to households and micro entrepreneurs using a solidarity guarantee mechanism. This project is valued at US$1.7 million for the first year, including US$700,000 in loan capital.
- In Bosnia, CHF has transferred its microfinance portfolio to a newly established DFI. The staff of the DFI is made of lending professionals who received their key training as employees of CHF's credit program. Policies and procedures developed by CHF also continue to be implemented.
- In Romania, CHF facilitates the creation of regulated community financial institutions (CFIs) that provide credit and savings services to micro and small businesses. CHF provides these institutions with management and board training, product development assistance, financing assistance, and facilitates networking among the CFIs. The Romania credit program has expanded with loan capital from the World Bank, OPIC and USAID.
- In Mexico, CHF created, trained and mentored two local microfinance institutions—Fundacion Habitat y Vivienda (FUNHAVI) and Fundacion para Vivienda Progresiva (FVP)—to deliver microfinance services to low income Mexican populations living along the US-Mexico Border. This initiative began when CHF launched a housing microfinance program (Home Improvement Lending Program) in 1994 as a small pilot program in Ciudad Juárez with funds from five private sector companies (maquiladoras) and the Ford Foundation. To date, the program has disbursed over 3,000 loans representing US$4.4 million in loan capital. Given the success of the program, CHF secured a US$2.5 million line of credit from the Overseas Private Investment Corporation for its microfinance activities in Mexico.

8.1.2 CHF Relationships with Commercial Banks

CHF has developed a successful methodology based on partnering with local commercial banks as a means of expanding lending outreach and mainstreaming loans for the working poor into the private financial sector.

In countries such as Lebanon and Jordan, CHF has entered into capital sharing partnerships with local banks. Such a partnership typically begins with CHF using its own capital to demonstrate the viability and profitability of its lending methodology. As banks witness the high repayment rate on loans issued by CHF, they determine that microfinance makes sense on commercial terms. The original agreements are typically for a 50/50 capital share. CHF presents the bank with a draft memo of understanding which outlines a partnership where CHF promotes, sources, underwrites and collects on the loans; and the bank partner contributes 50% of the loan capital for every disbursement. With a global repayment rate of over 98%, CHF typically agrees to take a first loss position up to a

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specified percentage in order to encourage the banks to participate. The interest and fee income is then shared between the two parties based on a negotiated rate.

CHF has had outstanding success with such relationships. In Lebanon, for example, the **CHF subsidiary has agreements with three banks, and with only US$1.7 million of its own loan capital, has disbursed over US$28 million in loans.**

Once the relationship is well-established, CHF renegotiates the capital share arrangement and uses more of the partner bank's capital. CHF has had successful partnerships based on this capital sharing model with the following Middle Eastern banks:

West Bank/Gaza	Lebanon	Jordan
Arab Bank	Jamal Trust Bank	Jordan National Bank
Bank of Palestine	Credit Libanais	Housing Bank for Trade and Finance
Egyptian Arab Land Bank	Lebanese Canadian Bank	Cairo Amman Bank
Cairo Amman Bank		Bank of Jordan
		Citibank (as creditor)

8.1.3 CHF Experience Lending to Development Finance Institutions

CHF has a history of managing large financial transactions with its subsidiaries and credit programs which generally have limited capitalization and asset base and must borrow capital in order to expand and meet the demand for their own products. Therefore, in addition to utilizing a bank capital sharing partnership model, CHF often provides capital to its programs and Development Finance Institutions through loans or direct equity investment. CHF obtains this capital from commercial loans, soft loans, and grants.

The Office of Development Finance at CHF is responsible for reviewing credit proposals from field operations and granting long term loans to its most successful lending programs. The interest and principal payments on those loans are then coordinated by the CHF Finance Department.

CHF has awarded over US$10 million in loans to its credit programs and subsidiaries, including more than US$3 million in Romania and US$3.5 million in Mexico.

8.1.4 CHF Expertise in Technical Assistance, Monitoring, and Policy Advice in the Financial Sector

Technical Assistance – CHF has assisted more than 200 organizations in building their organizational capacity to deliver financial services to their clients by providing critical guidance, training, and the tools required to deliver quality services and ensure long-term viability of these institutions. From establishing local financial institutions in Afghanistan, to working through business associations in Romania, to working with commercial banks in the delivery of financial services in the Middle East, CHF has adapted and developed sustainable approaches to finance that fit the local context. These programs build strong organizational frameworks among business support organizations and local governments, providing a sustainable, demand-driven interface for the provision of credit, technical services, and linkages to export and investment. Much of this work has included helping its partners coordinate training programs directly to middle market enterprises (MMEs) and to private financial institutions (PFIs).

Monitoring and Evaluation – CHF's Office of Development Finance collects financial data on a monthly basis from all CHF credit entities (credit programs and DFIs). The data collected is then aggregated through an internal microfinance database system and generated into: 1) financial statements (B/S and I/S), 2) loan portfolio data (outstanding portfolio, portfolio revenues, portfolio safety, efficiency profitability), 3) human resources information,

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and 4) written credit reports. Based on this information CHF performs financial analysis of the institutions through an internal HQ Management Information System, which is then channeled into monthly updates to senior management.

In addition to monitoring and evaluating all of its own microfinance activities on an on-going basis, CHF is frequently contracted to assess and evaluate the microfinance initiatives of other organizations.:

- In 2002 CHF was contracted by the Swedish International Development Agency (SIDA) to assess its housing microfinance operations in Central America and provide recommendations on how it can improve its global operations in this area.
- The UNDP contracted CHF in 2002 to evaluate the credit union system in Haiti and provide recommendations on how to improve this structure, and again in April 2001 to evaluate the Lafto Housing Improvement Project in Ethiopia.
- In 2001, Plan International contracted CHF to evaluate housing microfinance program operated by Genesis's, a microfinance institution in Guatemala.
- In 1998, CHF conducted an assessment of the institutional capability of savings and credit unions in Senegal to implement housing finance programs for the Committee for Credit Union Promotion (CONACAP) and its members. As part of this technical assistance, CHF created a long-term Housing Action Plan and developed technical manuals and materials.

Policy Advice – Such activities described above stimulate dialogue with local and national policy-makers, which serves as a catalyst for boosting the strength of the micro, small and medium enterprise sectors at the local, regional, and national levels. CHF has been active in researching, evaluating and documenting case studies and best practices of finance programs around the world including Peru, Mexico, India, and Kenya on behalf of the Cities Alliance within the World Bank's Consultative Group to Assist the Poorest (CGAP). CHF is also documenting case studies on housing microfinance programs for the International Finance Corporation (IFC). Other examples are:

- Romania – CHF is assisting the formation of a Microfinance Coalition, comprised of the major microfinance providers in Romania, in order to: (1) improve the legal and regulatory framework for microfinance, (2) develop industry standards, and (3) strengthen the technical and financial capacity of local microfinance providers. Shorebank Advisory Services manages this activity and provides technical assistance and training to the Microfinance Coalition and its members.
- Indonesia – CHF is supporting the Government of Indonesia and the World Bank to formulate a project to provide housing finance for low-income households through microfinance institutions (MFIs), credit unions, and cooperatives. To date, two assessments have taken place. The first assessment conducted an analysis of the microfinance institutions and credit unions that could be potential first-tier financial intermediaries for the proposed housing finance scheme. The second assessment centered on project design through the MFIs and potential apex organizations.

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CHF Success Story in Finance Policy and Reform

While managing a microfinance program in El Salvador, CHF was one of the principle actors in advocating alongside other NGOs for policy change related to access to housing microfinance services. CHF encouraged reform efforts for low-income housing microfinance in the following ways:

- Assisted in creating FIDAVIP, a non-profit federation of housing and housing microfinance NGOs representing the interests of low-income earners.
- Represented FIDAVIP on the board of directors for the National Fund for Housing. This Fund was essentially a second-floor bank that loaned to both State-run agencies and non-governmental organizations that offered credit and subsidies designed to address the severe housing shortage faced by El Salvador.
- Conducted advocacy efforts, through the federation, to change regulation and management so that it represented the housing and credit interests of low-income populations.

As a results of its lobbying efforts the following reforms have been achieved to benefit members from low-income and informal sectors:

(i) Interest rates charged by the National Fund for Housing have been lowered to benefit clients from the informal sector;
(ii) More favorable loan terms have been established for low-income earners;
(iii) An independent survey was called for that resulted in an uncovering anomalies in income qualification and fraud;
(iv) A Guarantee Fund was included in the National Plan for El Salvador, which allowed greater access by low-income families to housing micro-loans;
(v) A national policy proposal for housing in El Salvador continues. New policies include the necessary legal and financial instruments to allow for progress to take place in the El Salvadoran housing sector.

8.2 Liquidation into Financial and Entrepreneurship Programming

CHF has a proven capacity to design, implement, and oversee financial and entrepreneurship programming. At present, CHF is managing over 22 major programs around the world that provide direct support to micro, small and medium enterprises through grants, training, and technical assistance.

- **In Mongolia, CHF is applying US$4 million in USDA monetized funds to support entrepreneurship and facilitate employment through the development of small and family-owned enterprises** in Darkhan, Erdenet, and Ulaanbaatar. Entitled the Growing Enterprises Rapidly (GER) Initiative, this program creates valuable linkages for target businesses and residents in urban and peri-urban areas. For instance, CHF is working with local banks to facilitate access to credit for emerging entrepreneurs and partner with larger enterprises to promote business linkages and employment matching. Being that the local business consulting industry is in its formative stage, the GER Initiative also collaborates with private and government business support services (such as the Department of Labor) to develop their capacity and improve their viability. GER activities are based in four Business Development Centers, which provide the following services to clients: (1) Business Development Consulting; (2) Business Training; (3) Loan Facilitation; (4) Employment Matching; and (5) Business, Market and Legal Information.

- **In Lebanon, nearly US$1.6 million in monetized funds was liquidated to extend CHF's economic and agricultural community development projects** into the South, Mount Lebanon, and Northern Beqaa area. Through investments in agribusiness and economic infrastructure, projects increased disposable incomes; diversified economic opportunities; and rehabilitated agricultural infrastructure. Projects were implemented by agribusiness groups and included: equipping agricultural cooperatives with machinery; forestation; rehabilitation and lining of lakes and establishing farms. In addition, 344 hectares of land were accessed through new or rehabilitated agricultural roads; 952 hectares of land were irrigated through irrigation schemes. Other successes included the: establishment of a fish feeding production center in Hermel; development of an Eco-tourism site at El-Qamouh in collaboration with the Hermel municipality; and improvement and rehabilitation of productive infrastructure in the Labweh cluster with the construction of 25 km of feeder roads, 2,500m of irrigation canals, and an artificial lake.

Beyond this experience, CHF carries decades of experience in the design, management, implementation, and technical assistance of financial and entrepreneurial initiatives. Examples include:

- Guatemala - Communities in Transition (CIT): With funding from USAID, CHF International assisted 93 communities in remote Ixcán province in northern Guatemala to decide upon their priorities and organize to gain

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access to economic opportunity and basic social services. Working with a volatile mix of indigenous tribal groups, persons displaced by the 15-year civil war, refugees returning from Mexico, and the former members of the guerrilla armies, CHF International established a network of 20 community banks, created a democratically managed Road Maintenance Association (now operating as a sustainable for-profit business), and mentored their development into a sustainable mechanism that replaced 4 bridges, completed 24 infrastructure public works projects, and rebuilt 128 kilometers of roads. A recent assessment attributed significant reduction in tensions to CHF programs for reconciliation

- South Africa – Community Entrepreneurship and Business Initiative (CEBI): Through its Community Business and Enterprise Centers, CEBI provides business development support, financial services, and training to entrepreneurs and small business owners in 2 townships in Eastern Cape Province. CEBI stimulates economic development at the community level by finding new (formal) markets for goods and services produced in the townships and by providing technical assistance, training, and services in the following areas: (1) Job referrals for skilled/unskilled workers; (2) Demand-driven training program to enhance vocational results and business skills; (3) Business development services to increase local business outputs; (4) Provision of financial services to selected businesses.
- Azerbaijan - Social Investment Initiative (SII) and Community Employment and Economic Opportunity Program (CEEOP): Funded by USAID, SII and CEEOP have built the local capacity of community groups, community leaders, and promoted civic initiative through rehabilitating economic and social infrastructure on a demand-driven basis. CHF International initially worked with over 40 communities through SII to mitigate potential conflicts over resources allocation (e.g. water use) and tension between IDPs and host communities (over 211,000 R/IDPs and host populations). CEEOP built upon this social investment model to create employment opportunities networks among the business community through association development and market linkages. CEEOP has proven itself as the pioneer of economic development in the southern region of Azerbaijan.

8.3 Awards for CHF's Work in Microfinancial Services

One of three Global Finalists in the Global Development Network Award from the World Bank for CHF's Integrated NGO and Economic Development (INED) Program in Romania (2001).

Honorable Mention from the Inter-American Development Bank for Innovative Microfinance Services for CHF's Home Improvement Lending Program (HILP) in Mexico (2001).

Honorable Mention from the Building and Social Housing Foundation for CHF's Assisted Self-Help Housing Program in South Africa (2001).

Recognized by Her Majesty Queen Rania Al-Abdullah of Jordan and First Lady Hillary Rodham Clinton at the *First Annual Jordan Microentrepreneur Awards*. CHF's *Southern Jordan Access to Credit Project* received an award for project innovation in development finance, as well as Outstanding Microentrepreneur and Outstanding Loan Officer awards (2000).

Appointed to the Habitat and Human Settlements Committee of the U.N. Economic Commission for Europe (1999).

Dubai Award for Excellence in Improving the Living Environment, for CHF's work in Poland, *Affordable Housing for a New, Democratic Poland: A Market Approach Using Public-Private Partnerships and Nongovernmental Organizations*. CHF's experience is included in the best practices database of the United Nations Center for Human Settlement (Habitat). (1998).

Finalist for the 1994 *World Habitat Award* for CHF's model cooperative housing project in Zory, Poland. The awards are given by the Building and Social Housing Foundation located in Leicestershire, England to identify innovative and successful human settlement projects around the world that could be adapted and replicated elsewhere (1994).

The United Nations formally recognized CHF for its community-based, participatory approach to economic and community development. CHF also received the U.N. Scroll of Honor for the quality and creativity of its housing finance programs (1991).

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8.4 CHF Capacity In Iraq

8.4.1 Iraq Community Action Program (ICAP)

This $22.9 million program forms community committees with broad representation and helps them to manage delivery of urgent local infrastructure needs through a democratic process. The program builds skills and confidence in this process, peoples' ability to participate in the process, and local leaders' ability to lead decisions and manage the process – filling a gap left by the Baath party's lack of local capacity for local governance. **The program has to date served 1.3 million people, created 67,000 employment days and mobilized US$2,004,936 of community resources to complete projects targeting agriculture, economic development, education, infrastructural and health sectors in 75 rural communities**. As of December 31, 2003, CHF has 254 permanent local staff members working in Babil, Karbala and in Najaf governorates, and has completed 67 community projects and begun work on 60 more for the total value of US$7,618,349. CHF has held 155 full community wide meetings, resulting in the election of 143 Representative Community Associations by the residents to work on the various contracts and tenders.

8.4.2 Access to Credit Services Initiative (ACSI)

Access to Credit Services Initiative Program (ACSI & ACSI II) is a US$12.7 million micro and small business lending program. The program's objective is to assist entrepreneurs in strengthening their businesses, stabilizing their incomes, creating and sustaining jobs, and contributing to the economic revitalization throughout Southern Iraq. The program target area includes the governorates of Babil, Baghdad, Basra, Dhi Qar, Karbala, Missan, Muthanna, Najaf, Qadissiya, and Wasit.

To date, ACSI has achieved the following results:

- Disbursed over 2350 in loans and US$4.6 million in loan capital in less than 12 months;
- **Maintained a 99% repayment rate on its loan portfolio**;
- Established offices in Babil, Baghdad, Basra, Karbala and Najaf;
- Trained Iraq staff including loan officers, loan officer supervisors and back office support;
- Developed loan products and procedures that are appropriate to the local economic and cultural environment; (these products and protocols have been approved by Ayatollah Al Sistani, the principle Shi'a religious authority in Iraq which has greatly facilitated CHF credit operations in Iraq);
- Established systems for loan disbursals and collections with Iraqi banks,
- **Developed credit policies and procedures that the Rafidain Bank has sought to replicate;**
- Created financial and administrative systems, personnel policies and procedures that adhere to Iraqi law and norms;
- Established key relationships with community and government representatives including the Iraqi Ministry of Finance and the Central Bank to facilitate program implementation;
- **Began lending to micro-entrepreneurs and small businesses in less than thirty days following the contract signature date**; and
- Conducted a market assessment for micro and small business lending in Southern Iraq and conducted an informal market demand study for home improvement lending.

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9 Cost

9.1 Commentary on Proposed First Year Budget for FINCO

CHF Commentary on Year One FINCO Operating Budget Provided as Appendix 5 of RFP

I. FINCO Annual Operating Expenses for Year 1 not Inclusive of FINCO Start-Up Expenses

Gen Manager				
Salary	190,000	190,000	0	
Residence rent	18,000	24,000	**6,000**	Costs for houses in safe areas in Baghdad are rising - $2k/month is suggested.
Generator	-	**10,000**	**10,000**	**Line Item Added - Must have a strong generator to maintain power supply.**
Utilities	1,200	1,200		
Security (in car & driver)	120,000	9,000	**(111,000)**	Cost to hire a driver with a regular car is $750/month or $9000/year. See below for cost of Expatriate Security Advisor and cost of rental of Armoured Car with Driver.
Life Insurance	120,000	28,500	**(91,500)**	Through Foreign Workers Compensation at $15 per $100 of salary.
Health Insurance	10,000	10,000		
Travel	20,000	11,480	**(8,520)**	Travel is overestimated. CHF calculates one relocation roundtrip of $2500, one additional roundtrip to the US for $2500, 6 Rest and Relaxation flights to Jordan for $330/each on Airserve, and associated per diem of $750/R&R trip.
Medical Evacuation	-	**360**	**360**	**Line Item Added - Medical Evacuation Insurance based on cost of $30/month/person.**
Moving Expenses			-	
Local Tax	28,500		**(28,500)**	CHF does not pay taxes locally in Iraq on expatriates working there. This may change in the future.
Ops Manager (expat)				
Salary	120,000	120,000		
Residence rent				The expatriates can share lodging if appropriate due to security. As conditions improve, FINCO should budget for a residence for each expatriate.
Security (in car & driver)	120,000	9,000	**(111,000)**	Cost to hire a driver with a regular car is $750/month or $9000/year. See below for cost of Expatriate Security Advisor and cost of rental of Armored Car with Driver.
Life Insurance	8,000	18,000	**10,000**	Through Foreign Workers Compensation at $15 per $100 of salary.
Health Insurance	8,000	10,000	2,000	
Travel	8,000	11,480	**3,480**	Travel is underestimated for the Operations Manager. CHF calculates one relocation roundtrip of $2500, one additional roundtrip to the US for $2500, 6 Rest and Relaxation flights to Jordan for $330/each on Airserve, and associated per diem of $750/R&R trip.
Medical Evacuation		**360**	**360**	**Line Item Added - Medical Evacuation Insurance based on cost of $30/month/person.**
Local Tax	18,000		**(18,000)**	CHF does not pay taxes locally in Iraq on expatriates working there. This may change in the future.

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Expat Security Advisor		**130,000**	**130,000**	**Line Item Added - One Expat Security Advisor will coordinate security for both expatriates and for the office; directing local security guards.**
Life Insurance		**19,500**	**19,500**	**Line Item Added - Health Insurance for Expatriate Security Advisor**
Health Insurance		**10,000**	**10,000**	**Line Item Added - Life Insurance for Expatriate Security Advisor**
Local Staff				**Based on CHF's experience in Baghdad, all local staff salaries are underestimated.**
Dep Ops manager	9,000	12,000	**3,000**	Minimum of $1000/month for the Deputy Operations Manager
Accountant	7,200	9,000	**1,800**	Minimum of $750/month for the Accountant
Accountant		**9,000**	**9,000**	**Line Item Added - CHF recommends the addition of a second Accountant to monitor loans.**
Chief Financial Officer		**10,800**	**10,800**	**Line Item Added - CHF recommends the addition of a Chief Financial Officer to oversee Finance and Administration department.**
IT Assistant		**12,000**	**12,000**	**Line Item Added - CHF recommends the addition of an IT Assistant to manage, maintain, and upgrade FINCO's information technology and other inventory.**
Office Manager/HR		**12,000**	**12,000**	**Line Item Added - CHF recommends the addition of an Office Manager / Human Resources Manager to oversee office administration and personnel functions.**
Loan Officer 1	6,000	9,000	**3,000**	Based on CHF's experience paying loan officer salaries on its microfinance program, CHF believes that a higher salary will be needed to attract and retain loan officers capable of originating and servicing MME and PFI loans. Minimum suggested salary is $750/month.
Loan Officer 2	3,600	9,000	**5,400**	See above
Loan Officer 3	3,600	9,000	**5,400**	See above
Analyst 1	3,000	6,600	**3,600**	CHF recommends a minimum of $650/month for an Analyst.
Analyst 2	3,000	6,600	**3,600**	CHF recommends a minimum of $650/month for an Analyst.
Analyst 3	3,000	6,600	**3,600**	CHF recommends a minimum of $650/month for an Analyst.
Receptionist	1,800	3,600	**1,800**	A qualified receptionist is a minimum of $300/month.
Maintenance	1,200	1,800	**600**	A maintenance worker is a minimum of $150/month.
Translator	2,400	8,400	**6,000**	A qualified translator is a minimum of $700/month.
Local Staff Fringe Benefits		**31,350**	**31,350**	**Estimated at 25% to include Worker's Compensation.**
Office				
Rent	24,000	30,000	**6,000**	Rent for a secure office space is a minimum of $2500/month.
Generator	-	**10,000**	**10,000**	**Line Item Added - Must have a strong generator to maintain power supply**
FFE	2,000	2,000	-	See Start-Up Budget Commentary
Local Security	120,000	60,000	**(60,000)**	CHF recommends a total of 20 guards (10 for the office and 10 for the residence) at a cost of $250/guard/month.
Utilities	12,000	12,000	-	
Maint/Repair	6,000	6,000	-	
Office Supplies	12,000	12,000	-	
Vehicle + Driver	12,000	24,000	**12,000**	Two drivers will be needed for office staff.

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Armored Car Rental with Driver		**50,000**	**50,000**	**An Armored Car with Expatriate Driver will be necessary for visits by expatriates to applicant MMEs outside of Baghdad. Estimated at one trip per week.**
Telecommunication	**-**	**24,000**	**24,000**	**Line Item Added - Telecommunications will be critical in coordinating with OPIC, Commercial Banks and Borrowers.**
War Risk Insurance	**-**	**30,000**	**30,000**	**Line Item Added - War Risk Insurance is required to remove riders on expatriate medical insurance and foreign worker's compensation insurance.**
D & O Insurance	**-**	**2,000**	**2,000**	**Line Item Added - Directors and Officers Insurance - cost estimated for $1 million coverage.**
Board Expense	**-**	**10,750**	**10,750**	**Travel and Per Diem for Board Members for annual meeting**
Local Legal Fees	6,000		6,000	
International Legal Fees	12,000	20,000	8,000	Particularly in the first year, CHF feels that international legal fees will be substantial.
Corporate Tax	-		-	
Indicative Annual Fee	52,000	97,035	42,526	**CHF has calculated its Ongoing Support of FINCO at $97,035/year.**
Subtotal	1,091,500	1,159,415	67,915	
5% Contingency	54,575	57,971	3,396	
Total	**1,146,075**	**1,217,386**	**71,311**	**This is not inclusive of start-up costs shown below.**

II. FINCO Start-Up Expenses
Commentary

Item	Amount in RFP Start-Up	Recommended Start-Up Amount	Difference	
Residence rent (Gen Mgr)	10,000	10,000		$10,000 for deposits or security enhancements is appropriate.
Moving Expenses (Gen Mgr)	10,000	5,000	(5,000)	As shipping of personal belongings to Iraq is not feasible, CHF recommends provision of an allowance for furnishings and effects to be purchased in Iraq.
Moving Expenses (Ops Mgr)	10,000	5,000	(5,000)	As shipping of personal belongings to Iraq is not feasible, CHF recommends provision of an allowance for furnishings and effects to be purchased in Iraq.
FFE	20,000	35,900	15,900	**Within FFE for FINCO, communications equipment is critical for security and for efficiency of activity. CHF's estimate for FFE includes desktop and laptop computers, printers, a copier, a scanner, UPS power supplies, workstations and office furniture, a Motorola system, satellite phones, VHF radio, cell phones, and Internet equipment.**
Local Legal Fees	2,000	2,000		Appropriate estimation for local legal advice on registration and credit policies, given CHF's past investment into legal guidance.
Subtotal Start Up Expense	52,000	57,900	5,900	
5% Contingency	2,600	2,895	295	
Total	**54,600**	**60,795**	**6,195**	

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9.2 Estimated Annual Administrative Fees to Be Charged by FINCO

In order to achieve its mission over the seven-year maturity period, FINCO must be able to offset its expenses as a Tranche A and Tranche B participant, as well as the Administrative Agent of Tranche A and Tranche B. CHF has estimated that in order to do so, FINCO should charge a variable Annual Administrative Fee of up to 1% of committed capital for each of Tranche A and Tranche B. The 1% ceiling on this fee would be the same for all years of the activity; however, CHF anticipates that the actual fee paid to FINCO will decline over time because FINCO's interest and fee income on its share of the loan portfolio will be available to pay a portion of the institution's operating expenses. The Annual Administrative Fee will then cover the remaining amount of operating expenses, per an annual expense and revenue operating budget approved by the FINCO Board of Directors.

9.3 CHF Start-up Fee

CHF's strategy for supporting the start-up of FINCO utilizes a level of effort that combines the expertise of CHF's development finance and institutional development specialists with the on-the-ground experience and support of CHF's Iraq-based expatriate staff. Within 7 weeks of contract award, this CHF team will establish FINCO, appoint a Board of Directors in consultation with OPIC, identify key FINCO personnel to be nominated by the Board, advise on hiring and training local staff, establish operating procedures and credit policies, and advise FINCO on entering into the required agreements with OPIC for the initiation of lending activities.

START-UP Fee Paid by CPA

CHF Firm-Fixed Price	**US$ 97,035**
Not inclusive of legal expenses below	

LEGAL EXPENSES paid by OPIC, arranged by CHF

Legal Fees in NGO registration process	35,000
On-going legal advice in first quarter	25,000
TOTAL LEGAL EXPENSES	**US$ 60,000**

9.4 CHF Annual Support Fee

CHF's Annual Support Fee for provision of ongoing monitoring, technical assistance and policy advice through its Office of Development Finance, sector specialists, and Iraq-based expatriate staff is **$94,526 per year** during the seven-year period of the FINCO activity.

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10 Appendices

10.1 Solicitation/Contract/Order for Commercial Items, Form 1449

10.2 Amendments of Solicitation/Modifications of Contract, Form 30

10.3 Offeror Representations and Certifications- Commercial Items 52.212-3

10.3.1 CHF International Past Performance References

10.4 ACH Vendor Miscellaneous Payment Enrollment Form, Form 3881

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(b)(6)

From: (b)(6)
Sent: Wednesday, June 30, 2004 9:44 PM
To: (b)(6)
Cc:
Subject: CVs from Monday meeting on OPIC-04-R-0008

(b)(6)

These are the CVs that were provided to the participants of the meeting on Monday. The only ones actively discussed were those of (b)(6) are regional commercial bankers working on CHF programs.

Best regards (b)(6)

(b)(6)
Senior Program Officer/Program Development Coordinator

CHF International
8601 Georgia Avenue, Suite 800
Silver Spring, MD 20910
301.587.4700 ext. 308
301.587.7315 fax
(b)(6)
http://www.chfhq.org

Helping People Through
Community Habitat Finance

(b)(6)

Summary of Qualifications:

Twenty four years within banking and financial institutions, with hands-on experience in Underwriting, Branch Management, Bank Analysis, Credit, Auditing, and Foreign Exchange.

Personal Data

- ⇨ Name
- ⇨ Place and Date of Birth
- ⇨ Marital Status
- ⇨ Nationality
- ⇨ Languages

(b)(6)

Educational Background

1973 - 1975	AMERICAN UNIVERSITY OF BEIRUT Bachelor of Business Administration (B.B.A.)
1958 - 1972	SUK EL GHARB COLLEGE High School (1971) Leb. Bacc. part II (1972)
1992	SUN LIFE OF CANADA, Montreal. Several seminars on Financial Planning and Investments.
1986	CAPITAL INTELLIGENCE, Cyprus. Seminars on risk assessment & bank ratings.
1980	CHEMICAL BANK, Beirut. Operations Seminar.
1978	BANQUE DU LIBAN, Beirut, Lebanon. Internal Control on Banks Seminar.
1977	CITIBANK, Athens, Greece. Operations and Credit Courses.

Work Experience:

June 2004	Deputy Director for Operations, Access to Credit Services Initiative CHF/Iraq – Baghdad, Iraq

Sept 1997 - 2004 JAMMAL TRUST BANK S.A.L. Beirut, Lebanon
Consultant to the chairman, Executive Manager.
Member of Executive Committee, Credit Committee, Treasury Committee and Human Resources Committee.

Managed bank departments for Inspection, Internal Control, and Credit Control.
Developed and upgraded the Bank's Operations and Credit Manual and procedures.

1994 – 1997 UNIVERSAL BANK S.A.L. Beirut, Lebanon.
Zouk Branch Manager
Private and Investment Banking Head.

Reported directly to Chairman (Beirut) and General Manager (Geneva).
Supervised the Bank's International Marketing Team.
Promoted personalized services in Banking, Finance and Investment Management.
Portfolio Management for open - ended - mutual funds, fiduciary accounts, and international capital markets investments.
Coordinated activities and flow of market briefings between Money Managers/ clients.
Branch Management Functions included Credit, Operations, Marketing and Personnel.

1990 – 1993 SUN LIFE OF CANADA, Montreal, Quebec.
Life-Under Writer.

Quotation rates.
Financial planning.
Personal and corporate needs analysis.
Individual and Group Insurance.
Verification of policies and endorsements.
Customer relations.
Historical background verification.
Annuities, RRIF, RRSP.
Mutual Funds and Investment Options.

1989 – 1990 GLOBE BANK , Beirut, Lebanon.
Senior Manager In Charge of Branches.

Reported directly to Chairman and General Manager.
Responsible for 11 branches.
Set goals for individual branch managers.
Forecasts of planned budgets.
Management committee for credit approvals.
Branch operational procedures.
Ensure branches follow operational procedures.
Train, motivate and supervise 200 employees.
Daily credit limit reviews and Letter of Credit operations.
Conduct monthly branch meetings, reviewing goals and achievements.

1987 - 1988 ADCOM BANK, Beirut, Lebanon.
Senior Manager - Inspection Division

Reported directly to Vice-Chairman and General Manager.
Supervised Resident and visiting Inspectors and Internal Controllers.
Coordinated inspection and control manual requirements.
Supervised daily, weekly, monthly, and annual audits of all branches and head offices departments.
Present on all General Management Committees.
Recruited and trained internal controllers and inspectors.
Verified all solvency and foreign exchange requirements implemented by Central Bank.
Final approval on bank reconciliation accounts with local banks and international banks.

1986 – 1987 CAPITAL INTELLIGENCE, Limassol, Cyprus.
Senior Bank Analyst.

Visited banks in Lebanon, Egypt and Qatar and spent two weeks studying financial standing and performing risk assessments.
Responsible for written reports on banks.
Rate banks according to financial standing, capital growth, market share and involvement in foreign exchange (Ratings were later published in "The Economist" and "Euro-Money Magazine").

1983 – 1986 JAMMAL TRUST BANK, Beirut, Lebanon.
Internal Audit Manager.

In charge of Internal Control and Audit department and the writing of audit manual.
Recruited and trained internal controllers and auditors.
Ensured adherence to general management procedures.
Approval of reconciliation accounts with local and foreign banks.
Ensured bank's solvency and foreign exchange regulations of Central Bank were followed.

1977 – 1983 BANK OF LEBANON & KUWAIT, Beirut, Lebanon.
(Affiliate of CitiBank, New York).
Audit Manager

1975 – 1977 CHASE MANHATTAN BANK, Beirut, Lebanon.
Money market division, foreign exchange department.

Buy and sell foreign currencies and commodities on the open market.

(b)(6)

SUMMARY OF QULAIFICATIONS

- 13 years of solid banking & finance experience at global financial institutions
- 9 years of solid experience in credit management
- Strong communications, financial analysis, and computer skills
- Fluency in English (Written & Spoken)

WORK EXPERIENCE

Middle East Micro Credit Company

Jan. 2003 – Present, Managing Director

Supervised and coordinated the transfer of assets, liabilities and equity of Jordan Access to Credit Project to the newly established company; Middle East Micro Credit Company (MEMCO). Worked closely with legal consultant, auditors, CHF Headquarter, USAID, MOP/DEF and Banks to effect a smooth transfer. Work also includes managing at a global level a credit portfolio comprised of 2300 loans with a total value of USD 5 million, managing 48 staff members located at 10 branches within Jordan, heading the company's Credit Committee having the credit discretion on all loans, setting the company's strategy in lending, collection and expansion, preparing monthly and quarterly reports for Headquarter and USAID, overseeing the relationships with banks, donors & lenders and reporting to the MEMCC Board of Directors.

Jordan Gulf Bank

Oct. 2001- Jan. 2003, Head Of Credit Risk

Member of a high profile restructuring team which had joined the Bank in October 2001. Reporting directly to the General Manager. Work included setting the credit underwriting standards for the Bank in the context of a credit policy (For Retail & Corporate), introducing analytical tools for the credit decision maker (methods & software for financial analysis), setting new monitoring mechanisms for management control such as "Early Alert Process & Credit Grading System", participating actively in the credit management by giving opinions to the Bank's credit committees on new credits & existing credits (at corporate level) and updating the Credit Dept. on latest economic changes and their relevant effects on the credit portfolio, consequently, outline preferences and trends for the Bank in the foreseen future.

Standard Chartered Grindlays Bank (Previously ANZ Grindlays Bank)

Feb. 1999 – Sep. 2001, Relationship Manager at Corporate & Institutional Banking Unit

Work included managing a portfolio of accounts, following up the accounts' conduct, preparing annual / interim reviews to be submitted to GMO, assessing the risk of current exposures, developing current business relationships, analyzing the financial position of customers (historical & projected), determining strategies for current relationships, preparing irregularity & periodical reports and calling on current & potential customers

Mid Gulf Industrial Consultants

1998 – 1999, Trading and Operations Officer

Work included handling and answering trade inquiries received from business associates; preparing weekly schedules of existing and pending transactions; working closely with

finance department on letters of credit and trade accounts; reading daily mail and incoming faxes; following up international markets through specialized periodicals; teaming up with coworkers on preparation of contracts, sales documentation and logistics setup

Arab Bank PLC,

1994 - 1998, Credit and Marketing Officer at the Fifth Circle Branch

Work included assessing the financial and credit worthiness of current and potential clients, implementing marketing schemes of the bank, supervising accounts and financial analysis of clients' balance sheets and profit/loss statements

ARAMEX International Courier, Head Office, Amman

1991 - 1993, International Pricing Supervisor.

Work included product costing, issuing prices to Aramex branches and international wholesalers. International purchasing and controlling of company's operating materials, consolidating Aramex network's production reports, quality related surveys and supervising international invoicing

1989 - 1991, Accountant, International Finance Department.

Work included reconciliation of inter-branches' accounts

EDUCATION

- B.Sc. in Business Administration and Economics, 1989
  University of Jordan, Amman

RELATED TRAINING IN FINANCE & BANKING

June, 2002	Credit Risk Directive, Institute Of Banking Studies in cooperation With Bank of Ireland.
May, 2002	Operational Risk Directive, Institute Of Banking Studies in cooperation With Bank of Ireland.
2000 - 2001	Several advanced credit courses conducted at the ANZ & SCB Bank in Jordan and UAE.
2000	Advanced Credit Analysis For Bankers Institute of Banking Studies Amman in conjunction with Canisius College/ Buffalo, New York
1999 - 2000	Courses in financial analysis, computer, management & leadership skills ANZ Grindlays Training Department, Amman, Jordan
1994 - 1998	Over 15 specialized banking courses Arab Bank Training Department, Amman, Jordan
1997	Economic Feasibility Studies Institute of Banking Studies Amman, Jordan
1996 - 1997	**CMA** (Certified Management Accountant) Program SKY institute of technology, Amman

1996	Marketing of Banking Services Arab Bank Training Department, Amman - Jordan
1995	Service Total Quality Management **(STQM)** By the MMIS and the ODC (Organizational Development Center)
1994	Marketing, Planning and Analytical tools Institute of Banking Studies Amman – Jordan
1994	Financial Analysis Jordanian Management Institute, Amman - Jordan
1994	Credit Analysis for Loan Officers and Bankers, held in Amman . Talal Abu-Ghazaleh Center for business research under the Supervision of Canisius College-Buffalo, New York
1992	Top management planning for improving performance Arab Center for Management Development, TEAM

LANGUAGES

- Arabic: Native
- English: Fluency in writing and speaking

COMPUTER SKILLS

- MS.Office (Word, Excel), Email & Internet Usage, Standard Chartered Bank Spreadsheet and financial packages

EXTRA CURRICULAR ACTIVITIES

- Former Captain of Al-Jazirah Basketball Team
- Former member of the Jordanian National Basketball Team

PERSONAL INFORMATION

- Date of Birth: 01/06/1967
- Marital Status: Single
- Nationality: Jordanian

REFERENCES

- Available upon request

KEY QUALIFICATIONS

(b)(6) is an experienced financial manager with expertise in corporate finance, banking and investment management. He serves as internal organizational consultant headquarters and international field program directors on banking, micro-credit, bank partnership structuring and other significant financial management issues. Mr. Seas is currently the Chief of Party for CHF Romania, overseeing a large finance and economic development program. Before moving to the CHF's Serbia office as Director of Finance and Administration for a $40 million program, he was responsible for enhancing CHF's financial capital utilization on a worldwide basis and advancing CHF's banking, financial services, credit programs, and financial risk management initiatives. He researched and examined opportunities for enhancing capital utilization in existing/proposed donor and CHF funded projects. On a regular basis, Mr. Seas provides support to CHF Country Directors on financial and banking issues, project partner initiatives, and negotiations. From 1994 to 2000, Mr. Seas was responsible for the National Cooperative Bank and NCB Development Corporation's interest rate risk, public/private debt funding, investment and asset/liability management functions. During his assignment, he effectively managed a $300 million hedging program ensuring NCB's securitization profitability objectives were achieved, and successfully developed $400 million Medium Term Note and $250 million Commercial Paper Programs that enhanced the organization's capital market access and reduced overall funding costs. As an Investment Services Administrator for the Capital Corporate Federal Credit Union in Washington, DC, Mr. Seas shared asset/liability management responsibilities for one billion dollar fixed-income portfolio with primary focus on funding aspects, as well as efficiently and profitably maintained $750 million arbitrage program. Mr. Seas is an adjunct professor for corporate finance at the Johns Hopkins MBA program and previously served as adjunct faculty member at Towson University.

EXPERIENCE

2004 – present **Chief of Party**
CHF/Romania – Bucharest, Romania

Directs a large professional financial staff in the implementation of a USAID-funded business strengthening and loan program that targets small and medium enterprises throughout Romania. Manages partnership relations with 23 Romanian NGOs, including business services organizations, federations of housing associations and chambers of commerce. Prepares business and financial proposals to Romanian and external financial institutions for capital investment to expand program operations. Responsible for review of policy issues effecting microfinance institutions, advocacy and program promotion and developing key institutional relationships. Completed successful contract negotiations for a microcredit program with the Government of Romania (funded by the World Bank) in marginalized mining communities.

2003 – 2004 **Director, Technology Development Business Unit**
CHF/Serbia – Belgrade, Serbia

Led newly formed technology business unit in the development of proprietary program monitoring and reporting application. Led project of integrating application into organizations worldwide programmatic activities in over 25 country offices. Successfully delivered technology platform and related services to United States Agency for International Development Missions

(USAID) covering 8 countries and 12 implementers.

2001 – 2003 **Director of Finance and Administration**
CHF/Serbia – Belgrade, Serbia

Responsible for all aspects of administrative and financial management for the $40 million five-year *Community Revitalization through Democratic Action Program* in Serbia, including financial reporting, grants administration and oversight. Oversees all contractual relationships between CHF and project partners. Maintains all financial records, bank accounts and proper fund controls. Created a secure funds transfer system, the voucher reimbursement program, and multi-signature disbursement and accounting system. Supervises the administrative staff members including accounting clerks, bookkeeper, logistical and support staff, oversees all human resources activities and records. Compiles and prepares monthly financial and activity reports for review by the Country Director and submission to CHF Headquarters (CHF/HQ), funding and project partners. Coordinates audits; and travels frequently to the four Program Operations Centers in southern Serbia and to community project sites to crosscheck financial arrangements and security.

2001 **Director, Office of Financial Analysis**
CHF International - Silver Spring, MD

Led and coordinated CHF's efforts to enhance financial capital utilization on a worldwide basis. Collaborated with all departments to advance CHF's banking, financial services, microenterprise and housing microfinance credit programs, and financial risk management initiatives. Researched and examined opportunities for enhancing revenue and capital utilization in existing/proposed donor and CHF funded projects. Recommended strategies and supported implementation of financial, international banking and risk management initiatives. Provided support to CHF Country Directors on financial and banking partner project initiatives and negotiations. Evaluated merits of potential formation of regulated financial institutions, or other acceptable organizational structure, in selected countries. Contributed to new project development, proposal writing and project funding/capital raising initiatives. Evaluated all current CHF loan portfolios for performance and recommend strategies for future use of capital. Developed for executive review, strategic and tactical plans for augmenting CHF's revenue stream consistent with program priorities and requirements. Oversaw the investment of CHF's U.S. funds, in accordance with the Board mandated investment policy.

1994-2000 **Treasurer/Chief Financial Officer**
National Cooperative Bank/NCB Development Corporation – Washington, DC

Responsible for NCB's and NCB Development Corporation's interest rate risk, public/private debt funding, investment and asset/liability management functions. Effectively managed $300 million hedging program ensuring NCB's securitization profitability objectives were achieved. Successfully led presentation to major rating agencies obtaining the organizations first ever long-term investment grade debt ratings. Developed $400 million Medium Term Note and $250 million Commercial Paper Programs that enhanced NCB's capital market access and reduced overall funding costs. Managed 11- member bank group and all private placement investor relationships. Responsible, as member of 5-person team, for complete analysis and subsequent redesign of all Human Resource Department core processes. Served as Treasurer and Financial Operations Principal of registered broker-dealer subsidiary. Assured compliance with all NASD regulations related to financial operations and activities.

1989-1994 **Investment Services Administrator**
Capital Corporate Federal Credit Union – Washington, DC

Shared asset/liability management responsibilities for one billion dollar fixed-income portfolio with primary focus on funding aspects. Negotiated funding costs for substantial portion of balance sheet. Researched, recommended, and implemented investment accounting software. Initiated and contributed to new product development within the investment department. Efficiently and profitably maintained $750 million arbitrage program.

1987-1989 **Business Analyst**
Dun & Bradstreet Corporation – Dallas, TX

Researched and evaluated financial and other related credit information on privately owned organizations to provide formal credit rating and overall opinion of financial condition.

EDUCATION

M.B.A., International Business, The George Washington University, Washington, DC – 1992

B.B.A., Business, University of Texas at Arlington, Arlington, TX – 1989

Chartered Financial Analyst - 1997

CITIZENSHIP

USA

LANGUAGES

Native: English

COUNTRY EXPERIENCE

Bosnia, Dominican Republic, Honduras, Lebanon, Romania, Serbia, West Bank/Gaza

PROFESSIONAL ACTIVITIES

2000	Led workshop on community financial institution development in western Romania on behalf of CHF. Project topics included effective board governance strategies, new product/service development and product/service marketing.
1999-2001	Adjunct Faculty Member, Johns Hopkins University MBA Program, Baltimore, MD
1998-2000	Served as Secretary and Vice-President of Washington Association of Money Managers
1997-1998	Adjunct Faculty Member, Towson University, Towson, MD

(b)(6)

KEY QUALIFICATIONS

(b)(6) directs CHF's Office of Development Finance.

(b)(6) has strong functional experience in SME development, finance and investment in emerging markets. He holds an MBA, specializing in Finance and International Business, from Indiana University's Kelly School of Business. Previous to joining CHF he accumulated more than 10 years of international business and SME development experience throughout Africa, Eurasia, and South America, most recently as Program Director at the Romanian American Enterprise Fund responsible for SME equity investments. He has closed scores of equity and debt transactions with small businesses around the world and provided close support and business development to portfolios of SME investments.

EXPERIENCE

2003 – Present **Director, Office of Development Finance**
CHF International - Silver Spring, MD

Responsible for oversight and monitoring of 11 lending programs comprising $36 million throughout Latin America and Eurasia. Review and set overall lending strategy. Develop financial and other strategies to protect CHF from risk. Develop criteria and make decisions regarding both company-wide and individual MFI indebtedness. Implement internal regulations and policies to manage risk and improve MFI sustainability. Monitor the compliance of MFIs with CHF policies and local regulations.

1999 – 2002 **Program Director, Small Business Investment Fund**
Romanian-American Enterprise Fund - Bucharest, Romania

Managed staff of 3 investment analysts in US$5 million private equity fund. Led deal generation efforts leading to evaluation of over 800 business proposals. Responsible for due diligence, negotiation, investment structuring, and shareholder agreement prep for 13 transactions in a spectrum of industries including manufacturing, services and technology. Determined appropriate financing vehicles and debt/equity mix for each transaction. Prepared investment memoranda and pro-forma financial statements for proposed investments and resented to independent investment committee. Responsible for approval of US$3.5 million in equity financing. Served on Boards of Directors of investee companies. Managed portfolio of 15 investments throughout Romania with responsibility of nurturing and developing each company to increase shareholder value. Negotiated successful sale of equity holding to strategic foreign investor.

1998 **Acting Director General**
Small Enterprise Assistance Funds - Sofia, Bulgaria

Senior manager in charge of US$12 million risk capital fund. Managed portfolio of 23 equity investments in Bulgarian enterprises. Led due diligence and investment approval process for potential partners. Supervised staff of 15 in three offices throughout Bulgaria.

1997 **Sub-Director, Fondo de Assistencia a la Pequena Empresa**
Small Enterprise Assistance Funds - Lima, Peru

Established SEAF's first Latin American office. Responsible for preparation and implementation of investment policy for US$7 million investment fund. Led due diligence and prepared investment memoranda for 6 approved investments in first year of operations.

1996 **Deputy Director, Operations**
Small Enterprise Assistance Funds - Warsaw, Poland

Headed operations department of US$17 million venture capital firm. Managed staff of 25 in 4 offices throughout Poland relating to operational issues. Member of 4-person management team responsible for prospecting new investments, implementing investment and financial policy, monitoring existing portfolio, and interfacing with Board of Directors.

1995 **Regional Director**
Small Enterprise Assistance Funds - Wroclaw, Poland

Responsible for establishment of a regional investment office in SW Poland. Negotiated lease, secured equipment, hired and trained local staff. Analyzed 10 enterprises for equity investment.

1994 **Investment Officer**
Small Enterprise Assistance Funds - Warsaw, Poland

Maintained portfolio of 4 SME equity investments. Responsible for monitoring and improving the current investments as well as identifying investment leads and preparing subsequent due diligence, valuation, and investment documentation. Developed pro-forma financial statements for 3 investee companies that were all subsequently approved for preferential bank credit.

1993 **Financial Analyst, MBA Enterprise Corps Volunteer**
Hortex, Ltd. - Warsaw, Poland

Advised president and board of $150 million fruit and vegetable processing company. Analyzed financial data from 27 divisions, prepared monthly financial and operating reports and presented strategic recommendations.

CONSULTING & OTHER EXPERIENCE

2000 **Consultant, International Finance Corporation Project**
Shorebank Advisory Services, Tiblisi, Republic of Georgia

Conducted feasibility study concerning the viability of private equity investments in SMEs the Republic of Georgia. Researched government regulations, available financial services, and demand for small business financing.

1998 **Consultant, World Bank Project**
Kuwaiti Small Projects Development Company, Kuwait City, Kuwait

Led first stage of consulting mission to assist the newly founded Kuwaiti Small Projects Development Company begin operations. Evaluated current operating procedures and developed recommendations that ultimately led to a comprehensive operations manual.

1992 **Financial Management Intern**
Agency for International Development, Washington, DC

Developed and implemented automated procedures to resolve intra-agency charges. Identified over 600 delinquent charges and outlined reconciliation procedures.

1988-1990 **Peace Corps Volunteer**
Cooperatives para Antiques Combatentes, Gamamadu, Guinea-Bissau

Agricultural Extension and Community Development volunteer on this rural farm for veterans from the war for independence.

EDUCATION

M.B.A, Kelly School of Business, Indiana University, Bloomington, Indiana – 1993
B.A., Economics, Dickinson College, Carlisle, PA – 1988

CITIZENSHIP

USA

LANGUAGES

Native: English; Intermediate: Spanish; Beginner: Polish, Portuguese, Romanian

COUNTRY EXPERIENCE

Bulgaria, Croatia, Ecuador, Gambia, Georgia, Guatemala, Guinea-Bissau, Jordan, Kuwait, Lebanon, Mexico, Peru, Poland, Romania, Russia, Senegal.

Introduction

CHF International proposes to establish FINCO as an independent organization and provide monitoring and technical assistance to build the capacity of its staff to implement credit policies and procedures in identifying, analyzing and financing Iraqi Middle Market Enterprises and Private Financial Institutions. While FINCO will be an independent entity, **CHF will apply its management oversight in a manner consistent with implementation of other CHF finance programs around the world**. This management oversight includes an emphasis on recruiting and training new expatriate and local personnel in CHF institutional and program policies and procedures and providing continuous management from CHF headquarters.

CHF will draw upon its resource networks to recruit qualified candidates for the FINCO Board of Directors, expatriate personnel, and consultants. Potential sources include the many Middle Eastern banks with which CHF works in Lebanon, Jordan, Iraq, and West Bank/Gaza; US-based financial institutions with which CHF either works or has relationships; and CHF's own employee and Board of Directors networks.

1 Management and Implementation

CHF is prepared to meet rapid implementation hurdles and begin lending operations within 7 weeks of contract award. Immediately upon execution of contracts between FINCO and CHF as offeror, work will begin concurrently in the US and Iraq.

The US based team in Silver Spring will begin registering FINCO as an NGO and applying for 501(c)(3) status. Selection of the CEO and Operations Manager will commence immediately. CHF will interview candidates whose CVs have been received in response to CHF's Access to Credit Services Initiative in Iraq but whose commercial banking backgrounds were considered either over-qualified or not otherwise appropriate for CHF's micro and small enterprise lending program. Several of these candidates are qualified for the CEO and Operations positions in FINCO. CHF also has current employees that are well-qualified for the CEO role. **CHF will select the Chief Executive Officer within two weeks of contract execution.** Security conditions in Iraq permitting, CHF will manage any CEO recruitment challenges by fielding qualified CHF expatriates on an interim basis to establish FINCO.

Concurrently, CHF's country team in Baghdad will begin the process of establishing an office, securing residences, interviewing local staff and implementing security protocols. CHF has researched and worked with several Iraqi banks which will facilitate the establishing of any required bank relationships and bank accounts.

Given CHF's relevant country and operational experience, along with the fact that eligible borrowers have already been identified by CPA and OPIC, **the first loans are expected to be disbursed within 7 weeks of contract execution** - following development of due diligence procedures. Local staff will be trained concurrently. Further professional development of loan officers and loan analysts will continue after lending operations are underway.

Use of disclosure of data contained on this sheet is subject to the restriction on the title page of this application.

2 Development of Credit Policies and Procedures

2.1 Drawing upon Middle Eastern Banking Expertise

CHF will draw upon the officers, systems and policies and procedures of the Middle Eastern banks within its partnership network. These banks include Credit Libanais in Lebanon, for which CHF manages loan capital; and the Bank of Jordan and Societe General in Jordan, officers of which serve on the Board of Directors of CHF's development finance institution in Jordan. CHF enjoys a strong working relationship with officers of these banks and will be able to draw upon and adapt their cash flow lending policies and procedures to the Iraqi context, while also retaining the relevant aspects of CHF's own worldwide financial management and credit policies.

2.2 Relevant CHF Policies and Procedures

CHF has developed an internal set of Financial Management and Credit Policy manuals that contain standard policies and procedures followed by each lending program. At the same time, each program has the flexibility to develop the products and services that are most appropriate based on the profile of the target borrower and the local market conditions. The amounts, terms, rates and due diligence processes are unique to each product and country. CHF's company-wide portfolio of loan products includes a wide variety of loan products and lending mechanisms, including microenterprise loans, SME loans, consumer loans, and home improvement loans. CHF's SME loans in Romania and Jordan are most similar to the MME loans FINCO will offer, in terms of due diligence and loan analysis procedures. The CHF Romania Loan Policy Manual provides loan officers with forms and instructions to develop client financial statements, analyze cash flow, and assess market conditions.

CHF will provide FINCO's management and Board with the standard CHF credit and operating procedures so that FINCO can begin operations in an expedited manner. These policies will be adapted to reflect the larger transaction size and more robust due diligence procedures required by the risk profile inherent in transactions of this size in this unstable environment. Adaptation of the policies will be guided by CHF's Office of Development Finance in consultation with the commercial lending departments of Middle Eastern banks with which CHF partners.

Policies and procedures will be completed by Week 6 after contract signing.

2.3 Targeted Marketing of Loan Product

FINCO's operations will rely on a more targeted approach to marketing. The CEO of FINCO, in consultation with the Board of Directors, will do a quick market assessment of the key industries currently operating in Iraq, along with those that are most feasible but not currently represented.

Once 5-6 key industrial sectors are selected, FINCO will identify the top 5 performers in each sector and begin the process of introducing loan products to those particular players. The nature of FINCO's product will be a low volume, high value portfolio. Therefore, the most effective channel will be through targeted marketing and selecting the industry leaders.

Additionally, successful Iraqi entrepreneurs will be identified who have operated profitable businesses under the previous regime and/or would like to restart, expand or begin new operations.

2.4 Assisted Loan Applications and Ongoing Borrower Monitoring

Given the nascent state of Iraq's MME sector, the sophistication of financial monitoring and business planning of these businesses will be very underdeveloped. Therefore, FINCO staff will work independently with a select group of qualified businesses to develop the financial records and business plans that will be required to analyze and

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monitor FINCO loans. This outreach and business development component of FINCO's services will be an added responsibility for FINCO management and loan officers, but it will contribute to effective due diligence and successful repayment. Given the low volume nature of FINCO's portfolio, CHF does not anticipate additional related staffing requirements or expenses over the long run, though CHF will monitor staff performance in this realm as part of its ongoing monitoring. The loan officer training described below will also focus on the unique technical assistance needs of Iraqi businesses, in order to prepare loan officers for this responsibility.

Additionally, with loans of this size, it will be critical that FINCO maintain a high degree of influence and oversight of the operations and strategy of its borrowers. This will be accomplished through Articles outlining obligations of the borrower which include full access to the premises, books, minutes, records and other documents.

3 Lender Training

In addition to assistance in the hiring of local staff and development of credit policies and procedures, CHF has designed a separate process for the training of local loan officers and analysts on commercial lending to MMEs. This training will commence within 8 weeks of contract award.

To allow FINCO's expatriate management to focus on rapid-start analysis and underwriting of MME loans, initial training of the three local loan officers and three local loan analysts will be conducted off-site utilizing key resource personnel from CHF and from CHF's Middle Eastern bank partners in Beirut and/or Amman. Local staff will be divided into two training groups, with one group remaining with the FINCO management to observe deal processing while one group travels for a 15-day training program. Upon completion of the first group's training, that group will return to work with FINCO management while the other group begins its off-site training.

The training program will incorporate classroom instruction at CHF facilities such as the CHF Training Center in Beirut and practical on-the-ground training through mentoring by senior loan officers at the partner banks. Classroom instruction will focus on credit policies and procedures, due diligence requirements, analysis of applicant businesses, and provision of loan application assistance. Training on loan application technical assistance will be conducted by CHF personnel with business development experience from CHF's Kosovo program. Through the practical training, FINCO staff will work directly with their more experienced peers at a partner bank as they visit clients, assess creditworthiness and put together loan packages.

The cost of this training package is $64,037. This cost includes the travel and lodging of FINCO's staff.

Loan officer and loan analyst capacity will be monitored by FINCO management and by CHF, with additional targeted training or technical assistance provided on an as-needed basis.

4 Loan Origination and Analysis Strategy

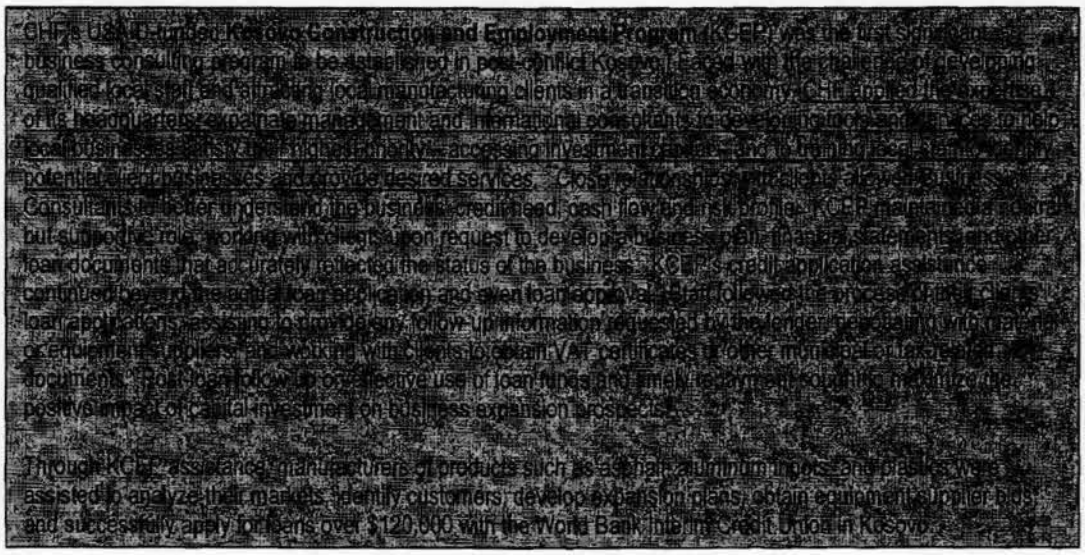
FINCO management and loan officers will utilize a robust and active process to identifying and working with MMEs that are potential borrowers of Tranche A funds. This process will begin with an assessment of the Iraqi economy, and particularly its manufacturing base, to identify 5-6 key sectors that drive economic growth. Within these sectors, FINCO, with CHF's technical support, will identify businesses that are among the market leaders, offer a product with high or potentially high demand that outstrips production capacity, and that would immediately profit from expansion funded through a large loan. FINCO management and staff will make cold calls to these targeted businesses to promote the MME loan product, determine interest in borrowing, and begin the process of loan application.

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FINCO's loan application will be designed to elicit the information typically included in a business plan and financial statement. CHF anticipates that Iraqi MMEs will have neither business plans nor accurate financial statements. The absence of existing business development services programs necessitates that FINCO loan officers work with applicants to develop the information necessary to conduct due diligence and make a lending decision. FINCO management and loan officers will be trained in this process through the training program described above.

CHF has designed this model based on the experience of its personnel in cash flow lending and on the experience of its business development services programs, such as the Kosovo Construction and Employment Program, which have worked with MMEs in developing countries to access capital expansion financing from commercial and donor-funded lending programs.

FINCO will require neither additional expatriate nor local staff to carry out this approach to loan application and analysis. By working closely with potential borrowers, FINCO management and loan officers will develop a strong understanding of business activities and financial strength which will aid in credit review. CHF believes that loan officers can work with clients on business plan development without the creation of a conflict of interest if clear policies and procedures are followed. These policies will ensure that technical assistance is limited to support of the business owner or managers in gathering and documenting information rather than the development of business ideas.



CHF will provide training and mentoring for FINCO loan officers to build their capacity to serve as relationship officers that are able to identify potential loan applicants, develop the required information with the applicant, verify accuracy through due diligence and present loan analyses to FINCO management and credit committee for approval. These skills will be included as part of the training program described in the above section and will be reinforced by CHF in-house staff and external consultants within the CHF network on an as-needed basis over the life of the activity.

Use of disclosure of data contained on this sheet is subject to the restriction on the title page of this application.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT	1. Contract ID Code	Page 1 of Pages 3

2. Amendment/Modification No.	3. Effective Date	4. Requisition/Purchase Req. No.	5. Project No. (if applicable)
A005	Jun 28, 2004	OPIC-LA-04-0077	

6. Issued By	Code PROC	7. Administered By (If other than Item 6)	Code OPIC
Overseas Private Investment Corporation Procurement Section 1100 New York Avenue, NW Washington, DC 20527		Overseas Private Investment Corp. 1100 New York Ave. N.W. Washington, DC 20527	

8. Name and Address of Contractor (No., Street, County, and Zip Code)	(X)	9A. Amendment of Solicitation No.
		OPIC-04-R-0008
	X	9B. Date (See Item 11) May 24, 2004
		10A. Modification of Contract/Order No.
		10B. Date (See Item 13)

Code	Facility Code

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

[X] The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers [ ] is extended [X] is not extended.
Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning [ ] copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. Accounting and Appropriation Data (If required)
IRAQ $

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACT/ORDERS.
IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(x)	A. This change order is issued pursuant to: (Specify authority) The changes set forth in Item 14 are made in the Contract Order No. in Item 10A.
	B. The above numbered Contract/Order is modified to reflect the administrative changes (such as changes in paying office, appropriation date, etc.) Set fourth Item 14, pursuant to the authority of FAR 43.103 (b)
	C. This supplemental agreement is entered into pursuant to authority of:
	D. Other (Specify type of modification and authority)

E. IMPORTANT: Contractor [ ] is not, [ ] is required to sign this document and return [ ] copies to the issuing office.

14. Description of Amendment/Modification (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

The solicitation identified in block 9A is amended as follows:

1) All offerors are instructed to submit their final revised proposals by 2:00 pm EDT on Wednesday, June 30, 2004. Offerors need only submit clarifications or changes to their original proposals for evaluation.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. Name and Title of Signer (Type or Print)	16A. Name and title of Contracting Officer (Type or Print)	
(b)(6)		
	16B. United States of America (Signature of Contracting Officer)	16C. Date Signed

SCHEDULE

Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
	Establish Non-Profit Finance Agency				
0001	Financial Services to Develop FINCO	Start-up fee: 1 Fixed operating fee 7 years: 1	EA EA	$750,000 $3,250,000 (See attached)	$750,000 $3,250,000

Proposed Fee Breakdown and Assumptions:

Start-up Fee: $750,000
Proposed Fixed Fee: $3,250,000

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total Fee
$750,000	$750,000	$500,000	$500,000	$250,000	$250,000	$250,000	$3,250,000
3.5 Expat Advisors	4 Expat Advisors	2 Expat Advisors	2 Expat Advisors	1 Expat Advisor	1 Expat Advisor	1 Expat Advisor	

Fee Assumptions:

1) Expatriate staffing requirements remain as proposed above. If additional expatriate labor is required to effectively implement the sound operation of FINCO, annual fees will be adjusted proportionally.
2) BearingPoint and its advisors will be exempt from Iraqi tax. If BearingPoint and its advisors are not/can not be exempted from Iraqi tax, all costs associated with complying with Iraqi income taxes will be boum by FINCO.
3) BearingPoint will provide the staffing required to effectively manage the operations of FINCO.

BearingPoint will have its Chief of Party serve as a board member of FINCO. BearingPoint will also identify and recruit two additional board members to oversee the management and operations of FINCO. Director liability insurance may be needed to support board participation (should be included as a budget item). Possible sources for recruitment of board members include, but are not limited to, the following:

(1) Chief Executive Officer of FINCO (shown as General Manager in RFP).

(2) Chief Credit Officer (COO) of FINCO (BearingPoint employee).

(3) A CEO representing the lending banks participating in Tranche B—perhaps the Lead Lender as described in the RFP.

(4) A CEO representing the borrowing banks participating in Tranche B—this could be on a rotating basis and open to the more active participating banks.

(5) A CEO representing the MMB's participating in Tranche A or B—this could be on a rotating basis and open to the more active participating borrowers.

(6) An Iraqi government official such as the Governor of the Central Bank or Minister of Trade, etc.

All terms and conditions are subject to the negotiation of an acceptable contract between BearingPoint and FINCO.

Estimated First Year FINCO Operating Budget

Expatriate Salaries and Allowances (including fringe, overhead, G & A):	$1,500,000
Local Labor (including professional and administrative Iraqi staff):	$ 120,000
Travel and Transportation (International):	$ 65,000
Housing:	$ 260,000
Office Costs (rents, computing equipment, accounting system):	$ 250,000
Security (static and transport):	$1,250,000
Other Direct Costs (Insurance, medical exams, shots, etc.)	$ 30,000
General and Administrative Recovery:	$ 375,000
	$3,850,000

Estimated First Year Budget Assumptions

Cost of Service, Overhead and G and A rates are calculated based on U.S. government approved rates and supported by DCAA review. These indirect rates do vary by year and, consequently, Cost of Service rates can vary year to year.

Salaries are based on 3.5 FTE expatriate advisors (3 FTE long term and .5 FTE short term), working six-day workweeks. They also include employee cost of service, fringe, overhead, general and administrative cost recovery on labor and all allowances, such as danger pay and post differential.

Travel and Transportation include relocation and one round trip return home. Total also includes two R and R trips to Amman, Jordan, per advisor.

Housing includes one-time costs of $120,000 for VSAT communications installation and renovation expense. Rent costs are assumed to be $96,000 per annum.

Operating Costs will vary from year to year and it is assumed that the development and approval of annual budgets will be made in advance based on operating realities in Iraq. It is also assumed that the annual operating budgets will be realistic and sufficient to support the sound, ongoing operations of FINCO. Should this not prove to be the case, BearingPoint will seek support from OPIC, the Board of Directors and other stakeholders to rectify any operating fund shortfall. Should these efforts fail, BearingPoint reserves the right to conclude its participation in the operation of FINCO.

(b)(6)

From: (b)(6)
Sent: Wednesday, June 30, 2004 12:05 PM
To: (b)(6)
Subject: Considerations for RFP Award

In making your decision on awarding the consulting contract for Finco, I hope you will keep in mind the following, all of which are reflected in the RFP documents:

1. The finite nature of the services requested. The bid documents enumerated a short list of services, and included the termsheets and legal agreements, demonstrating that a substantial amount of the structuring and preparatory work has been done. It is important not to authorize more work than needed to keep the transaction on the critical path. The consultant need not reinvent the wheel, nor should we pay for this reinvention nor should we suffer the delay that this would incur. We should not buy a battleship to cross the lake if all we have specified is a rowboat.

2. The limited Finco budget. Every dollar to a consultant is a dollar less for loans. We gave an estimate of the annual support fee, $52,000, in the budget that went with the bid documents. Any consultant that diverges substantially from this shows lack of understanding of the bid requirements and of the dynamics that drive Finco. (Thus, even though price as a consideration is secondary to technical capability and past performance, the price proposed by the bidder reflects its understanding of what we are trying to accomplish. Crippling Finco's ability to lend in order to pay high consultant fees and high operating costs is not a mark of high technical competence for this bid.)

3. The specific experience requirement. The closest experience to Finco is lending in Iraq. Lending, even lending small amounts, is a distinctly different activity from consulting. Any organization that has engaged in credit analysis in Iraq, lent money in Iraq, collected money in Iraq, registered security interest in Iraq, monitored borrowers in Iraq, and done all this successfully within tight budget constraints and in the non-permissive environment of Iraq is an organization that has replicated most of what Finco will do. Any organization that has not engaged in these activities has a distinct disadvantage in experience relative to one that has done this.

4. Point 3 of the proposal submission requirements speaks to analysis of the first year budget. Any bidder that proposes substantial variation in this budget is proposing substantial variation in the fundamental economic and structural terms of Finco. This would necessitate wholesale redesign of the project and put its viability in doubt. A bidder that concludes after credible, well-founded analysis that the first year budget is largely sufficient is demonstrating an understanding of Finco as is presently conceived. Not that the budget-busting proposal is necessarily wrong, but it is a different deal from the one we bid.

(b)(6)

(b)(6)

From: (b)(6)
Sent: Wednesday, June 30, 2004 12:05 PM
To: (b)(6)
Subject: Considerations for RFP Award

In making your decision on awarding the consulting contract for Finco, I hope you will keep in mind the following, all of which are reflected in the RFP documents:

1. The finite nature of the services requested. The bid documents enumerated a short list of services, and included the termsheets and legal agreements, demonstrating that a substantial amount of the structuring and preparatory work has been done. It is important not to authorize more work than needed to keep the transaction on the critical path. The consultant need not reinvent the wheel, nor should we pay for this reinvention nor should we suffer the delay that this would incur. We should not buy a battleship to cross the lake if all we have specified is a rowboat.

2. The limited Finco budget. Every dollar to a consultant is a dollar less for loans. We gave an estimate of the annual support fee, $52,000, in the budget that went with the bid documents. Any consultant that diverges substantially from this shows lack of understanding of the bid requirements and of the dynamics that drive Finco. (Thus, even though price as a consideration is secondary to technical capability and past performance, the price proposed by the bidder reflects its understanding of what we are trying to accomplish. Crippling Finco's ability to lend in order to pay high consultant fees and high operating costs is not a mark of high technical competence for this bid.)

3. The specific experience requirement. The closest experience to Finco is lending in Iraq. Lending, even lending small amounts, is a distinctly different activity from consulting. Any organization that has engaged in credit analysis in Iraq, lent money in Iraq, collected money in Iraq, registered security interest in Iraq, monitored borrowers in Iraq, and done all this successfully within tight budget constraints and in the non-permissive environment of Iraq is an organization that has replicated most of what Finco will do. Any organization that has not engaged in these activities has a distinct disadvantage in experience relative to one that has done this.

4. Point 3 of the proposal submission requirements speaks to analysis of the first year budget. Any bidder that proposes substantial variation in this budget is proposing substantial variation in the fundamental economic and structural terms of Finco. This would necessitate wholesale redesign of the project and put its viability in doubt. A bidder that concludes after credible, well-founded analysis that the first year budget is largely sufficient is demonstrating an understanding of Finco as is presently conceived. Not that the budget-busting proposal is necessarily wrong, but it is a different deal from the one we bid.

(b)(6)

high-quality containers/bottles suitable for mineral water which has established very high international environmental standards. The two-step process uses two separate machines: an injection molding machine for making the preforms, and a reheat blow molding machine to reheat the preforms from cold and to "blow"—form the bottles. This process has a lower thermal efficiency. The raw materials used in the process are: plastic pellets and the by-products are: reject plastic "blows" or bottles and minimal water. Major threats to human health or environment: NONE. Other major threats include: NONE.

Siting: The site is industrial and was previously developed for this purpose—see map for location.

4. Does the transaction involve the use of on-site contractors or subcontractors? No—none.

5. Sales of Product or Service: Please indicate the product or service to be produced. If more than one product or service will be produced (e.g., circuit boards, memory chips and CDs), please identify each product or service:

Product/Service: Produce a finished product of preformed plastic bottles used by bottled water and soft drink producers.

In the table below, please estimate average annual sales by final destination as well as the composition of sales according to product or service over the first five years of operations. Please include only incremental production, i.e., new output expected to result from the investment amount indicated in questions 1a and 1b. **All sales over the next five years are expected to be within Iraq.**

Final Destination Sales	**Projected Average Annual Sales -- Plastic Bottles**
Host Country--Iraq	100% (years 1-5): $9 MM per year ($43 MM in total over period)
United States	0%
Other Countries	0%

~~100% of sales are incremental – this production process is new for their business~~

6. Related Supporting Loan Information:

A	Does the borrower occupy a monopoly position in any of its markets?	☐ **yes** X **no**
B	Does the host government have majority ownership or effective management control of the business receiving the facility loan?	☐ **yes** X **no**
C	Is the borrower subject to any legal or regulatory requirement to source raw materials locally or to export a minimum level of production?	☐ **yes** X **no**
D	Is the borrower a subsidiary or affiliate of, or contractor for, a U.S. company?	☐ **yes** X **no**
E	If 6D is "yes," will U.S. operations be reduced or terminated as a result of	☐ **yes**

Exhibit A

	the facility loan?	N/A	☐ no

If you checked "yes" in any of the above boxes, please provide a brief explanation: **N/A**

I hereby affirm that the information provided herein is accurate and complete.

Signature: (b)(6)

Plastic Injection Molding
Environmental Questions

Compliance of plastic injection molding process with environmental and safety legislation and standards

Environmental product standards:

The production process will conform to the national and local Iraqi standards for environmental standards. The process does not contain radioactive sources, PCBs, ozone-depleting substances or asbestos.

Safety Standards:
This new PET process of plastic injection molding conforms to Iraqi and World Bank safety standards.

Liabilities resulting from the PET production process:

All machinery and equipment used in this process will not be used for other purposes that it was not intended (manufacture of plastic bottles) and is safe and without hazards. The manufacturer will be onsite to assist in the new equipment's setup and initial production runs as well as teaching the Company in the proper and most effective use of the equipment. This support is part of the purchase contract.

Site Management
Waste Disposal:

The anticipated waste stream is minimal from the process and there is none from the maintenance and/or servicing activities of the equipment. All waste is disposed according to local and national standards.

Oil and Chemical Spillage:

There are no chemicals or oil of any significant level that could be spilled or otherwise contaminate the soil, surface or water from this process.

Implications:

The equipment used in this production process will not be sold off or put to scrap before the loan is paid off.

OTHER POTENTIAL ENVIRONMENTAL ISSUES
Insurance Certification:

If an inspection is required before insurance is issued then the company will comply and have the equipment inspected.

Historical contamination status of site:

This property has been owned for many years and there is no contamination of the site.

ENVIRONMENTAL ACTION PLAN:

There are no contractual risks with this production process or this equipment.

Exhibit A

OPIC Expedited Screening Questionnaire – On-lending Transactions

Facility: **$2.1 Million to purchase equipment** Country: **Iraq**

Borrower: **National Household Products Company Ltd.**

Investment Amount (US$)

1a. Please indicate the proposed loan amount to be guaranteed by OPIC: $2.1 million

1b. Please indicate additional debt: $0 and/or equity: $600 thousand dollars by owners to be invested at this time in addition to the amount in 1a.

2. Publicly releasable description of the business activity supported by the loan. Please be sure to include the specific use of loan proceeds:

The National Household Products Company Ltd., (NHPC) is part of a family owned business; it was set up in the 1950's by the head of the family Mr. Nima AL-Tahan. The original business dealt in the import of cars, house appliances, tires, audio video equipment, and watches. The company grew steadily; a factory for the production of bottle crates was established in partnership with Pepsi Co. Iraq and was confiscated when the Pepsi Co. was nationalized. Three additional companies in related businesses were set up and dealt with one or more areas of plastic production.

The present business, NHPC, is an Iraqi enterprise, 100% owned by two brothers, Raid and Louay Al Tahan. The business was established in 1967 by their father, as a plastics processor, to manufacture primarily household plastic products and bottles for the domestic Iraqi market by using an injection molding process.

NHPC requests a loan of $2.1 million to expand and modernize its existing capacity to produce PET performs, predominantly used for mineral water bottling. The funding will be used to arrange the purchase and shipment to Iraq the new equipment from European suppliers of injection molding equipment.

3. Describe the environmental implications of the business activity supported by the loan, including the activity or process involved, the siting (i.e., the exact project location) and potential environmental impacts. OPIC will evaluate the information to determine the level of environmental sensitivity involved and may contact the Sponsor with additional questions. The following types of information may be useful in OPIC's evaluation of the project:

Description of the Process: The Company will be using the two-step method of PET bottle molding where the "cold preform" is used in the molding process. The semi-finished product, known as a preform, is sold to the bottling company that produces the final product on a container (usually bottles) blowing machine. This method produces

(b)(6)

From: (b)(6)
Sent: Sunday, June 27, 2004 10:10 PM
To: (b)(6)
Cc:
Subject: Mid Market NGO- next steps

We have a lot of work to get the first loan out the door. Here are the most critical next steps:

1. Award the consultant bid. The bid closed over a week ago, we need to make a decision so the consultant can quickly come in and play its role

2. Clear the first loan.

    a. OPIC has to comment on the termsheet (you have it)
    b. Mohamed has to pare the OPIC model loan agreement to be feasible in the Iraq context
    c. Brad/June have to get the OPIC questionnaires filled out
    d. Brad/June have to finish the due diligence/ loan application
    e. Brad/June have to offer a participation in the loan to an Iraqi bank (prob.Credit Bank of Iraq)
    f. Mid Market NGO board has to approve the loan
    g. Mohamed has to perfect the security interest, and handle any other local legal issues

3. Complete Mid Market NGO funding.
    a. OPIC has to react to Brad's comments on the OPIC finance agreement
    b. OPIC-Citi- Mid Market have to sign the agency agreement
    c. OPIC- Citi- CPA have to agree the Tranche B unresolved issue of commitment fee payments
    d. OPIC- CITI-Mid Market have to sign the Tranche B agreeement
    e. OPIC has to get the previously apportioned funds from AID/ OMB or whoever has them
    f. CPA has to apportion the remaining funds (FYI- CPA will apportion a total of $25.9 mm to this project, from which all fees have to be deducted)

4. Complete NGO registration. We cannot do this until we get the feedback from the MinPlan

5. Set up Mid Market NGO locally.

    a. Kevin W to offer his resume to the consultant for consideration.
    b. CEO is chosen, contract negotiated
    c. Brad/June to approach Embassy for logistical support
    d. Consultant/ Brad/ June/ CEO obtain premises, furnish office, hire local staff


(b)(6)

(b)(6)

From: (b)(6)
Sent: Sunday, June 27, 2004 3:45 PM
To: (b)(6)
Cc: (b)(6)
Subject: Congratulations

Dear All:

Congratulations! The application for registration of the Iraq Middle Market Development Foundation as a foreign NGO was received by the Ministry of Planning and Development Cooperation this morning and the NGO was issued with temporary approval under database number 2D11752. The temporary approval is valid for 45 business days, but I was told we might expect a registration certificate within a week. A copy of the receipt is attached. The application was submitted without the CPA letter or the amended program activities. I was told the only thing missing is a personal photograph, which I will deliver to them shortly. During this week I would ask that we tighten up the documentation to prepare for any questions during the review process. To this end, please send me, when complete, the following:

1. The final version of the report on activities;
2. The financial data for the coming two years;
3. New directors statement from one of three directors named in the Articles, OR amendment of the Articles to reflect Ryan as a director, whichever is easier.

Some highlights from my meeting with Ms. Ansaam Al-Abayechi, the official in charge of registration:

1. A lot of questions about the terms of the loans, and suggestions that we should establish a company under the foreign investment law. I explained the nature of the loans and the fact that congressional approval of the project depends on it being done through an NGO. Ms. Ansaam seemed satisfied with this.
2. Establishing the foundation in Texas was a good idea, the documents from the State of Texas were initially read to be certificates of exemption from Taxes! Must be the depleted uranium, or the heat, or something. Anyway, Ms. Ansaam figured it out, knew what a 501(c)3 was, was pleased to see it mentioned in the Articles, was pleased with the statement of the director, and the certificates from the State of Texas.
3. Questions about me, as representative, and the location of the NGO (inside or outside the Green Zone, etc.). I answered that the NGO has temporary premises at my address, and I am the representative until replaced. I mentioned that we will be seeking more permanent premises based on the temporary approval with the expectation that permanent registration will be granted.

It was all relatively painless, although I did have to endure an impromptu sampling of cheap perfumes, which I took in stride, but if I develop a rash, I want compensation.

Best regards,
(b)(6)

(b)(6)
Managing Partner
I&D Iraq Law Alliance
Abu Nuwass,
901/21/11 Karradah Sharqeyah - Khor Bandah,
Baghdad, Iraq

(b)(6)

www.idilaw.com

This message and any attachments hereto may be confidential and may be protected by the attorney-client, work product, or other legal privileges. If you are not the intended recipient, please notify the sender immediately and destroy all copies of this e-mail and any attachments hereto. Thank you for your assistance

(b)(6)

From: (b)(6)
Sent: Friday, June 25, 2004 5:28 PM
To: (b)(6)
Subject: FW: BearingPoint Discussion Today

-----Original Message-----
From: (b)(6)
Sent: Friday, June 25, 2004 9:08 AM
To: (b)(6)
Cc:
Subject: RE: BearingPoint Discussion Today

She can call in at 202-408-6279

-----Original Message-----
From: (b)(6)
Sent: Friday, June 25, 2004 9:01 AM
To: (b)(6)
Cc:
Subject: BearingPoint Discussion Today
Importance: High

(b)(6)

(b)(6) the 3rd evaluator, would like to participate in the discussion this afternoon. Please let me know whether you have a dial-in number or we should contact her.

Thanks.

(b)(6)

2D11752

The Iraq Middle Market Development foundation

وزارة التخطيط والتعاون الانمائي
مركز التنظيم والتنمية
Ministry of Planning & Development Cooperation
NGO Assistance Office

(b)(6)

From: (b)(6)
Sent: Sunday, June 27, 2004 10:10 PM
To: (b)(6)
Cc:
Subject: Mid Market NGO- next steps

We have a lot of work to get the first loan out the door. Here are the most critical next steps:

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2. Clear the first loan.

approval process timing –

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   c. (b)(6) to approach Embassy for logistical support
   d. Consultant/ (b)(6) CEO obtain premises, furnish office, hire local staff

(b)(6)

(b)(6) (CIV)

From: (b)(6)
Sent: Thursday, June 24, 2004 7:29 PM
To: (b)(6) (CIV)
Cc:
Subject: Loans Booked in Baghdad as of 6/24/2004



Loan Portfolio - Baghdad.xls (... (b)(6)

I have attached our loan portfolio out of Baghdad office which includes Falluja, Abu-Ghraib and Baqubah.

We still do not have the approval from the Real Estate Registration Office in Baghdad to do loans collateralized by real estate. Thus, we have not been able to do larger loans. It is getting more difficult as we get closer to June 30. This is something we want to discuss with you tomorrow.

Thanks,
(b)(6)

ACDI/VOCA MICROFINANCE (AL-THIQA)
Baghdad Branch
INDIVIDUAL LOANS
Loans Booked by Date

Date	#	Loan Officer	Customer Name	Governorate	City	Industry	Gender	Loan Term	Principal	Interest	Fees Collected	Total
6/6/2004	3-1	Awss Sadee	Ahmad Mahdee Saleh	Al-Anbar	Falluja	Services	Male	12	1,500	105	30	1,635
6/6/2004	3-2	Ammar Ghani	Sabah Saleh Mahdee	Diyala	Baqubah	Services	Male	12	2,500	175	50	2,725
6/6/2004	3-3	Hayder Khalel	Abd Alhaleem Kareem	Diyala	Baqubah	Agriculture	Male	12	2,400	168	48	2,616
7/6/2004	3-4	Ammar Ghani	Muhammed Ghani Kredy	Diyala	Baqubah	Agriculture	Male	12	2,500	175	50	2,725
7/6/2004	3-5	Ammar Ghani	Khaled Mahmod Muhammed	Diyala	Baqubah	Agriculture	Male	12	2,500	175	50	2,725
9/6/2004	3-6	Hayder Khalel	Majed Abdil Hameed	Diyala	Baqubah	Agriculture	Male	12	2,400	168	48	2,616
12/6/2004	3-7	Ammar Ghani	Hazem Sultan Muhammed	Diyala	Baqubah	Agriculture	Male	12	2,400	168	48	2,616
12/6/2004	3-8	Ammar Ghani	Mahdi Saleh Mahdi	Diyala	Baqubah	Agriculture	Male	12	2,400	168	48	2,616
12/6/2004	3-9	Ammar Ghani	Khudeir Helan Abood	Diyala	Baqubah	Agriculture	Male	12	2,500	175	50	2,725
12/6/2004	3-10	Hayder Khalel	Hayder Saleh Mahdee	Diyala	Baqubah	Agriculture	Male	12	2,500	175	50	2,725
6/14/2004	3-15	Ammar Ghani	Taha Yaseen Hussein	Diyala	Baqubah	Agriculture	Male	12	2,500	175	50	2,725
6/24/2004	3-22	Musaab Hashem	Muhammed Humood Hussien	Al-Anbar	Falluja	Services	Male	12	2,500	175	50	2,725
6/24/2004	3-23	Musaab Hashem	Salaah Muhammed Humod	Al-Anbar	Falluja	Services	Male	12	2,500	175	50	2,725
6/24/2004	3-26	Musaab Hashem	Yousif Abbas Challob	Al-Anbar	Falluja	Services	Male	12	2,500	175	50	2,725

Internet		5,431				1,350			
Thuraya Satellite Phones		4,917	390	440		6,095			
Telecommunications		5,292	792	1,075		3,502	589		
Security Equipment						280	420		
Radio Phones - Security		4,820				2,280			
Weapons				100			829		
Rooms for Guards	984	1,738							
Security Maintenance		1,105	8,832	242		564			
Furniture	5,460	4,045	4,324	403		3,634	396		
Equipment	2,093	6,274	165			9,891	5,634		
Equipment Maitenance		1,371	358	199					
Cleaning & Maintenance	120	2,766	103	164			74		
Office Supplies	249	2,229	1,357	847		4,568	11,644		
Local Staff Lodging	-		140	160		691	683		
Local Staff Airfare				92					
Overseas Staff Airfare			979						
Local Staff M&E						29	440		
Vehicle Operation		20				942	349		
Overseas Staff M&E			2,044			70			
Bank Fees			18	16		36	30	730	
Local Taxis			41	133		51	40		
Translation		45		7		41			
Training Workshop			275	255			165		
Advertising			1,012	17					
Meeting & Conference			46	107					
Sub-award-Labor			98						

Visas/Passport				35					
Temporary Agencies		20							
Vehicle Operations									
[illegible]									
Interest Income				1			328		
Opening Fee Income						830	6,034		
Expenses - Mosul									
Salaries						2,190	10,873		
Generator						12,253			
Office Utilities						36	24		
Computers						5,659	5,514		
Server System									
Telecommunications	-			585		4,730	1,174		
Security Maintenance				23			345		
Furniture			320			455			
Equipment						1,152			
Equipment Maitenance									
Cleaning & Maintenance									
Office Supplies			9	223		2,161	2,611		
Local Staff Lodging									
Local Staff Airfare									
Overseas Staff Airfare									
Local Staff MIEN									
Vehicle Operation						137			
Overseas Staff MIEN									

Bank Fees						7	18			
Local Taxis						124	25			
Translation										
Training M&IE							7			
Recruitment Advertising										
Meeting & Conference										
Sub-award-Labor										
Visas/Passport										
Interest Income										
Opening Fee Income										
Expenses - Baghdad										
Salaries							7,882			
Office Rent							23,000			
Local Taxes							10			
Generator							12,900			
Office Utilities							149			
Computers							11,123			
Server System										
Telecommunications							3,921			
Security Maintenance							205			
Furniture							7,919			
Equipment							9,182			
Equipment Maitenance										
Cleaning & Maintenance							1,927			
Office Supplies							3,379			

[redacted]

[redacted]

[redacted]

SALARIES & SERVICES					
US Based Staff (Full Benefits)	**PM**				
Project Supervisor (Fred Smith)		3.0	9,403	28,210	
Credit Advisor (Jeff Singer)		2.0	5,492	10,984	
Project Coordinator (Jennifer Zorko)		8	3,200	25,600	
Overseas Staff (Full Benefits)	**PM**				
Project Director - Thelma Tajirian		18	9,200	165,600	
Security Advisor-Vincent Steur		18	2,500	45,000	
SUB-TOTAL				**275,394**	**171,749.38**
Short Term Overseas Staff (Reduced Benefits)	**PD**				
Short-term MicrofinanceTechnical Consultants		120	450	54,000	
Emmad Nizami, Procurement Specialist		60	150	9,000	
SUB-TOTAL HQ, Expat, Consultant				**338,394**	**370,832.00**
LOCAL Labor Costs	**PM**				
Kirkuk Office (13 months fully funded, 4 months 50% funded)					
Program Manager (1x)		17	800	13,600	
Senior Lawyer (1x)		15	700	10,500	
IT/Office Manager (1x)		17	700	11,900	
Accountant (1x)		17	450	7,650	
Cashier (1x)		15	400	6,000	
Financial Analyst (1x)		14	350	4,900	
Loan Officers (9x)		127	400	50,800	
Internal Auditor (1x)		14	600	8,400	
Loan Monitors (2x)		29	350	10,150	
Senior Driver w/vehicle (1x)		17	650	11,050	
Driver w/vehicle (6x)		105	550	57,750	
Admin Officer/Translator (1x)		15	350	5,250	
Admin Assistant (1x)		15	250	3,750	
Security Guard Assistant Supervisor (1x)		16	300	4,800	
Security Guard Supervisor (1x)		16	400	6,400	
Security Officers (16x)		168	250	42,000	
File Archive Clerk (1x)		13	300	3,900	
Radio Operator (1x)		16	300	4,800	
Teaboy		17	150	2,550	
Gardner		17	100	1,700	
Cleaner		17	200	3,400	
***Kirkuk Office Subtotal				**271,250**	
Northern Baghdad (12 months)					
Program Manager (1x)		13	750	9,750	
Lawyer (1x)		13	500	6,500	
IT/Office Manager (1x)		13	700	9,100	
Chief Accountant (1x)		13	600	7,800	
Accountant (1x)		12	400	4,800	
Assistant Accountant (1x)		13	250	3,250	
Loan Officers (6x)		65	500	32,500	
Credit Analysts (2)		26	300	7,800	
Loan Monitors (2x)		13	300	3,900	
Driver w/vehicle (5x)		13	550	7,150	
Admin Officer (1x)		13	350	4,550	
Admin Assistant (1x)		13	300	3,900	
Security Guard Supervisor (1x)		13	350	4,550	
Security Officers (18x)		234	250	58,500	
File Archive Clerk (1x)		13	300	3,900	
Radio Operator (1x)		13	300	3,900	
Teaboy		13	150	1,950	
Gardner		13	200	2,600	
Cleaner		13	200	2,600	
***N. Baghdad Office Subtotal				**179,000**	
Mosul Office (13 months fully funded, 2 months 50% funded)					
Program Manager (1x)		15	750.00	11,250.00	
Lawyer (1x)		15	400.00	6,000.00	
IT/Office Manager (1x)		15	500.00	7,500.00	
Accountant (1x)		15	400.00	6,000.00	
Cashier (1x)		14	300.00	4,200.00	
Financial Analyst (1x)		14	300.00	4,200.00	
Loan Officers (5x)		70	400.00	28,000.00	
Credit Analyst (1x)		14	300.00	4,200.00	
Security Guard Supervisor (1x)		15	350.00	5,250.00	
Security Officers (10x)		130	250.00	32,500.00	
Driver w/vehicle (5x)		15	550.00	8,250.00	
Admin Officer (1x)		14	350.00	4,900.00	
Amin Assistant (1x)		14	300.00	4,200.00	
Radio Operator (1x)		14	300.00	4,200.00	
Teaboy		15	150.00	2,250.00	
Cleaner		15	150.00	2,250.00	
***Mosul Office Subtotal				**135,150**	
SUB-TOTAL Local Salaries:				**1,170,800**	**340,750.00**
TOTAL SALARIES & SERVICES				**1,509,194**	**714,749.38**
FRINGE BENEFITS					

Use or disclosure of data contained on this page is subject to the restriction on the cover of this application.

ADD/DO	DETAILED BUDGET			
US Based & Overseas Staff - FR Allocation 47.94%	275,394	47.94%	132,024	
MEDEVAC @ $47/mo	41	47	1,927	
Short Term Overseas Staff - FR Allocation 10.69%	338,394	10.69%	36,174	
SUB-TOTAL Fringe Benefits			**170,125**	**105,179.18**
LOCAL				
Local Taxes (15% estimate starting May 1)	845,578	15%	126,837	
SUB-TOTAL Local Fringe			**126,837**	**51,112.50**
TOTAL FRINGE BENEFITS			**296,962**	**156,291.68**
ALLOWANCES				
Post Differential (25%)	264,600	25%	66,150	
Danger Pay (25%)	264,600	25%	66,150	
Temporary Living Quarters (days)	21	121	2,541	
Housing Allowance for Project Director	18	1,500	27,000	
Shipping to storage	1	1,700	1,700	
Storage for Project Director	13	200	2,600	
TOTAL ALLOWANCES			**166,141**	**240,582.00**

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TRAVEL:				
Travel, Per Diem, & Travel Related:				
US Based Staff Travel, Per Diem & Trvl Rlt				
US Based Staff M&IE	63	48	3,024	
US Based Staff Lodging	0	73	0	(stay with at Project Director's home)
US Based Staff Air & Transport (DC - Baghad via Amman)	3	3,000	9,000	
US Based Staff Other	3	500	1,500	
Sub-TOTAL US Based Staff Travel			**13,524**	**12,082.00**
Overseas Staff Assignment/Return Travel (round trip - including 3 day briefing/strategy session in Washington, DC)				
M&IE in transit and in Washington, DC - Project Director	8	50	400	
Lodging in transit and in Washingon, DC - Project Director	8	165	1,320	
Air & Transport (San Francisco - Baghdad via Washington, DC for 3 day briefing/s	1	3,000	3,000	
Other - Project Director	1	750	750	
Sub-TOTAL Overseas Staff Travel			**5,470**	**10,852.00**
Overseas Staff Annual Meeting Travel, Per Diem & Trvl Rlt				
Overseas Staff M&IE	7	50	350	
Overseas Staff Lodging	7	150	1,050	
Overseas Staff Air & Transport	1	600	600	
Overseas Staff Other	1	250	250	
Sub-TOTAL Overseas Staff Travel			**2,250**	**4,150.00**
Short-term Overseas Staff Travel, Per Diem, & Trvl Rltd				
M&IE in project city	180	48	8,640	
Lodging in project city (housing allowance provided for Security Advisor)	0	73	0	(stay at Project Director's home)
M&IE in Baghdad & in transit	24	54	1,296	
Lodging in Baghdad & in transit	24	100	2,400	
Air & Transport (to/from post)	6	3,250	19,500	
In-country Travel (to/from post)	2	500	1,000	
Other	2	500	1,000	
Sub-TOTAL IC/Consultant Travel			**33,836**	**78,738.00**
Local Staff Travel, Per Diem, & Trvl Rltd In-country				
Local Staff M&IE (modified rate)	380	25	9,500	
Local Staff Lodging (modified rate)	380	50	19,000	
Local Staff Transport (modified rate)	220	50	11,000	
Sub-TOTAL Local Staff In-country Travel			**39,500**	**39,500.00**
Training Travel, Per Diem, & Trvl Rltd				
Training M&IE Lebanon (1 for 1 week)	245	1	245	
Training Lodging Lebanon	150	7	1,050	
Training M&IE - Amman, Jordan (35 people for 1 week)	245	72	17,640	
Training Lodging - Amman, Jordan	245	116	28,420	
Training Transport - Amman, Jordan	35	265	9,275	
Training Other - Amman, Jordan	35	150	5,250	
Training M&IE Lebanon (10 people for 1 week)	70	138	9,660	
Training Lodging Lebanon	70	72	5,040	
Training Transport Lebanon	10	500	5,000	
Training Other Lebanon	10	50	500	
Training M&IE Egypt (10 people for 1 week)	70	56	3,920	
Training Lodging Egypt	70	116	8,120	
Training Transport Egypt	10	500	5,000	
Training Other Egypt	10	50	500	
Sub-TOTAL Local Staff Training Travel			**99,620**	**49,025.00**
TOTAL TRAVEL			**194,200**	**244,347.00**
CONSULTANTS & Other Professional Fees				
Local Consultants (PDs)	30	75	2,250	
Interpreters for Study Tours & ST Overseas Staff (PDs)	30	75	2,250	
Accounting & Audit	10	4,000	40,000	
Registration & Licensing of Credit Institution	4	2,750	11,000	
Legal Fees	10	800	8,000	
MIS Host	16	1,200	19,200	
TOTAL CONSULTANTS & Other Professional Fees			**82,700**	**61,100.00**
TRAINING				
Amman Training- conference fee	35	200	7,000	
Lebanon Training- conference fee	10	1,000	10,000	
Egypt Training- conference fee	10	1,000	10,000	
TOTAL TRAINING			**27,000**	**39,250.00**

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EQUIPMENT & Project Assets				
1. CAPITAL ASSETS ($5,000+ PER ITEM)				
MIS Software	4	5,000	20,000	
Generator for Offices	6	14,000	84,000	
Back-up Generators	1	6,000	6,000	
Security Equipment	4	6,500	26,000	
Office Security Upgrades (Baghdad)	1	10,000	10,000	
Office and House Security Upgrades (Kirkuk)	1	15,000	15,000	
Office Security Upgrades (Mosul)	1	5,000	5,000	
Sub-Total Capital assets			**166,000**	**143,500.00**
2. OTHER PROCUREMENT (< $5,000 PER ITEM)				
Generator for long-term Overseas Staff home	1	5,500	5,500	
Accounting Software	3	1,000	3,000	
Computer Software	48	300	14,400	
Furniture	48	550	26,400	
File Cabinets @ $100/each	30	100	3,000	
Laptops @ 1500/each	8	1,500	12,000	
Computers @600/each	30	600	18,000	
Printers @ 350/each	20	350	7,000	
Printer/Fax/Scanner	15	500	7,500	
Copier	4	1,250	5,000	
Thuraya Satellite Phones	18	600	10,800	
GPS Units	12	250	3,000	
Fireproof Safe	4	300	1,200	
Air Conditioners	30	650	19,500	
Telephone Network/system	4	2,500	10,000	
Radio Phones/Cell Phones	20	550	11,000	
Cell Phones	40	200	8,000	
Money Counter	5	1,200	6,000	
Electrical security system (for the vault room)	4	2,000	8,000	
Miscellaneous	20	500	10,000	
Sub-Total Procurement			**189,300**	**229,950.00**
Equipment Maintenance	52	150	7,800	
Equipment, Computer & Furniture Insurance	52	40	2,080	
TOTAL EQUIPMENT & PROJECT ASSETS			**365,180**	**386,463.26**
OPERATIONS:				
Communication				
Internet	52	650	33,800	
Telecommunications (average for all offices)	52	1,000	52,000	
Postage/Fax/Courier (average for all offices)	52	140	7,280	
Sub-Total Communications			**93,080**	**62,125.00**
Occupancy				
Office Rent Kirkuk	18	1,550	27,900	
Office Rent Mosul	16	1,100	17,600	
Office Rent N. Baghdad	12	1,917	23,004	
Office Utilities (average for all offices)	52	400	20,800	
Sub-Total Occupancy			**89,304**	**77,000.00**
TOTAL OPERATIONS			**182,384**	**139,125.00**
OTHER DIRECT COSTS				
Printing Costs (average for all offices)	18	30	540	
Office Supplies (average for all offices)	18	600	10,800	
Bank Fees	18	20	360	
Bank Transfer Fees	2	750	1,500	
Sub-Total ODC's			**13,200**	**38,135.41**
TOTAL ODC's, MEETINGS & CONFERENCES			**13,200**	**42,135.41**
TOTAL DIRECT COSTS		**$**	**2,836,961**	**2,024,043.72**
O/H @ 36.77% of Direct Cost	**36.77%**	**$**	**1,043,151**	**744,240.88**
[redacted]				
[redacted]				
[redacted]				

	18 Month Budget	As contracted	Difference
Total Implementation Cost	3,880,111	2,768,285	-1,111,826.76
Loan Capital	4,794,889	5,906,715	1,111,826.76
Total Costs	8,675,000	8,675,000	0.00

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The Women's Entrepreneurship Program

Presented on September 9, 2003 by Ms. (b)(6)

Cross-Cultural Leadership Training: Armenia and Latin America
Perspectives to Further the United Nations Multiple Development Goals
56th Annual Conference for Non-Governmental Organizations

United Nations Headquarters
New York

THE WOMEN'S ENTREPRENEURSHIP PROGRAM

VISION

The Women's Entrepreneurship Program (WEP) is designed to empower Armenian women by providing educational and business training classes, resources, opportunities, and support to achieve economic self-sufficiency for themselves, their families and their community. This model program is to be shared with other communities and organizations throughout the greater Caucasus Region and underdeveloped countries.

MISSION

The Mission of the Women's Entrepreneurship Program is:

- To provide education and training for entrepreneurial business ventures
- To establish a local, Diasporan and international Mentorship and Networking Program
- To assist entrepreneurs in securing startup operational funds
- To provide real-world opportunity for women to achieve their economic goals

BACKGROUND

To date, Armenia has been unable to foster an environment conducive to entrepreneurs. From a lack of leadership to the absence of training opportunities to high interest rates and collateral requirements, instructive and financial support for current and would-be entrepreneurs is scarce.[1] Women in Armenia are more significantly affected by the current financial situation, as they are not afforded the same opportunities for work.[2]

According to a recent study by the World Bank, Armenia's poverty has reached a catastrophic scale – 55% of Armenia's population are considered poor and 13.5% of the country's population are below the poverty line. Only 23% of working age women (15-60) are among the employed as compared to 53% of men.[3] Thus, women have been more negatively impacted as they bear the burden of maintaining families in times of economic hardships.

According to Mr. Vartan Gregorian, President of the Carnegie Corporation, "Armenia does not need charity – they need jobs, jobs, jobs. If this is not achieved in 10 years, Armenia will be depopulated."

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[1] www.undp.am/archive/gender/UN/undp/SR/Chapter_3/3_9.htm

- See also www.smednc.am (Small/Medium Enterprise Development, National Center of Armenia) and Tajirian, Thelma. Sources of Financing for Microenterprise, Small & Medium Enterprises in Armenia, October 2002.
- See also Market Assessment for Microenterprise Services in the Republic of Armenia, Chemonics International, February 2002 (funded by USAID – Armenia).

[2] Merguerian, Barbara and Jafferian, Doris (eds.) Armenian Women in a Changing World, p. 54

[3] World Bank 2001, p. 18 - 19

In response to the dire economic outlook in Armenia, women have taken desperate measures to help provide for their families. Sixty one percent of women trafficked from Armenia have said that the creation of jobs in Armenia would be the best solution toward reducing or preventing the trafficking of women. [4]

In response to the undesirable working conditions and lack of infrastructure for business development in Armenia, The Women Entrepreneurship Program (WEP) – a non-profit organization – was formed. WEP's parent organization is the Armenian International Women's Association (AIWA). Founded in Boston in 1991, AIWA has affiliates throughout the United States and Armenia. The program is taught through the American University of Armenia's (AUA) Extension Program.

PILOT PROGRAM

The pilot program was launched in September 2002. Eligibility for the program was determined through an interview with the Program Director. All candidates were required to be high school graduates and to pass an English proficiency exam.

Classes for the initial program were taught in Yerevan, the capital city of Armenia. All classes were conducted in English. The curriculum was developed by four experienced American and Armenian educators and business professionals. Coursework focused on the fundamentals of how to start a business and included topics such as market research, accounting, taxation, public speaking and marketing. Significant time was devoted to one-on-one interaction with the instructor. Courses were specifically tailored to match the needs of Armenia's aspiring entrepreneurs.

Eighteen graduates completed the four-month program in December 2002. The culmination of the program was the first annual Business Plan Competition. The experience proved invaluable to the student's training as each presented her business plan before 150 guests and a panel of judges. Judges included representatives from USAID, HSBC Bank, Eurasia Foundation, German-Armenian Fund and the Tufenkian Foundation.

Monetary prizes – $1,000, $500, $250 – were awarded to the top three winners. The competition also allowed students the opportunity to market their products at the US Embassy in Armenia and in the United States.

SECOND SESSION

The second session of the program began in April 2003 and will be completed in September. The second annual Business Plan Competition is scheduled to be held in October 2003.

Due to the success of the pilot program, the WEP expanded the program to Gyumri (Armenia's second largest city) and the curriculum was translated into Armenian. The

[4] International Organization for Migration, Trafficking in Women and Children from the Republic of Armenia: A Study 2001

program in Yerevan (English language) has 17 students and 41 in Gyumri (Armenian language). Due to the number of students in Gyumri, classes were taught in two sessions.

The projected plan for the project is to expand to all 11 regions in Armenia and Nagorno-Karabagh and to develop a viable model program that would be made available to organizations throughout the greater Caucasus Region and underdeveloped countries.

Currently tuition fees for the four-month training program have been established at $24 in Yerevan and $12 in Gyumri. Some students are on scholarship.

ACCOMPLISHMENTS TO DATE

The WEP is providing women the opportunity to improve their employment outlook by arming them with the necessary skills they need to get better jobs. In addition, the WEP also allows those with little or no work experience the chance to enter the job market for the first time.

Eighteen students have graduated from the WEP and now have basic business training and skills on how to start a business. Two former students are currently running the program in Yerevan. The first place prize recipient of the Business Plan Competition has started a home-based business manufacturing a line of maternity clothes. She has already contracted with three local women to produce the clothing line. She was also recently featured on Armenian television. The second place prizewinner, who presented her plan for a public speaking/presentation business, traveled to the United States on a scholarship, courtesy of Dale Carnegie, to study for three months. Another graduate has already begun to sell her artwork at Hotel Yerevan, Noah's Landing catalog and through the online business MadeinArmeniadirect.com.

PARTNERSHIPS

American University of Armenia MBA and Muskie Fellowship graduates – who have a minimum of two years business experience – act as mentors, as do qualified members of the Armenian Diaspora. Coaching the aspiring entrepreneurs is fueled by business networking opportunities and guest speakers the WEP draws on from local Armenians, members of the Armenian Diaspora, and professionals throughout the United States.

A partnership with Columbia University's MBA program and Managers for International Development Initiative (MIDI) has been established to provide pro bono consulting services to the WEP students. More MBA schools will be added to the Program in the near future.

In order to better understand western economic structures, culture, and language, the Program arranged for its Program Director in Armenia to attend a two-week conflict management course for lawyers at Harvard University in March 2003.

LEADERSHIP/STAFF

(b)(6) f Berkeley, CA founded the WEP. A professional banker with Wells Fargo Bank for over 20 years, Ms. Tajirian is an expert in Small Business lending, marketing, and business development. She is an advocate on women's issues and served as Commissioner on the Status of Women for the city of Berkeley where she was recently awarded the Outstanding Women's Achievement Award. She has also been recognized by the Armenian International Women's Association (AIWA) for her tireless work on behalf of women. Ms. Tajirian dedicates over 30 hours per week toward the WEP.

The WEP currently employs two full-time and four part-time staff members in Armenia. Program Director, Ms. Tamara Gularyan of Yerevan, Armenia, is an attorney with extensive experience in practicing law for major banks and businesses in Armenia.

Ms. Renita Esayian O'Connell of Cape Cod, Massachusetts has served as mentor and advisor for WEP since its inception. Ms. O'Connell has more than 20 years experience in Finance and Investor Relations, working in the United States and in London, England, primarily for energy companies.

Headquarters for the WEP's Advisory Council is located in San Francisco, California and is complemented by advisors from throughout North America. The members of the Advisory Council represent a wide spectrum of business, marketing and fundraising professionals. The Council serves to guide the WEP toward fulfillment of its goals.

FUNDING

To date, the Wells Fargo Foundation has funded the WEP. As part of its funding, the Foundation granted Ms. Tajirian a six months paid leave of absence to execute and oversee the pilot program. In kind donations from Wells Fargo include 20 computers and 25 chairs. An additional $38,000 has been raised by the Armenian community in the United States to fund salaries, rent and other business expenses. Ms. Tajirian personally contributed the funds necessary to launch the pilot program and continues to pay her own expenses associated to the project.

The Women's Entrepreneurship Program (WEP) is currently preparing grant proposals to over 15 different funding organizations throughout the world.

CONTACT THE WOMEN'S ENTREPRENEURSHIP PROGRAM

(b)(6)

(b)(6)

From: (b)(6)
Sent: Wednesday, June 23, 2004 3:47 PM
To: (b)(6)
Subject: RE: REPLY

REPLY—June 23, 2004-06-

(b)(6)

I am not sure that I am the right person to help you with setting up a business. I am here in Iraq to complete transactions and various initiatives with the Collation Provisional Authority. I suggest if you feel confident that you understand the contract procurement process and the process of submitting bids for contracts that you speak to either someone in the contracting business/office (you might check with the Baghdad Business Center for information) or make contact with businesses that would be bidding on contracts and seek advice about getting started in a consulting business. I am not in that business and would not feel comfortable giving you advice about a business that I am not actually in myself. You will be able to find many other individuals that have far more experience than I and will give you much wiser advice than I could.

Regards,
(b)(6)

-----Original Message-----
From: (b)(6)
Sent: Saturday, June 19, 2004 1:10 PM
To: (b)(6)
Subject:

DEAR (b)(6)
HOW ARE YOU AND I HOPE YOU ARE DOING FINE ATSAMETIME I LIKE TO THANK YOU SO MUCH FOR YOUR TIME AND EFFORT OF FINFINDING ME AN OPPOURTUNITY IN IRAQ ,AT OUR MEETING YOU HAD SUGGESTED OF OPINING A COUNCLING AGENCY TO HELP IRAQI CONTRACTORS AND THOUGHT ABOUT IT AND I REALY MAY WANT TO DO IT SO HOW I CAN GO ABOUT IT,SHOULD I MEET WITH YOU AT THE NEAREST CONVENIENCE TIME TO HELP ME WITH MATTER AND WOULD APPRECIATE IT WITH MY BEST WISHES TO YOU.

SINCERELY
(b)(6)

FREE pop-up blocking with the new MSN Toolbar – get it now!

(b)(6)

From: (b)(6)
Sent: Saturday, June 19, 2004 1:10 PM
To: (b)(6)

DEAR (b)(6)
HOW ARE YOU AND I HOPE YOU ARE DOING FINE ATSAMETIME I LIKE TO THANK YOU SO MUCH FOR YOUR TIME AND EFFORT OF FINFINDING ME AN OPPOURTUNITY IN IRAQ ,AT OUR MEETING YOU HAD SUGGESTED OF OPINING A COUNCLING AGENCY TO HELP IRAQI CONTRACTORS AND THOUGHT ABOUT IT AND I REALY MAY WANT TO DO IT SO HOW I CAN GO ABOUT IT,SHOULD I MEET WITH YOU AT THE NEAREST CONVENIENCE TIME TO HELP ME WITH MATTER AND WOULD APPRECIATE IT WITH MY BEST WISHES TO YOU.

SINCERELY
(b)(6)

FREE pop-up blocking with the new MSN Toolbar – get it now!

(b)(6)

To Whom It May Concern:

I am amiable and capable individual with extensive experience in customer relations, both in the private and public sector. I am originally from Iraq and am fluent in English and Arabic languages that I feel further enhance my credentials.

I am a fast learner, enthusiastic and have the potential to be successful in various arenas of professional life.

Realizing that my resume and this summary cannot adequately communicate my qualifications in depth, I would appreciate having the opportunity to discuss how I might become an asset to your organization in person.

I may be reached at the above number or by email to set up an appointment for an interview at your own convenience. I look forward to hearing from you and appreciate your consideration.

Sincerely,

(b)(6)



OBJECTIVE:

To obtain a challenging position which provides an opportunity for both greater responsibilities and future advancement.

EXPERIENCE:

2002- Present **Sea Breeze Candles,** San Diego, California. 2002-present
Title: Owner/ Sales Person
Duties: maintained a working knowledge of business practices and cost and profitability. Other responsibilities included inventory control and shipment, budging, marketing for the business. As a result gained a 12% profit.

1999-2002 **Unistar Insurance,** San Diego, California
Title: Insurance Agent Manager
Duties: maintain effective and efficient customer raltions, maintain and control procedure of workflow, act as liaison between sales, operation and customers. Prepare reports (weekly and montly) on statistics, problems and make recommendations when needed. Responsible for sales volume in 250 direct and indirect accounts per yer.

1998-1999 **Amrix Insurance Company,** Riverside, California
Title: Sales Representative/ Management
Duties: Responsibilities included, time cards, interviewing, hiring and training. Administered and executed all policies made by executive board. Maintained and supervised bookkeeping and accounting records according to established practice. Marketed and advertised company product. Received outstanding compliments from buyers and administrator for work well done.

1997-1998 **Berine Clothing Company,** Diff. Locations, Calfiornia
Title: Sales Associate
Duties: Activities included sales training, product knowledge, selling methodology, and sales manual development. Other duties included inventory control and shipment.

1995-1997 **Blacks For Men,** San Bernardino, California
Title: Sales Associate/ Management
Duties: Responsibilities included hiring and supervising employees, inventory control and shipment, training sales associate, establishing work hours and shifts.

1993-1995 **Nation and Eagle Air,** Canada
Title: Flight Attendant
Duties: Maintained safety and services for passengers. Certified in safety and services for air control. Also served as a mediator on flights as well as an interpreter.

EDUCATION:

Four Years at University, Iraq 1979
C.A. State Fire and Casualty Insurance License 1998

LANGUAGES:

Bilingual: English and Arabic

SKILLS:

Computer: PC, Windows 1995 and millennium, Microsoft word, and word processing. Extensive experience in handling clients and customer relations. Outstanding communication skills both verbally and orally.

REFERENCES:

Available upon request.

(b)(6)

(b)(6)

From: (b)(6)
Sent: Saturday, June 26, 2004 2:13 AM
To: (b)(6)
Cc:
Subject: Bearing Point questions

(b)(6) I understand that you will be sending to BearingPoint an update that requests these items be addressed. The request is for their response on Monday.

Annual fixed fee by year with any underlying assumptions.

How will they address Finco's need for three board members?

An approximate 1 page high-level budget proposal

(b)(6)

From: (b)(6)
Sent: Saturday, June 26, 2004 2:01 AM
To: (b)(6)
Subject: FW: CHF meeting needs to be changed from 12:30 to 2pm on Monday, June 28th

-----Original Message-----
From: (b)(6)
Sent: Friday, June 25, 2004 5:54 PM
To: (b)(6)
Subject: CHF meeting needs to be changed from 12:30 to 2pm on Monday, June 28th

I just spoke with CHF and they agreed that they could postpone coming to OPIC until 2pm. I shared that (b)(would follow up officially on Monday morning.

The reason for the change in time is due to a meeting already scheduled from noon to 2 with customers coming in from Mexico. By mistake the calendar did not reflect this meeting.

(b)(6)

From: (b)(6)
Sent: Saturday, June 19, 2004 5:43 AM
To: (b)(6)
Subject: Re: FINCO Solicitation OPIC-04-R-0008

FINCO Budget.xls (26 KB) OPIC Contract.doc (50 KB)

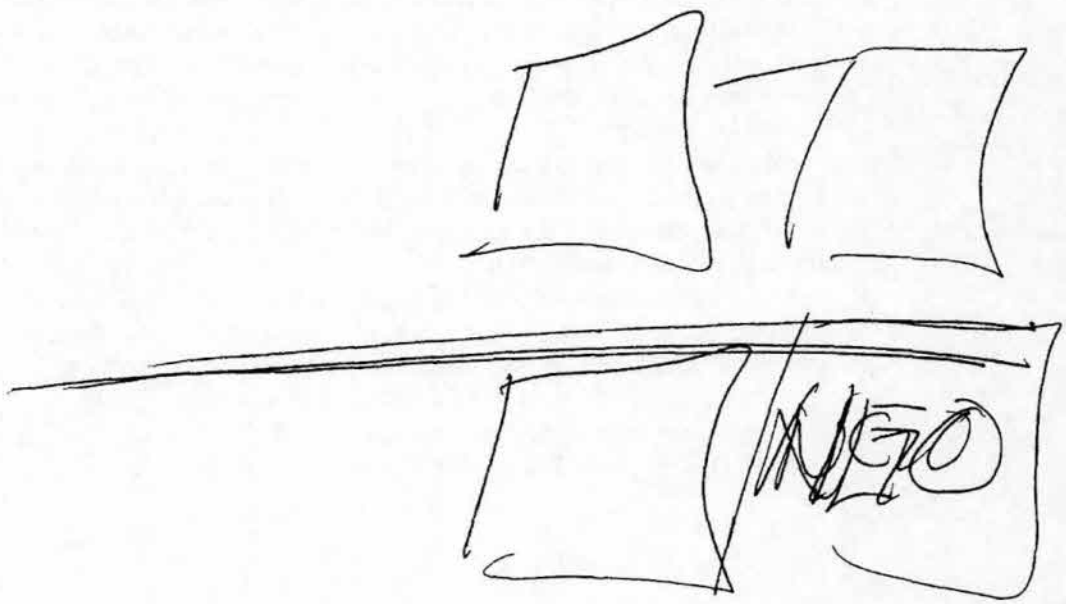
Ms Reed

Attached are two documents that make up the proposal from Executive Management Services Inc.

Please let me know if you have any questions.

Thank you.

Jeff Betchwars
President



I. Experience gained in past 3 years to the above to evaluation Criteria.

Executive Management Services President Jeff Betchwars currently has extensive non-profit and profit board governance experience. Currently Mr. Betchwars serves on the following Boards of Directors.

- PACER – Multi-million dollar national non-profit organization that advocates for educational rights for children with disabilities. Board member since 1999 current Board President, Treasurer 2000 -2002.
- Resource Inc. – Social Service Non-profit corporation with a $20,000,000 budget. Board member since 1996. Serve as Chairman of the Board 2001-2002, Treasurer 1996 - 1998
- First National Bank – Member of the Board of Directors since 2003.

Past Board of Director positions.

- First Commercial Bank – President/CEO and founder of Bank focusing on commercial lending to small to mid-market customers. Board member from 1999 to 2002.
- MELD – Non-profit organization specializing in strengthening parent skills of at risk families.

Mr. Betchwars also, has extensive Banking experience. The list below outlines his specific experience.

- Founder and CEO of First Commercial Bank 1999 -2002. Responsible for raising capital, organizing the Bank , selecting the Board of Directors, hiring bank staff and management, and developing the Bank's policies and operating procedures. Also, responsible for directing business development and overseeing banking operations. Extensive experience with small and mid-market borrowers.
- Worked as CFO and turnaround specialist for First National Bank 2003. Duties including working with bank Board of Directors and OCC regulators in meeting terms of bank Cease and Desist Order. Developed policies, procedures and strategic plan.
- Senior Vice President and CFO of United Bankers' Bank 1985 – 1999. Directed financial control, broker/dealer activities and trust department functions. Chairman of Asset/Liability Committee and member of Loan Committee. Because United Bankers' Bank is a Bankers' Bank, Mr. Betchwars has extensive experience in loan participations and lending to banks (Bank stock loans and Federal Funds).

II. Work Plan and Experience

Establish FINCO – The establishment of FINCO, including preparing and approving charter documents, should be completed within one week after appointment by the offeror. Legal counsel and audit firm candidates should be identified for the interim Board of Director to select from.

The Interim Board of Directors should include a representative from the Overseas Private Investment Corporation, the offeror, and a member representing the "Commercial Banks" or a member representing the Coalition Provisional Authority. The offeror will serve as interim chairman and CEO until the permanent Board of Directors and CEO are selected.

To save on expenses the domestic offices should be headquartered at either the corporate attorney's offices or at Overseas Private Investment Corporation. Meeting space can be provided at these locations as well as space for FINCO records.

Mr. Betchwars, President of Executive Management Services Inc. has started several corporations as well as a bank. He has supervised the legal and regulatory filings of these entities.

Identify candidates for the Board of Directors – the permanent Board should be comprised of the interim Board members or individuals whom the interim Board of Directors represent and the permanent CEO selected.

Other permanent Board members could, include, a member representing Iraqi Participating Financial Institutions, an individual representing Iraqi business interests, and an international financial or accounting specialist The permanent Board will need no more than seven directors.

Board diversity should be a priority. There is a strong correlation between a diverse Board and its overall success at running an organization.

The Board will play a key role in guiding FINCO. In addition to setting policy the Board will create three committees including a loan committee, an audit committee, and an operations committee. The loan committee will meet as necessary but no less than monthly. The committee will be responsible for approving loans above the lending limit of the CEO. The audit committee and the operations committee will meet as necessary but no less than quarterly.

Appointment of a permanent Board of Directors, with the exception of choosing a permanent CEO, should be done within 30 days of selecting the offeror. The selection of a permanent CEO may be delayed due to lag times in relocation and availability of qualified candidates.

Because CEO duties will be performed by the offeror until a permanent CEO is found, the establishment of the FINCO should be completed within the seven week time frame as projected.

Mr. Betchwars, President of Executive Management Services Inc. Currently serves on a bank Board of Directors as well as two non-profit Boards of Directors, one of which he serves as Board President.

Mr. Betchwars selected the Board of Directors for First Commercial Bank in 1999 and its holding company, Commercial Bancshares Inc.

Advise on the completion of Legal Agreements – Legal counsel has prepared a major portion of the financing documents. The offeror will advise and make recommendations to FINCO on the agreements. The offeror will act as a facilitator and seek consensus among the "commercial banks", the commercial bank acting as escrow agent, and OPIC on all legal agreements.

Assuming cooperation among parties and responsive legal counsel, major agreements should be completed within 30 days of selecting an offeror.

FINCO will also need a lending software the will assist lenders in analyzing credits and loan documentation. Due to the special nature of FINCO, custom programming may be required on available loan software packages.

Mr. Betchwars, President of Executive Management Services Inc., has had extensive experience working with attorneys on a wide variety of legal documents for banks in all areas including loan participation agreements, escrow agreements, and custody agreements. He Also, is familiar with lending software packages.

Advise on FINCO licensing, policies, procedures, objectives and recruitment of CEO – With the assistance of legal counsel, Advise FINCO on procuring appropriate licenses to operate in Iraq. It is estimated that activity will take two weeks.

Development of strategic plan with measurable goals and objectives will be completed within the first thirty days by the interim Board of Directors. The plan will identify strengths, weaknesses, opportunities, and threats facing FINCO. The plan will also show a five financial projection based on conclusions of the plan.

Development of credit policies will be based on the administrative services agreement and the final terms and conditions outlined for Tranche A and Tranche B lending. The credit policy should be completed and submitted to the Board for approval within six weeks of the offeror is selected.

The Iraq Office will be selected and opened within thirty days of the offeror being selected. If the permanent CEO is not chosen within 30 days, the interim CEO will make site selections to the Board of Directors in Iraq.

It is essential the right person is selected to fill the CEO position at FINCO. He must have relevant lending an administrative experience to act as CEO.

It may be difficult to hire and put in place a permanent CEO within four weeks of the offeror selection. It is unrealistic to expect a new CEO hired in less than eight weeks and operating as CEO in less than 12 weeks.

The offeror must have the ability not only to set up FINCO but be able to run the organization until a permanent CEO is selected. He must be able to hire employees and begin operations of the Bank.

Mr. Betchwars, President of Executive Management Services Inc. has extensive experience in bank management. He will be qualified to manage FINCO on a interim basis until a CEO is selected.

Tranche A and Tranche B Administrative Agent – The offeror will put in place policies and procedures based on the contents or the Administrative Services Agreement to be followed by FINCO personnel. The procedures will be implemented to assure all procedures outlined in the administrative services agreement are followed. Policies and procedures should be finalized by the end of the sixth week after the offeror is appointed.

In conjunction with the policies and procedures, internal audit procedures will be developed to aid internal auditors in verifying work activity.

Mr. Betchwars, President of Executive Management Services Inc. has developed and supervised the development of banking policies and procedures in all areas of banking.

Ongoing Support for FINCO – the offeror will provide ongoing support, technical assistance, monitoring and policy advice. It is recommended that he become Chairman and CEO of the interim Board of Directors and Chairman of the permanent Board of Directors for a period of one year after the permanent CEO and Board are appointed. The role of Chairman and CEO should be separated after the organization has been established to provide a better organizational control structure.

In his role as Chairman the offeror will be responsible for the following:

- Setting monthly Board of Director agendas in consultation with the CEO and the other Board of Directors.
- Presiding as chairman over monthly Board of Director Meetings.
- Coordinating Board committee actions and reports (lending committee, audit committee, and operations committee) with full board meetings.
- Coordinating information dispersal to Board members.
- Making policy and strategic recommendations when appropriate.

Mr. Betchwars, President of Executive Management Services Inc. has extensive board governance experience and has served as chairman and board president of two multi-million dollar non-profit organizations.

The offeror will also develop training recommendations for programs to be provided by nongovernmental organization to MMB's and PFI's.

Advise on liquidating FINCO – Through the strategic planning process an exit strategy will be explored. A recommended strategy for the use of net proceeds remaining after liquidation will be proposed. Local Iraqi business and financial leaders will be brought into the planning process before recommendations are made.

III. The Budget

The proposed first year budget for FINCO is low. While the projected budget provides reasonable first year estimates for personnel expenses, estimates for data processing software, Board of Director meeting expenses and required audit costs have not been included. Also, estimates for office fees for FFE, contingencies, and legal expenses are low.

There is an error in the calculation of the general manager's life insurance cost. The Budget indicates a yearly cost of $10,000 per year. The $1,200,000 budget includes $120,000 in yearly insurance premiums overstating the budget by $110,000.

The Following is an analysis of the budget.

General Manager Expenses – Budget estimates for general manager expenses appear to be reasonable.

The total operating general manager cost will be $507,700 as calculated. The total start up cost is $20,000.

Operations Manager Expenses – Under the line item residence rent (co located) my assumption is that rent and start up costs are for the operations manager are included in the general manager's expense.

There is an error in the calculation of the general manager's life insurance cost. The Budget indicates a yearly cost of $8,000 per year. The insurance cost estimate should read $8,000 per month. The actual cost is $96,000 in yearly insurance premiums understating the budget by $88,000

The total operating operations manager cost will equal $370,000. The total start up cost is $10,000.

Local Staff Expenses – Budget estimates appear to be reasonable for local staff. Their may be room to eliminate several of the budgeted positions, but for now the staff of eleven is a good estimate.

The total staff cost is estimated at $43,800.

The budget assumes the entire staff will be hired by 6/30/04. While full staffing will take a period of 90 days, it is prudent the leave the current estimates in place.

Office – The line item furniture fixtures and equipment appears to be a low start up estimate. An additional $20,000 should be added to the Line item.

All other office cost estimates appear to be reasonable for office expenditures.

The total office operating cost is estimated at $188,000. The total start up cost is estimated at $40,000.

Legal Fees – Legal fees are difficult to estimate. The total cost budgeted of $20,000 seems low. A total amount of $50,000 should be budgeted for legal expenses.

Contingencies – The amount budgeted for contingencies appears to equal 5 percent of the Budget or $54,575. Given that FINCO is a start up corporation the amount budgeted for contingencies should equal 10 percent of budgeted amount $138,150.

Other Expenses – FINCO will need a loan and general ledger software system for its record keeping. It is estimated that software needed to operate the system will be at a cost of $50,000 per year.

FINCO will require an certified audit conducted by a Certified Public Accounting firm. In addition, FINCO should conduct its own internal audit of its operations. Estimated annual cost of both the internal and external audit is $50,000.

Board of Director fees will need to be set and expenses will need to be reimbursed. Board of Director fees are estimated at $100,000 per year.

Annual Administrative Fees – FINCO is permitted to charge an annual administrative fee for administrative services provided for Tranche A and Tranche B lending. The annual fee should equal 100 basis points on the outstanding loan balances. The first year's Fee will be paid upfront when proceeds of the loans are distributed. Beginning in the second fees will be collected as interest payment are made. The annual administrative fees will be the same on Tranche A and B loans even though the administrative burden is greater on the Tranche A loans.

Budget Assumptions - Display 1 shows a modified cash budget for FINCO's first year of operation. The Budget assumes that $24,300,000 will be invested at a rate of 1 percent in

money market funds before being disburse as Tranche A or B loans. Interest income from loans are not accrued in the budget.

Administrative fees will be collected up front on originated Tranche A and B loans. In the first year of operation the budget assumes $30,000,000 in loans will be made, $20,000,000 under Tranche A and $20,000,000 under Tranche B.

IV. Start up Fee and Annual Support Fee Schedule

The Startup Fee Schedule

- Establish a non-profit entity in a U. S. jurisdiction to perform the role of FINCO under Tranche A and Tranche B of the facility. Cost $5,000

- Identify candidates for an independent Board of Directors for FINCO to be appointed by OPIC in consultation with CPA. Cost $15,000

- Complete negotiations, on behalf of FINCO, and cause FINCO to enter into the Tranche A Finance Agreement, theTranche B Framework Agreement, the Escrow Account Agreement, the Administrative Services Agreement for each of Tranche A and B, and other financing documents. Cost $10,000.

- Procure appropriation licenses for FINCO to operate in Iraq, assist FINCO in developing appropriate high-level credit policies, operating procedures and strategic objectives, hire a chief executive officer, hire staff in consultation with the CEO, and open a FINCO office in Iraq. Cost $100,000*

- Arrange for FINCO to perform the role of the Tranche A Administrative Agent and other provisions of the draft Administrative Services agreement. Cost $20,000

- Arrange for FINCO to perform the role of the Tranche B Administrative Agent. Cost 10,000.

* FINCO will provide security services to the offeror for time spent in Iraq. Executive Services Management will be responsible for travel and lodging expense in Iraq.

Annual Support Fee Schedule

- Provide ongoing support to FINCO in the form of technical assistance, monitoring, and policy advice. Cost $50,000.

- Liquidate FINCO following maturity/termination of the facility and use the net proceeds remaining after liquidation to promote the development of financial and entrepreneurial skills in Iraq through grants and training programs. Cost $50,000.

References for Contract

Executive Management Services Inc. was established In November of 2003. The company has never bid on a state or federal contracts.

Mr. Betchwars President of Executive Management Services Inc., can provide three references outlining his past work.

David Fleming
Partner
RSM McGladrey & Pullen
801 Nicollet Avenue
Minneapolis, MN 55402
(612) 332-4300

Mr. Fleming is Partner in charge of Financial institutions in Minneapolis for the firm. Mr. Fleming can attest to Mr. Betchwars work in establishing and operating a bank.

William Rosacker
President and CEO
United Banker's Bank
1650 West 82nd Street
Bloomington, MN 55431

Mr. Rosacker is President of a $250,000,000 bankers' bank that provides services to Banks in the United States similar to the services FINCO will be performing in Iraq. Mr. Betchwars was CFO of United Bankers' Bank and Senior Vice Present from 1985 through 1999 when Mr. Betchwars started First Commercial Bank. Mr. Rosacker can attest to Mr. Betchwars expertise in working diverse financial institutions.

Robert Burlute
Executive Director
Resource Inc.
1900 Chicago Avenue South
Minneapolis, MN 55404
(612)752-8000

Mr. Burlute is Executive Director of a $20,000,000 non-profit organization providing employment, training, mental heath, and chemical dependency services to low income, immigrant and disabled clients. Mr. Betchwars has served on the Resource Board since 1996 to the present and has served as Board Chairman and Treasurer. Mr. Burlute can attest to Mr. Betchwars skills and experience with non-profit organizations.

DISPLAY 1
FINCO
First Year Cash Budget

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10
Money Market	24,300,000	24,300,000	24,300,000	24,300,000	23,837,500	23,375,000	22,450,000	21,525,000	20,600,000	19,675,000
A and B Loans Total	-	-	-	2,500,000	2,500,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
FINCO Portion	-	-	-	462,500	462,500	925,000	925,000	925,000	925,000	925,000
Cash										
Operating Account	1,200,000	1,028,163	935,525	830,513	762,875	694,852	634,669	590,490	545,540	487,444
Adminstrative Fees	-	-	-	25,000	25,000	50,000	50,000	50,000	50,000	50,000
Money Market Int	20,250	20,250	20,250	20,250	19,865	19,479	18,708	17,938	17,167	16,396
Beginning Balance	1,220,250	1,048,413	955,775	875,763	807,740	764,332	703,377	658,427	612,707	553,840
General Manager										
Salary	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833
Residence Startup	10,000	-	-	-	-	-	-	-	-	-
Residence Rent	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Utilities	100	100	100	100	100	100	100	100	100	100
Security and Car	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Life Insurance	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Health Insurance	833	833	833	833	833	833	833	833	833	833
Travel	-	-	5,000	-	-	5,000	-	-	5,000	-
Moving Expense	10,000	-	-	-	-	-	-	-	-	-
Local Tax 15 percent	2,375	2,375	2,375	2,375	2,375	2,375	2,375	2,375	2,375	2,375
Operations Manager										
Salary	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Residence Rent	-	-	-	-	-	-	-	-	-	-
Security and Car	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Life Insurance	**8,000**	**8,000**	**8,000**	**8,000**	**8,000**	**8,000**	**8,000**	**8,000**	**8,000**	**8,000**
Health Insurance	667	667	667	667	667	667	667	667	667	667
Travel	-	-	-	-	-	4,000	-	-	-	-
Moving Expense	10,000	-	-	-	-	-	-	-	-	-
Local Tax 15 percent	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Local Staff										
Dep Ops Mgr	750	750	750	750	750	750	750	750	750	750
Account	600	600	600	600	600	600	600	600	600	600
Loan Officer 1	500	500	500	500	500	500	500	500	500	500
Loan Officer 1	300	300	300	300	300	300	300	300	300	300
Loan Officer 1	300	300	300	300	300	300	300	300	300	300

DISPLAY 1
FINCO
First Year Cash Budget

Analyst 1	250	250	250	250	250	250	250	250	250	250

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10
Analyst 1	250	250	250	250	250	250	250	250	250	250
Analyst 1	250	250	250	250	250	250	250	250	250	250
Receptionist	150	150	150	150	150	150	150	150	150	150
Maintenance	100	100	100	100	100	100	100	100	100	100
Translator	200	200	200	200	200	200	200	200	200	200
Office										
Rent	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
FFE	**42,000**	-	-	-	-	-	-	-	-	-
Local Security	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Utilities	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Maintenance/Repair	500	500	500	500	500	500	500	500	500	500
Office Supplies	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Vehicle and Drver	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Legal and Taxes										
Local Legal Fees	**1,667**	**1,667**	**1,667**	**1,667**	**1,667**	**1,667**	**1,667**	**1,667**	**1,667**	**1,667**
Intl Legal Fees	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**
Corp Tax	-	-	-	-	-	-	-	-	-	-
Indicative Annual Fee										
Other Expenses										
Audit Fees	-	-	**6,250**	-	-	**6,250**	-	-	**6,250**	-
Data Processing	**4,167**	**4,167**	**4,167**	**4,167**	**4,167**	**4,167**	**4,167**	**4,167**	**4,167**	**4,167**

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10
Indictive Annual Fee	4,333	4,333	4,333	4,333	4,333	4,333	4,333	4,333	4,333	4,333
Subtotal Expenses	174,625	102,625	113,875	102,625	102,625	117,875	102,625	102,625	113,875	102,625
Contingencies	17,462	10,262	11,387	10,262	10,262	11,787	10,262	10,262	11,387	10,262
Total Expenses	192,087	112,887	125,262	112,887	112,887	129,662	112,887	112,887	125,262	112,887
Ending Cash Balance	1,028,163	935,525	830,513	762,875	694,852	634,669	590,490	545,540	487,444	440,953

DISPLAY 1
FINCO
First Year Cash Budget

Bold type represents offeror expense adjustments

DISPLAY 1
FINCO
First Year Cash Budget

Month 11	Month 12	Total
18,750,000	17,825,000	
5,000,000	5,000,000	
925,000	925,000	
440,953	393,690	301,381
50,000	50,000	
15,625	14,854	
506,578	458,544	301,381
15,833	15,837	190,000
-	-	10,000
1,500	1,500	18,000
100	100	1,200
10,000	10,000	120,000
10,000	10,000	120,000
833	837	10,000
-	5,000	20,000
-	-	10,000
2,375	2,376	28,500
10,000	10,000	120,000
-	-	-
10,000	10,000	120,000
8,000	**8,000**	**96,000**
667	663	8,000
-	4,000	8,000
-	-	10,000
1,500	1,500	18,000
750	750	9,000
600	600	7,200
500	500	6,000
300	300	3,600
300	300	3,600

DISPLAY 1
FINCO
First Year Cash Budget

250	250	3,000

Month 11	Month 12	Total
250	250	3,000
250	250	3,000
150	150	1,800
100	100	1,200
200	200	2,400
2,000	2,000	24,000
-	-	**42,000**
10,000	10,000	120,000
1,000	1,000	12,000
500	500	6,000
1,000	1,000	12,000
1,000	1,000	12,000
1,667	**1,663**	20,000
2,500	**2,500**	30,000
-	-	-
-	**31,250**	**50,000**
4,167	**4,163**	**50,000**

Month 11	Month 12	Total
4,333	4,337	**52,000**
102,625	142,876	1,381,500
10,262	14,288	138,150
112,887	157,163	1,519,650
393,690	301,381	

Individual Evaluations

LAH=

FACTOR: TECHNICAL

Subfactor: Understanding of and capability to carry out the Services as demonstrated in the Statement of Work.

Strengths	Weaknesses
Standard: Does the Offeror have experience in originating, lending, and monitoring loans of $500,000-$5 million?	
	-2 (Not in proposal)
Standard: Does the Offeror have experience in performing comparable financing activities in emerging markets, particularly Iraq?	
	(Not size) -2 Best loans OK -
Standard: Does the work plan reflect that the Offeror has adequately thought through the challenges of working in Iraq?	
	yes tzt

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

Individual Evaluations

FACTOR: TECHNICAL

Subfactor: Commentary supplied relating to the first-year budget and fees to be charged for administrative services for the FINCO.

Strengths	Weaknesses
Standard: Does the commentary demonstrate that the Offeror has experience in a comparable environment?	
Standard: Does the commentary indicate that the Offeror has a well-thought out approach or alternatively, has identified issues that need to be addressed?	
Standard: Does the commentary indicate that the Offeror understands the number of staff and the experience levels required for FINCO to carry out its mission?	

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

Individual Evaluations

FACTOR: TECHNICAL

Subfactor: Ability to identify qualified expatriate and local staff for the FINCO.

Strengths	Weaknesses
Standard: Has the Offeror demonstrated through prior experience that it can retain qualified expatriates to work in emerging markets?	
	+2
Standard: Has the Offeror demonstrated through prior experience that it can retain qualified local staff for work in emerging markets?	
	+3
Standard:	

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

SOUNDNESS OF APPROACH RATING	
Excellent (BLUE)	X
Good (GREEN)	
Satisfactory (YELLOW)	
Marginal (AMBER)	
Unsatisfactory (RED)	

Proposal Risk		Narrative
High		
Medium	X	
Low		

Evaluator Signature

INTENSITY LEVELS	
STRENGTHS	**WEAKNESSES**
+ (Minor Strength) Slightly above standards/expectations	- (Minor Weakness) Slightly below standards/expectations
++ (Major Strength) Above standards/expectations	-- (Major Weakness) Below standards/expectations
+++ (Significant Strength) Significantly above standards/expectations	--- (Significant Weakness) Significantly below standards/expectations

OVERALL UNDERSTANDING AND APPROACH RATING SCALE	
RATING	**DEFINITION**
EXCELLENT (BLUE)	Offeror's proposal demonstrates an excellent understanding of requirements and approach that significantly exceeds performance or capability standards. Has exceptional strengths that will significantly benefit the Government. No significant weaknesses exist.
GOOD (GREEN)	Offeror's proposal demonstrates good understanding of requirements and approach that exceeds performance or capability standards. Has one or more strengths that will benefit the Government. Strengths outbalance any weaknesses that exist.
SATISFACTORY (YELLOW)	Offeror's proposal demonstrates an acceptable understanding of requirements and approach that meets performance or capability standards. Acceptable solution. Few or no strengths.
MARGINAL (AMBER)	Offeror's proposal demonstrates shallow understanding or requirements and approach that only marginally meets performance or capability standard necessary for minimal but acceptable contract performance.
UNSATISFACTORY (RED)	Offeror's proposal demonstrates an unsatisfactory understanding of the requirements and approach of the acquisition. Fails to meet performance or capability standards. Requirements can only be met with major changes to the proposal. The proposal has one or more significant weaknesses that will be very difficult to correct or are not correctable.

RISK ASSESSMENT RATING		
HIGH (H)	**MEDIUM (M)**	**LOW (L)**
Likely to cause significant disruption of schedule, increased cost or degradation of performance. Risk may be unacceptable even with special contractor emphasis and close Government monitoring.	Can potentially cause some disruption of schedule, increased cost, or degradation of performance. Special contractor emphasis and close Government monitoring will probably be able to overcome difficulties.	Has little potential to cause disruption of schedule, increased cost or degradation of performance. Normal contractor effort and normal Government monitoring will probably be able to overcome difficulties.

Individual Evaluations

FACTOR: PAST PERFORMANCE

Subfactor: On-time Delivery

Strengths	Weaknesses
Standard: Did the Offeror meet all required deadlines?	
Standard:	
Standard:	

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

Individual Evaluations

FACTOR: PAST PERFORMANCE

Subfactor: Quality of Services

Strengths	Weaknesses
Standard: How would you rate your overall satisfaction with the work that the Offeror performed?	
Standard:	
Standard:	

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

Individual Evaluations

FACTOR: PAST PERFORMANCE

Subfactor: Customer Service

Strengths	Weaknesses
Standard: Was the Offeror effective in resolving problems as they arose?	
Standard: Did the Offeror anticipate problems and take steps to mitigate or resolve them quickly and effectively?	
Standard: Was the Offeror available/accessible to you?	

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

Performance Risk		Narrative
Very Low Risk		
Low Risk		
Moderate Risk		
High Risk		
Very High Risk		
Unknown Risk		

Evaluator Signature

INTENSITY LEVELS	
STRENGTHS	**WEAKNESSES**
+ (Minor Strength) Slightly above standards/expectations	- (Minor Weakness) Slightly below standards/expectations
++ (Major Strength) Above standards/expectations	-- (Major Weakness) Below standards/expectations
+++ (Significant Strength) Significantly above standards/expectations	--- (Significant Weakness) Significantly below standards/expectations

PERFORMANCE RISK RATING SCALE	
RATING	**DEFINITION**
VERY LOW RISK	Offeror's past performance record provides essentially no doubt that the offeror will successfully perform the required effort.
LOW RISK	Offeror's past performance record provides little doubt that the offeror will successfully perform the required effort.
MODERATE RISK	Offeror's past performance record provides some doubt that the offeror will successfully perform the required effort.
HIGH RISK	Offeror's past performance record provides substantial doubt that the offeror will successfully perform the required effort.
VERY HIGH RISK	Offeror's past performance record provides extreme doubt that the offeror will successfully perform the required effort.
UNKNOWN RISK	The offeror has no relevant performance record. A thorough search was unable to identify any past performance information.

(b)(6)

From: (b)(6)
Sent: Friday, June 25, 2004 5:28 PM
To: (b)(6)
Subject: FW: BearingPoint Discussion Today

-----Original Message-----
From: (b)(6)
Sent: Friday, June 25, 2004 9:08 AM
To: (b)(6)
Cc:
Subject: RE: BearingPoint Discussion Today

She can call in (b)(6)

-----Original Message-----
From: (b)(6)
Sent: Friday, June 25, 2004 9:01 AM
To:
Cc: (b)(6)
Subject: BearingPoint Discussion Today
Importance: High

(b)(6)

(b)(6) he 3rd evaluator, would like to participate in the discussion this afternoon. Please let me know whether you have a dial-in number or we should contact her.

Thanks.

(b)(6)

(b)(6)

From: (b)(6)
Sent:
To:
Cc:
Subject: Re: Solicitation No. OPIC-04-R-0008

OPIC-04-R-0008 E-Copy.pdf (4 M...

Dear (b)(6)

As requested, please find the attached E-copy of the OPIC-04-R-0008 proposal submitted by BearingPoint, Inc.

<<OPIC-04-R-0008 E-Copy.pdf>>

(b)(6)

****
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****

(b)(6)

From: (b)(6)
Sent:
To:
Cc:
Subject: Re: Solicitation No. OPIC-04-R-0008 (part 1 of 2)



OPIC-04-R-0008
E-Copy Part 1 o...

Dear (b)(6)

As requested, please find the attached E-copy, part 1of 2, of the OPIC-04-R-0008 proposal submitted by BearingPoint, Inc.

Please note that the E-copy was divided into two parts for better transmission.

<<OPIC-04-R-0008 E-Copy Part 1 of 2.pdf>>

(b)(6)
(b)(6)
Parents Group | BearingPoint | McLean, Virginia | (b)(6)

****
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message to the sender and delete the message, any attachments,
and any copies thereof from your system.
****

(b)(6)

From: (b)(6)
Sent:
To:
Cc: Bryski, Patrick M (BearingPoint)
Subject: Re: Solicitation No. OPIC-04-R-0008 (part 2 of 2)



OPIC-04-R-0008
E-Copy Part 2 o...

Dear (b)(6)

As requested, please find the attached E-copy, part 2 of 2, of the OPIC-04-R-0008 proposal submitted by BearingPoint, Inc.

Please note that the E-copy file divided into two parts for better transmission

<<OPIC-04-R-0008 E-Copy Part 2 of 2.pdf>>

(b)(6)
(b)(6)
| Parents Group | BearingPoint | McLean, Virginia | (b)(6)

****
The information in this email is confidential and may be legally privileged. Access to this email by anyone other than the intended addressee is unauthorized. If you are not the intended recipient of this message, any review, disclosure, copying, distribution, retention, or any action taken or omitted to be taken in reliance on it is prohibited and may be unlawful. If you are not the intended recipient, please reply to or forward a copy of this message to the sender and delete the message, any attachments, and any copies thereof from your system.
****

BearingPoint

Barents Group
1676 International Drive
McLean, VA 22102-4828
(b)(6)

www.bearingpoint.com

June 18, 2004

(b)(6)
Overseas Private Investment Corporation
Procurement Section
(b)(6)

Re: Solicitation No. OPIC-04-R-0008
Financial Services to Develop FINCO

Dear (b)(6)

BearingPoint, Inc. is pleased to submit this proposal in response to the subject solicitation for Financial Services to Develop FINCO. As Managing Director, I am authorized to commit resources of the company as outlined herein.

As you will note from our submission, we have priced the services necessary to implement this program in Iraq in accord with our experience operating a large technical assistance program in Iraq. Consequently, the budget we have submitted is based on actual costs that we have encountered operating in Baghdad. This actual data has dramatically increased our cost estimate for the proposed service.

We have also augmented the proposed staffing level of the program to include two additional advisors to lead the direct lending and bank on-lending activities. Our experience in Iraq suggests that the weak capacity of banks and borrowers will require considerable hands-on technical assistance and support to make the program effective. We believe that this higher level of staffing is prudent (at least for year one) and will significantly bolster the chances for programmatic success.

We are pleased to have this opportunity to present our capabilities to OPIC for this important project. If you have any questions, please do not hesitate to contact me by telephone at (b)(6)

(b)(6)

(b)(6)

SOLICITATION/CONTRACT/ORDER FOR COMMERCIAL ITEMS

Offeror to Complete Blocks 12, 17, 23, 24, & 30

1. Requisition Number	PAGE 1 OF 7
OPIC-LA-04-0077	

2. Contract No.	3. Award/Effective Date	4. Order Number	5. Solicitation Number	6. Solicitation Issue Date
			OPIC-04-R-0008	May 24, 2004

7. For Solicitation Information Call:	a. Name	b. Telephone Number *(No collect calls)*	8. Offer Due Date/Local Time
	(b)(6) (b)(6)	(b)(6)	June 9, 2004 / 03:00 PM

9. Issued By	10. This Acquisition is	11. Delivery for FOB Destination Unless Block is Marked.	12. Discount Terms
Code PROC Overseas Private Investment Corporation Procurement Section 1100 New York Avenue, NW Washington, DC 20527	[X] Unrestricted [ ] Set-Aside % for [ ] Small Business [ ] HubZone Small Business [ ] 8(A) NAICS: Size Standard:	[ ] See Schedule	
		13a. [ ] This contract is a rated order under DPAS (15 CFR 700)	
		13b. Rating	
		14. Method of Solicitation [ ] RFQ [ ] IFB [X] RFP	

15. Deliver To	16. Administered By
Code LA Overseas Private Investment Corporation Legal Affairs 1100 New York Avenue, NW Washington, DC 20527	Code

17a. Contractor/Offeror	18a. Payment Will Be Made By
Code 1THQ9 Facility Code BearingPoint, Inc. 1676 International Drive McLean, VA 22102-4828 DUNS #014097146 Telephone No. 703-747-3246 TIN:223680505	Code
17b. Check if Remittance is Different and Put Such Address in Offer. [ ]	18b. Submit Invoices to Address Shown in Block 18a Unless Box Below is Checked. [ ] See Addendum.

19. ITEM NO.	20. SCHEDULE OF SUPPLIES/SERVICES	21. QUANTITY	22. UNIT	23. UNIT PRICE	24. AMOUNT
	Establish Non-Profit Finance Agency			See Attached Sheet.	

25. Accounting and Appropriation Data	26. Total Award Amount *(For Govt. Use Only)*

[ ] 27a. Solicitation incorporates by reference FAR 52.212-1, 52.212-4, FAR 52.212-3 and 52.212-5 are attached. Addenda [X] are [ ] are not attached

[ ] 27b. Contract/Purchase Order incorporates by reference FAR 52.212-4, 52.212-5 is attached. Addenda [ ] are [ ] are not attached

[X] 28. Contractor is required to sign this document and return 2 copies to issuing Office. Contractor agrees to furnish and deliver all items set forth or otherwise identified above and on any additional sheets subject to the terms and conditions specified herein.	[ ] 29. Award of Contract: Reference. _____ Offer Dated _____. Your offer on Solicitation (Block 5), including any additions or changes which are set forth herein, is accepted as to items:
30a. Signature of Offeror/Contractor	31a. United States of America *(Signature of Contracting Officer)*
30b. Name and Title of Signer *(Type or Print)* Patrick M. Bryski, Managing Director	30c. Date Signed 08/18/2004
31b. Name of Contracting Officer *(Type or Print)*	31c. Date Signed

32a. Quantity in Column 21 Has Been

[ ] Received [ ] Inspected [ ] Accepted, and Conforms to the Contract, Except as Noted: _____

32b. Signature of Authorized Government Representative	32c. Date	32d. Printed Name and Title of Authorized Government Representative
32e. Mailing Address of Authorized Government Representative		32f. Telephone Number of Authorized Government Representative 32g. E-mail of Authorized Government Representative

33. Ship Number	34. Voucher Number	35. Amount Verified Correct For	36. Payment	37. Check Number
[ ] Partial [ ] Final			[ ] Complete [ ] Partial [ ] Final	
38. S/R Account Number	39. S/R Voucher Number	40. Paid By		

41a. I certify this account is correct and proper for payment	42a. Received By (Print)
41b. Signature and Title of Certifying Officer / 41c. Date	42b. Received At (Location)
	42c. Date Rec'd (YY/MM/DD) / 42d. Total Containers

SCHEDULE Continued

Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
0001	Financial Services to Develop FINCO	1	EA	Start-up fee	$ 750,000
		1	EA	Annual operating fee	$ 4,145,070
				Total fee	$ 4,895,070
					Offer vaild for 90 days from offer due date.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. Contract ID Code	Page	of Pages
	1	3

2. Amendment/Modification No.	3. Effective Date	4. Requisition/Purchase Req. No.	5. Project No. (if applicable)
A004	Jun 16, 2004	OPIC-LA-04-0077	

6. Issued By	Code PROC	7. Administered By (If other than Item 6)	Code OPIC
Overseas Private Investment Corporation Procurement Section 1100 New York Avenue, NW Washington, DC 20527		Overseas Private Investment Corp. 1100 New York Ave. N.W. Washington, DC 20527	

8. Name and Address of Contractor (*No., Street, County, and Zip Code*)	(X)	9A. Amendment of Solicitation No.
		OPIC-04-R-0008
BearingPoint, Inc. 1676 International Drive McLean, VA 22102-4828	X	9B. Date (*See Item 11*) May 24, 2004
		10A. Modification of Contract/Order No.
		10B. Date (*See Item 13*)

Code	Facility Code

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

[X] The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers [ ] is extended [X] is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning 1 copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. Accounting and Appropriation Data (*if required*)
IRAQ $

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACT/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(x)	A. This change order is issued pursuant to: (*Specify authority*) The changes set forth in Item 14 are made in the Contract Order No. in Item 10A.
	B. The above numbered Contract/Order is modified to reflect the administrative changes (*such as changes in paying office, appropriation date, etc.*) Set fourth Item 14, pursuant to the authority of FAR 43.103 (b)
	C. This supplemental agreement is entered into pursuant to authority of:
	D. Other (*Specify type of modification and authority*)

E. IMPORTANT: Contractor [ ] is not, [ ] is required to sign this document and return copies to the issuing office.

14. Description of Amendment/Modification (*Organized by UCF section headings, including solicitation/contract subject matter where feasible.*)

The solicitation identified in block 9A is hereby amended as follows:

1) Answers to additional questions submitted by potential offerors are included on page 3.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. Name and title of Contractor or Offeror	16A. Name and title of Contracting Officer (*Type or Print*)
(b)(6)	
15C. Date Signed 6/18/04	16B. United States of America (Signature of Contracting Officer)
	16C. Date Signed

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. Contract ID Code	Page	of Pages
	1	3

2. Amendment/Modification No.	3. Effective Date	4. Requisition/Purchase Req. No.	5. Project No. (If applicable)
A003	Jun 10, 2004	OPIC-LA-04-0077	

6. Issued By	Code PROC	7. Administered By (If other than Item 6)	Code OPIC
Overseas Private Investment Corporation Procurement Section 1100 New York Avenue, NW Washington, DC 20527		Overseas Private Investment Corp. 1100 New York Ave. N.W. Washington, DC 20527	

8. Name and Address of Contractor (*No., Street, County, and Zip Code*)	(X)	9A. Amendment of Solicitation No.
		OPIC-04-R-0008
BearingPoint, Inc. 1676 International Drive McLean, VA 22102-4828	X	9B. Date (*See Item 11*) May 24, 2004
		10A. Modification of Contract/Order No.
		10B. Date (*See Item 13*)

Code	Facility Code

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

[X] The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers [X] is extended [ ] is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning 1 copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. Accounting and Appropriation Data (*If required*)
IRAQ $

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACT/ORDERS.
IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(x)	A. This change order is issued pursuant to: (*Specify authority*) The changes set forth in Item 14 are made in the Contract Order No. in Item 10A.
	B. The above numbered Contract/Order is modified to reflect the administrative changes (*such as changes in paying office, appropriation date, etc.*) Set fourth Item 14, pursuant to the authority of FAR 43.103 (b)
	C. This supplemental agreement is entered into pursuant to authority of:
	D. Other (*Specify type of modification and authority*)

E. IMPORTANT: Contractor [ ] is not, [ ] is required to sign this document and return copies to the issuing office.

14. Description of Amendment/Modification (*Organized by UCF section headings, including solicitation/contract subject matter where feasible.*)

The solicitation identified in block 9A is hereby amended as follows:

1) The offer due date is extended to Friday, June 18, 2004 at 3:00 pm.

2) Answers to additional questions submitted by potential offerors are included on page 3.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. Name and Title of Signer (*Type or Print*)	16A. Name and title of Contracting Officer (*Type or Print*)
(b)(6)	
15C. Date Signed 6/18/04	16B. United States of America (Signature of Contracting Officer)
	16C. Date Signed

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. Contract ID Code	Page	of Pages
	1	5

2. Amendment/Modification No.	3. Effective Date	4. Requisition/Purchase Req. No.	5. Project No. (If applicable)
A002	Jun 7, 2004	OPIC-LA-04-0077	

6. Issued By	Code PROC	7. Administered By (If other than Item 6)	Code OPIC
Overseas Private Investment Corporation Procurement Section 1100 New York Avenue, NW Washington, DC 20527		Overseas Private Investment Corp. 1100 New York Ave. N.W. Washington, DC 20527	

8. Name and Address of Contractor (*No., Street, County, and Zip Code*)	(X)	9A. Amendment of Solicitation No.
BearingPoint, Inc. 1676 International Drive McLean, VA 22102-4828		OPIC-04-R-0008
	X	9B. Date (*See Item 11*) May 24, 2004
		10A. Modification of Contract/Order No.
		10B. Date (*See Item 13*)

Code	Facility Code

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

[X] The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers [X] is extended [ ] is not extended.
Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning 1 copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. Accounting and Appropriation Data (*if required*)
IRAQ $

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACT/ORDERS.
IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(x)	A. This change order is issued pursuant to: (*Specify authority*) The changes set forth in Item 14 are made in the Contract Order No. in Item 10A.
	B. The above numbered Contract/Order is modified to reflect the administrative changes (*such as changes in paying office, appropriation date, etc.*) Set fourth item 14, pursuant to the authority of FAR 43.103 (b)
	C. This supplemental agreement is entered into pursuant to authority of:
	D. Other (*Specify type of modification and authority*)

E. **IMPORTANT:** Contractor [ ] is not, [ ] is required to sign this document and return copies to the issuing office.

14. Description of Amendment/Modification (*Organized by UCF section headings, including solicitation/contract subject matter where feasible.*)

The solicitation identified in block 9A is hereby modified as follows:

1) The Statement of Work is revised as attached. This revision allows other than NGO organizations (non-profit organizations) to submit offers for this requirement.

2) The Offer Due Date is extended to Wednesday, June 16, 2004 at 03:00 pm.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. Name and Title of Signer (*Type or Print*)	16A. Name and title of Contracting Officer (*Type or Print*)	
(b)(6)		
	16B. United States of America (Signature of Contracting Officer)	16C. Date Signed

NSN 7540-01-152-8070 30-105 STANDARD FORM 30 (REV. 10-83)
PREVIOUS EDITIONS UNUSABLE Prescribed by GSA FAR (48 CFR) 53.243

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. Contract ID Code	Page	of Pages
	1	3

2. Amendment/Modification No.	3. Effective Date	4. Requisition/Purchase Req. No.	5. Project No. (if applicable)
0001	Jun 3, 2004	OPIC-LA-04-0077	

6. Issued By	Code PROC	7. Administered By (If other than Item 6)	Code OPIC
Overseas Private Investment Corporation Procurement Section 1100 New York Avenue, NW Washington, DC 20527		Overseas Private Investment Corp. 1100 New York Ave. N.W. Washington, DC 20527	

8. Name and Address of Contractor (*No., Street, County, and Zip Code*)	(X)	9A. Amendment of Solicitation No.
BearingPoint, Inc. 1676 International Drive McLean, VA 22102-4828		OPIC-04-R-0008
	X	9B. Date (*See Item 11*) May 24, 2004
		10A. Modification of Contract/Order No.
		10B. Date (*See Item 13*)

Code	Facility Code

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

[X] The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers [ ] is extended [X] is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning 1 copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. Accounting and Appropriation Data (*if required*)
IRAQ $

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACT/ORDERS.
IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(x)	A. This change order is issued pursuant to: (*Specify authority*) The changes set forth in Item 14 are made in the Contract Order No. in Item 10A.
	B. The above numbered Contract/Order is modified to reflect the administrative changes (*such as changes in paying office, appropriation date, etc.*) Set fourth item 14, pursuant to the authority of FAR 43.103 (b)
	C. This supplemental agreement is entered into pursuant to authority of:
	D. Other (*Specify type of modification and authority*)

E. IMPORTANT: Contractor [ ] is not, [ ] is required to sign this document and return copies to the issuing office.

14. Description of Amendment/Modification (*Organized by UCF section headings, including solicitation/contract subject matter where feasible.*)

We have received the following questions regarding the above referenced Solicitation (see attached sheet).

Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. Name and Title of Signer (*Type or Print*)	16A. Name and title of Contracting Officer (*Type or Print*)
(b)(6)	
15C. Date Signed: 6/18/04	16B. United States of America (Signature of Contracting Officer)
	16C. Date Signed

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA FAR (48 CFR) 53.243

PREVIOUS EDITIONS UNUSABLE

52.212-3 Offeror Representations and Certifications-Commercial Items.

As prescribed in 12.301(b)(2), insert the following provision:

Offeror Representations and Certifications-Commercial Items (May 2004)

(a) *Definitions*. As used in this provision:

"Emerging small business" means a small business concern whose size is no greater than 50 percent of the numerical size standard for the NAICS code designated.

"Forced or indentured child labor" means all work or service-

(1) Exacted from any person under the age of 18 under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily; or
(2) Performed by any person under the age of 18 pursuant to a contract the enforcement of which can be accomplished by process or penalties.

"Service-disabled veteran-owned small business concern"-

(1) Means a small business concern-
(i) Not less than 51 percent of which is owned by one or more service-disabled veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more service-disabled veterans; and
(ii) The management and daily business operations of which are controlled by one or more service-disabled veterans or, in the case of a service-disabled veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran.
(2) Service-disabled veteran means a veteran, as defined in 38 U.S.C. 101(2), with a disability that is service-connected, as defined in 38 U.S.C. 101(16).

"Small business concern" means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria in 13 CFR part 121 and size standards in this solicitation.

"Veteran-owned small business concern" means a small business concern-

(1) Not less than 51 percent of which is owned by one or more veterans (as defined at 38 U.S.C. 101(2)) or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and
(2) The management and daily business operations of which are controlled by one or more veterans.

"Women-owned business concern" means a concern which is at least 51 percent owned by one or more women; or in the case of any publicly owned business, at least 51 percent of its stock is

owned by one or more women; and whose management and daily business operations are controlled by one or more women.

"Women-owned small business concern" means a small business concern-

(1) That is at least 51 percent owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and
(2) Whose management and daily business operations are controlled by one or more women.
(b) *Taxpayer Identification Number (TIN) (26 U.S.C. 6109, 31 U.S.C. 7701)*. (Not applicable if the offeror is required to provide this information to a central contractor registration database to be eligible for award.)
(1) All offerors must submit the information required in paragraphs (b)(3) through (b)(5) of this provision to comply with debt collection requirements of 31 U.S.C. 7701(c) and 3325(d), reporting requirements of 26 U.S.C. 6041, 6041A, and 6050M, and implementing regulations issued by the Internal Revenue Service (IRS).
(2) The TIN may be used by the Government to collect and report on any delinquent amounts arising out of the offeror's relationship with the Government (31 U.S.C. 7701(c)(3)). If the resulting contract is subject to the payment reporting requirements described in FAR 4.904, the TIN provided hereunder may be matched with IRS records to verify the accuracy of the offeror's TIN.
(3) *Taxpayer Identification Number (TIN)*.
☒ TIN: (b)(6) _____.
☐ TIN has been applied for.
☐ TIN is not required because:
☐ Offeror is a nonresident alien, foreign corporation, or foreign partnership that does not have income effectively connected with the conduct of a trade or business in the United States and does not have an office or place of business or a fiscal paying agent in the United States;
☐ Offeror is an agency or instrumentality of a foreign government;
☐ Offeror is an agency or instrumentality of the Federal Government.
(4) *Type of organization*.
☐ Sole proprietorship;
☐ Partnership;
☒ Corporate entity (not tax-exempt);
☐ Corporate entity (tax-exempt);
☐ Government entity (Federal, State, or local);
☐ Foreign government;
☐ International organization per 26 CFR 1.6049-4;
☐ Other _____.
(5) *Common parent*.
☒ Offeror is not owned or controlled by a common parent;
☐ Name and TIN of common parent:
Name _____.
TIN _____.
(c) Offerors must complete the following representations when the resulting contract will be performed in the United States or its outlying areas. Check all that apply.

(1) *Small business concern.* The offeror represents as part of its offer that it ☐ is, ☒ is not a small business concern.
(2) *Veteran-owned small business concern.* [*Complete only if the offeror represented itself as a small business concern in paragraph (c)(1) of this provision.*] The offeror represents as part of its offer that it ☐ is, ☐ is not a veteran-owned small business concern.
(3) *Service-disabled veteran-owned small business concern.* [*Complete only if the offeror represented itself as a veteran-owned small business concern in paragraph (c)(2) of this provision.*] The offeror represents as part of its offer that it ☐ is, ☐ is not a service-disabled veteran-owned small business concern.
(4) *Small disadvantaged business concern.* [*Complete only if the offeror represented itself as a small business concern in paragraph (c)(1) of this provision.*] The offeror represents, for general statistical purposes, that it ☐ is, ☐ is not a small disadvantaged business concern as defined in 13 CFR 124.1002.
(5) *Women-owned small business concern.* [*Complete only if the offeror represented itself as a small business concern in paragraph (c)(1) of this provision.*] The offeror represents that it ☐ is, ☐ is not a women-owned small business concern.

Note: Complete paragraphs (c)(6) and (c)(7) only if this solicitation is expected to exceed the simplified acquisition threshold.

(6) *Women-owned business concern (other than small business concern).* [*Complete only if the offeror is a women-owned business concern and did not represent itself as a small business concern in paragraph (c)(1) of this provision.*] The offeror represents that it ☐ is a women-owned business concern.
(7) *Tie bid priority for labor surplus area concerns.* If this is an invitation for bid, small business offerors may identify the labor surplus areas in which costs to be incurred on account of manufacturing or production (by offeror or first-tier subcontractors) amount to more than 50 percent of the contract price:

_____

(8) Small Business Size for the Small Business Competitiveness Demonstration Program and for the Targeted Industry Categories under the Small Business Competitiveness Demonstration Program. *[Complete only if the offeror has represented itself to be a small business concern under the size standards for this solicitation.]*
(i) [*Complete only for solicitations indicated in an addendum as being set-aside for emerging small businesses in one of the four designated industry groups (DIGs).*] The offeror represents as part of its offer that it ☐ is, ☐ is not an emerging small business.
(ii) [*Complete only for solicitations indicated in an addendum as being for one of the targeted industry categories (TICs) or four designated industry groups (DIGs).*] Offeror represents as follows:
(A) Offeror's number of employees for the past 12 months (check the Employees column if size standard stated in the solicitation is expressed in terms of number of employees); or
(B) Offeror's average annual gross revenue for the last 3 fiscal years (check the Average Annual Gross Number of Revenues column if size standard stated in the solicitation is expressed in terms of annual receipts).

(*Check one of the following*):

Number of Employees	Average Annual Gross Revenues
__ 50 or fewer	__ $1 million or less

__ 51-100	__ $1,000,001-$2 million
__ 101-250	__ $2,000,001-$3.5 million
__ 251-500	__ $3,500,001-$5 million
__ 501-750	__ $5,000,001-$10 million
__ 751-1,000	__ $10,000,001-$17 million
__ Over 1,000	__ Over $17 million

(9) [*Complete only if the solicitation contains the clause at FAR 52.219-23, Notice of Price Evaluation Adjustment for Small Disadvantaged Business Concerns, or FAR 52.219-25, Small Disadvantaged Business Participation Program-Disadvantaged Status and Reporting, and the offeror desires a benefit based on its disadvantaged status.*]

(i) *General.* The offeror represents that either-

(A) It ☐ is, ☐ is not certified by the Small Business Administration as a small disadvantaged business concern and identified, on the date of this representation, as a certified small disadvantaged business concern in the database maintained by the Small Business Administration (PRO-Net), and that no material change in disadvantaged ownership and control has occurred since its certification, and, where the concern is owned by one or more individuals claiming disadvantaged status, the net worth of each individual upon whom the certification is based does not exceed $750,000 after taking into account the applicable exclusions set forth at 13 CFR 124.104(c)(2); or

(B) It ☐ has, ☐ has not submitted a completed application to the Small Business Administration or a Private Certifier to be certified as a small disadvantaged business concern in accordance with 13 CFR 124, Subpart B, and a decision on that application is pending, and that no material change in disadvantaged ownership and control has occurred since its application was submitted.

(ii) ☐ *Joint Ventures under the Price Evaluation Adjustment for Small Disadvantaged Business Concerns.* The offeror represents, as part of its offer, that it is a joint venture that complies with the requirements in 13 CFR 124.1002(f) and that the representation in paragraph (c)(9)(i) of this provision is accurate for the small disadvantaged business concern that is participating in the joint venture. [*The offeror shall enter the name of the small disadvantaged business concern that is participating in the joint venture:*_____.]

(10) *HUBZone small business concern.* [*Complete only if the offeror represented itself as a small business concern in paragraph (c)(1) of this provision.*] The offeror represents, as part of its offer, that-

(i) It ☐ is, ☐ is not a HUBZone small business concern listed, on the date of this representation, on the List of Qualified HUBZone Small Business Concerns maintained by the Small Business Administration, and no material change in ownership and control, principal office, or HUBZone employee percentage has occurred since it was certified by the Small Business Administration in accordance with 13 CFR part 126; and

(ii) It ☐ is, ☐ is not a joint venture that complies with the requirements of 13 CFR part 126, and the representation in paragraph (c)(10)(i) of this provision is accurate for the HUBZone small business concern or concerns that are participating in the joint venture. [*The offeror shall enter the name or names of the HUBZone small business concern or concerns that are participating in the joint venture:* _____.] Each HUBZone small business concern participating in the joint venture shall submit a separate signed copy of the HUBZone representation.

(d) *Representations required to implement provisions of Executive Order 11246-*

(1) Previous contracts and compliance. The offeror represents that-

(i) It ☒ has, ☐ has not participated in a previous contract or subcontract subject to the Equal Opportunity clause of this solicitation; and
(ii) It ☒ has, ☐ has not filed all required compliance reports.
(2) *Affirmative Action Compliance.* The offeror represents that-
(i) It ☒ has developed and has on file, ☐ has not developed and does not have on file, at each establishment, affirmative action programs required by rules and regulations of the Secretary of Labor (41 CFR parts 60-1 and 60-2), or
(ii) It ☐ has not previously had contracts subject to the written affirmative action programs requirement of the rules and regulations of the Secretary of Labor.
(e) *Certification Regarding Payments to Influence Federal Transactions (31 U.S.C. 1352).* (Applies only if the contract is expected to exceed $100,000.) By submission of its offer, the offeror certifies to the best of its knowledge and belief that no Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress on his or her behalf in connection with the award of any resultant contract.
(f) *Buy American Act Certificate.* (Applies only if the clause at Federal Acquisition Regulation (FAR) 52.225-1, Buy American Act-Supplies, is included in this solicitation.)
(1) The offeror certifies that each end product, except those listed in paragraph (f)(2) of this provision, is a domestic end product and that the offeror has considered components of unknown origin to have been mined, produced, or manufactured outside the United States. The offeror shall list as foreign end products those end products manufactured in the United States that do not qualify as domestic end products. The terms "component," "domestic end product," "end product," "foreign end product," and "United States" are defined in the clause of this solicitation entitled "Buy American Act-Supplies."
(2) Foreign End Products:

[illegible]	[illegible]

[List as necessary]

(3) The Government will evaluate offers in accordance with the policies and procedures of FAR Part 25.
(g)(1) *Buy American Act-Free Trade Agreements-Israeli Trade Act Certificate.* (Applies only if the clause at FAR 52.225-3, Buy American Act-Free Trade Agreements-Israeli Trade Act, is included in this solicitation.)
(i) The offeror certifies that each end product, except those listed in paragraph (g)(1)(ii) or (g)(1)(iii) of this provision, is a domestic end product and that the offeror has considered components of unknown origin to have been mined, produced, or manufactured outside the United States. The terms "component," "domestic end product," "end product," "foreign end product," and "United States" are defined in the clause of this solicitation entitled "Buy American Act-Free Trade Agreements-Israeli Trade Act."

(ii) The offeror certifies that the following supplies are FTA country end products or Israeli end products as defined in the clause of this solicitation entitled "Buy American Act-Free Trade Agreements-Israeli Trade Act":

FTA Country or Israeli End Products:

[List as necessary]

(iii) The offeror shall list those supplies that are foreign end products (other than those listed in paragraph (g)(1)(ii) of this provision) as defined in the clause of this solicitation entitled "Buy American Act-Free Trade Agreements-Israeli Trade Act." The offeror shall list as other foreign end products those end products manufactured in the United States that do not qualify as domestic end products.

Other Foreign End Products:

[List as necessary]

(iv) The Government will evaluate offers in accordance with the policies and procedures of FAR Part 25.

(2) *Buy American Act-Free Trade Agreements-Israeli Trade Act Certificate, Alternate I (Jan 2004).* If Alternate I to the clause at FAR 52.225-3 is included in this solicitation, substitute the following paragraph (g)(1)(ii) for paragraph (g)(1)(ii) of the basic provision:

(g)(1)(ii) The offeror certifies that the following supplies are Canadian end products as defined in the clause of this solicitation entitled "Buy American Act-Free Trade Agreements-Israeli Trade Act":

Canadian End Products:

[List as necessary]

(3) *Buy American Act-Free Trade Agreements-Israeli Trade Act Certificate, Alternate II (Jan 2004).* If Alternate II to the clause at FAR 52.225-3 is included in this solicitation, substitute the following paragraph (g)(1)(ii) for paragraph (g)(1)(ii) of the basic provision:
(g)(1)(ii) The offeror certifies that the following supplies are Canadian end products or Israeli end products as defined in the clause of this solicitation entitled "Buy American Act-Free Trade Agreements-Israeli Trade Act":

Canadian or Israeli End Products:

Line Item No.	Country of Origin

[List as necessary]

(4) *Trade Agreements Certificate.* (Applies only if the clause at FAR 52.225-5, Trade Agreements, is included in this solicitation.)
(i) The offeror certifies that each end product, except those listed in paragraph (g)(4)(ii) of this provision, is a U.S.-made, designated country, Caribbean Basin country, or FTA country end product, as defined in the clause of this solicitation entitled "Trade Agreements."
(ii) The offeror shall list as other end products those end products that are not U.S.-made, designated country, Caribbean Basin country, or FTA country end products.

Other End Products:

Line Item No.	Country of Origin

[List as necessary]

(iii) The Government will evaluate offers in accordance with the policies and procedures of FAR Part 25. For line items subject to the Trade Agreements Act, the Government will evaluate offers of U.S.-made, designated country, Caribbean Basin country, or FTA country end products without

regard to the restrictions of the Buy American Act. The Government will consider for award only offers of U.S.-made, designated country, Caribbean Basin country, or FTA country end products unless the Contracting Officer determines that there are no offers for such products or that the offers for such products are insufficient to fulfill the requirements of the solicitation.

(h) *Certification Regarding Debarment, Suspension or Ineligibility for Award (Executive Order 12549).* (Applies only if the contract value is expected to exceed the simplified acquisition threshold.) The offeror certifies, to the best of its knowledge and belief, that the offeror and/or any of its principals-

(1) ☐ Are, ☒ are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency; and

(2) ☐ Have, ☒ have not, within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a Federal, state or local government contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; and

(3) ☐ Are, ☒ are not presently indicted for, or otherwise criminally or civilly charged by a Government entity with, commission of any of these offenses.

(i) Certification Regarding Knowledge of Child Labor for *Listed End Products (Executive Order 13126).*

[*The Contracting Officer must list in paragraph (i)(1) any end products being acquired under this solicitation that are included in the List of Products Requiring Contractor Certification as to Forced or Indentured Child Labor, unless excluded at 22.1503(b).*]

(1) *Listed end products.*

[illegible]	[illegible]
_____	_____
_____	_____

(2) *Certification.* [*If the Contracting Officer has identified end products and countries of origin in paragraph (i)(1) of this provision, then the offeror must certify to either (i)(2)(i) or (i)(2)(ii) by checking the appropriate block.*]

[ ] (i) The offeror will not supply any end product listed in paragraph (i)(1) of this provision that was mined, produced, or manufactured in the corresponding country as listed for that product.

[ ] (ii) The offeror may supply an end product listed in paragraph (i)(1) of this provision that was mined, produced, or manufactured in the corresponding country as listed for that product. The offeror certifies that it has made a good faith effort to determine whether forced or indentured child labor was used to mine, produce, or manufacture any such end product furnished under this contract. On the basis of those efforts, the offeror certifies that it is not aware of any such use of child labor.

(End of provision)

Alternate I (Apr 2002). As prescribed in 12.301(b)(2), add the following paragraph (c)(11) to the basic provision:

(11) (Complete if the offeror has represented itself as disadvantaged in paragraph (c)(4) or (c)(9) of this provision.)

[*The offeror shall check the category in which its ownership falls*]:

____ Black American.

____ Hispanic American.

____ Native American (American Indians, Eskimos, Aleuts, or Native Hawaiians).

____ Asian-Pacific American (persons with origins from Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Japan, China, Taiwan, Laos, Cambodia (Kampuchea), Vietnam, Korea, The Philippines, U.S. Trust Territory of the Pacific Islands (Republic of Palau), Republic of the Marshall Islands, Federated States of Micronesia, the Commonwealth of the Northern Mariana Islands, Guam, Samoa, Macao, Hong Kong, Fiji, Tonga, Kiribati, Tuvalu, or Nauru).

____ Subcontinent Asian (Asian-Indian) American (persons with origins from India, Pakistan, Bangladesh, Sri Lanka, Bhutan, the Maldives Islands, or Nepal).

____ Individual/concern, other than one of the preceding.

Alternate II (Oct 2000). As prescribed in 12.301(b)(2), add the following paragraph (c)(9)(iii) to the basic provision:

(iii) *Address.* The offeror represents that its address ☐ is, ☐ is not in a region for which a small disadvantaged business procurement mechanism is authorized and its address has not changed since its certification as a small disadvantaged business concern or submission of its application for certification. The list of authorized small disadvantaged business procurement mechanisms and regions is posted at http://www.arnet.gov/References/ sdbadjustments.htm. The offeror shall use the list in effect on the date of this solicitation. "Address," as used in this provision, means the address of the offeror as listed on the Small Business Administration's register of small disadvantaged business concerns or the address on the completed application that the concern has submitted to the Small Business Administration or a Private Certifier in accordance with 13 CFR part 124, subpart B. For joint ventures, "address" refers to the address of the small disadvantaged business concern that is participating in the joint venture.

BearingPoint, Inc. is pleased submit this offer to the Overseas Private Investment Corporation (OPIC) to assist with the establishment of non-profit finance entity (FINCO) that will direct financing to middle market businesses in Iraq to stimulate economic activity in the private sector and create jobs. We will assist FINCO with the final negotiation of all underlying operating agreements necessary to fulfill its mandate, including: legal documentation, appropriate licenses and sound operating processes and procedures. We will also establish an independent board in accord with OPIC guidelines and recruit and train a qualified Chief Executive officer and capable local staff. Once established, we will assist FINCO in its direct lending activities to Iraqi middle market businesses (Tranche A) and its on-lending financing through Iraqi banks to middle market businesses (Tranche B). Over the course of its operation, we will also provide ongoing advice and guidance and technical assistance and training to the local management of FINCO. Finally, at the conclusion of its Mission, we will help to liquidate FINCO and ensure that remaining funds are reprogrammed to support the building of financial and entrepreneurial skills in Iraq through grants and training programs.

We believe that BearingPoint is uniquely qualified to fulfill this important role for OPIC. We have been operating in Iraq for one year implementing the USAID Economic Governance program for USAID and the Coalition Provisional Authority. As a part of this comprehensive technical assistance program, we have been actively involved in strengthening the financial and private sectors of Iraq. In fact, we have already been working with the prospective lenders and borrowers that the OPIC program will target through this program. Our financial sector program has been focused on strengthening the core operations of the two universal state-owned banks, strengthening the credit risk management processes, procedures and practices of four private Iraqi banks, and improving the supervisory capabilities of the Central Bank of Iraq. Our private sector development program has been focused on providing targeted businesses with technical assistance to improve their operations and develop business plans and borrowing requests for future financing. We have also been working with the business centers in Iraq to help identify qualified businesses to serve as subcontractors to international prime contractors in the major reconstruction efforts that are getting underway. Finally, we have been monitoring and supporting the operations of two very successful micro-finance operations in Iraq that are actually disbursing loans across the country. In short, we are already established in Iraq, are already working with the core counterparts (lenders and borrowers) of the OPIC program and have the operational and security infrastructure already in place to support a quick start to effective operations.

Technical Capability

Understanding and Capability

The BearingPoint team combines an acute understanding of the current situation in Iraq with past experience implementing lending programs in other post conflict/crisis environments. As has been described, BearingPoint has been working in the financial

institutions in Iraq for the past six months. This experience has given us a unique perspective on the current operating environment in the financial sector and the level of expertise and skill maintained by the bankers in Iraq. We have also been working with small and medium, private sector, Iraqi business to generate business plans and borrowing requests as a part of our private sector development activities. This experience has also enabled us to determine the skill levels of Iraqi business owners/managers.

BearingPoint has effectively implemented significant private sector direct lending and on-lending programs in post conflict/crisis environments. Through this experience and our knowledge of the Iraqi financial and banking sectors, we believe that we have the experience to effectively implement the OPIC financing program. We have already developed credit policies and procedures for the Iraqi environment and can quickly modify these documents to support the quick launch of the FINCO operation. We also have sample loan documentation, agent bank agreements and other documents from past credit programs that will enable our team to quickly implement this program.

BearingPoint is proposing four very experienced bankers and SME lenders who also have Iraq experience. They have also worked together implementing the successful Bosnia Business Finance project, a $250 million direct lending and bank on-lending program that was successfully implemented over a five year period for USAID.

Application of Proven Emerging Market Lending Techniques

The current state of the Iraqi economy and its delayed transition to market economics following the war, requires that the FINCO adopt lending methodologies that are both prudent and realistic for Iraq's business environment. A synopsis of some of these proven lending techniques that the BearingPoint team will include in establishing the FINCO lending parameters include the following:

Know the customer. While true in all forms of lending, the BearingPoint team has found that extensive knowledge of the borrower's character and integrity, management capabilities, business acumen and in-depth understanding of the borrower's business activities is a key SME-lending technique for ensuring repayment. Since Iraqi financial data will likely be difficult to obtain and analyze, a loan officer's perception of a borrower's ability to perform is central to making prudent lending decisions.

Maintain regular contact. We have also found that monthly or even more frequent in-person contact with the borrower at his/her place of business also helps assure that loan proceeds are employed in the way they were represented on the loan application. Maintaining regular contact also provides loan officers with first-hand observation of any future repayment problems that may be manifested at a customer's place of business. These may include indications of idle employees, decreases in business activity, increases in inventory stockpiles, underemployed capital equipment and other signs that the customer may have future difficulty making repayment. It also provides key "early

warning signals" in loan monitoring so potential solutions can be evaluated before a loan becomes non-performing.

Obtain co-guarantees. Even in situations in which collecting on guarantees may be difficult due to underdeveloped property rights laws or other legal limitations, the BearingPoint team has learned that obtaining personal pledges can provide greater commitment and strong psychological incentive on the part of the borrower to repay loans. In short, the borrower will try to make timely loan payments in order to ensure that the creditor not pursue collection activities from friends, relatives or other personal contacts who pledged their assets on behalf of the borrower.

Limit grace periods. Grace periods can often create a lack of discipline on the part of the borrower by providing him/her access to funds for a period of time before initial payment is due. Therefore, a primary SME-lending technique that the BearingPoint team has employed is to instill repayment discipline by limiting grace periods and requiring a small contribution toward interest repayment, even for business start-ups, from the start. In this way, the borrower gets into the habit of loan repayment from the point of initial disbursement.

Use credit scoring systems to develop early warning standards specific to the local market. Each lending environment creates a set of borrower statistics that may be tracked according to loan repayment histories. The BearingPoint team intends to track repayment information to create an environment-specific scoring system at the loan application stage to help identify the financial and performance parameters associated with sound repayment history. This scoring system can also be used as part of the "early warning system" used in loan monitoring to detect indications that a loan has a strong probability of default.

Use loan documentation to create a borrowing 'event.' To reinforce the sense of repayment obligation and impart the authority of a binding pledge of repayment, another SME-lending technique is to create an 'event' at the loan closing from the document execution process itself. Comprehensive documentation can protect a creditor not only from a legal but also from a psychological perspective. The BearingPoint team has discovered that conducting closing ceremonies for document execution also creates a further psychological obligation to repay loans, particularly in the micro-lending market.

Cash collateralize one month's payment. To protect the borrower's credit rating and provide the creditor with another early warning mechanism, the BearingPoint team recommends implementing a policy of retaining one month's payment in escrow that can prevent an event of default in situations in which payment glitches or short-term cash flow limitations prevent loan repayment on the due date. The cash collateral can be applied to that month's loan payment, retaining current status for the borrower and providing us warning of a potential future repayment problem.

Provide credit at market rates. Although government and donor organizations have often implemented subsidized, targeted lending facilities, the BearingPoint team has repeatedly found that these models are not sustainable. In many instances they have actually harmed enterprises by creating debt, fueling inflation and fostering an epidemic of non-payment behavior throughout the SME and agricultural sector. Therefore, the BearingPoint team will lend entirely at market rates, which will help ensure a sustainable loan program and institute market discipline on the part of the borrowers.

Determine the difference between credit need versus market demand. The BearingPoint team has found that the need for credit in economies like Iraq's is pervasive with nearly every SME seeking financing for equipment renovation or replacement, supplies and operating capital. True credit demand, however, must be defined as the need of enterprises with the management capacity, supplies, quality controls, distribution systems and customer markets to generate sufficient cash flow to repay loans. Distinguishing bankable enterprises will require the ability to distinguish between survey responses in which all enterprises express the desire for credit, as has been identified in USAID's market survey of Iraqi enterprises, and true creditworthiness. It is a process that requires sound local knowledge, reliable – if rudimentary – income statements and cash flow analysis, transparent business ownership and sound management systems. It also requires an understanding of the market conditions confronted by SMEs in Iraq and the presence of existing sales contracts or other documented evidence of customer demand.

Establish zero tolerance for non-payments. The BearingPoint team has also found that SMEs have responded well to programs that refuse to tolerate loan delinquencies. We have a history of aggressively pursuing the collection of delinquent loans using two standard SME-lending approaches: pursing collateral foreclosure proceedings with vigor and curtailing all further loans to the delinquent enterprise. The BearingPoint team will establish strict and uniform collateral and foreclosure requirements, subject to Iraqi law, and ensure enforcement and the curtailment of further credit in the event of default under the FINCO.

Establish a credit history with each client. The BearingPoint team has established procedures for scaling loans to enterprises that it will apply to FINCO. The terms and loan limits for first loans to clients are normally kept low to establish repayment history. Once a borrower has established a history of repayment, succeeding loans may be increased in amount and/or duration although any delinquency will limit the growth in a client's loan limits. In this way, the project will take a conservative initial approach with borrowers to ensure a greater likelihood of repayment.

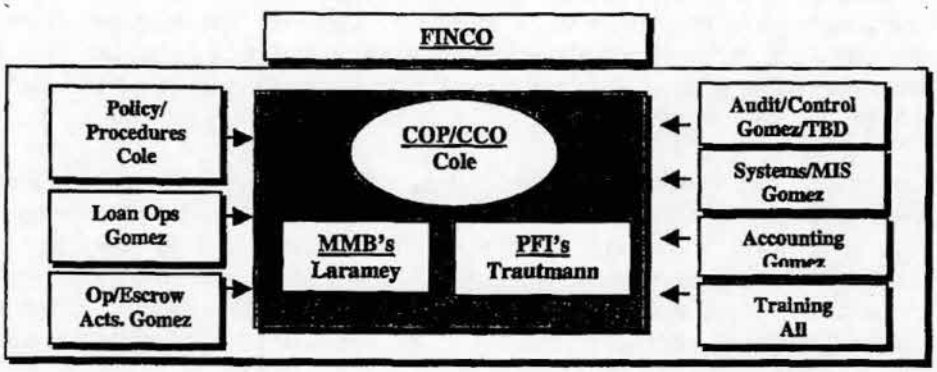
Adapt lending operations to local conditions. The BearingPoint team has implemented a range of successful credit operations in the emerging markets based on our ability to adapt sound lending principles to local conditions and the customs and practices of local borrowers. In some cases, there have been advantages to providing wholesale loans to industry intermediaries – banks, credit unions, associations or cooperatives – based on the

relative strength of these industry institutions in the region and the role they have traditionally played within the local industry. In other cases, direct loans to borrowers or market-chain approaches have been employed.

The BearingPoint team will employ, where appropriate, the above techniques in the extension of credit to the MMB's and PFI's, drawing on our vast experience in applying qualitative- and performance-based lending criteria in similar regions to compensate for the lack of business and financial sophistication on the part of local borrowers. While SME-lending techniques tend to apply to loan amounts considerably smaller than that contemplated under the FINCO program, they can also be considered appropriate when applied to larger loans, particularly when faced with the challenges in lending to SMEs.

Project Organization

In establishing the organization structure of FINCO, the BearingPoint team believes that a two-dimensional lending operation be formed, one focusing on direct lending to the MMB's and one focused on on-lending to the PFI's. The organizational chart below depicts the FINCO organization with the Chief Lending Officer, a resident advisor, managing the two customer-focused units, headed by MMB/SME and Bank On-Lending specialists. While the two units will, by definition, offer different loan products, all credit administration, operations, policies, procedures, controls and other structures of the BearingPoint Credit Management System will be applied uniformly to lending activities targeted to the two broad customer segments.



Stewart Cole, the proposed Chief of Party and Chief Credit Officer will manage the entire FINCO project, but his initial tasks will focus on the licensing, registration and preliminary operations of the lending entity. Mr. James Gomez, the proposed Chief Operations Officer, will be responsible for the full scale operations of FINCO, including operating and escrow accounting management, loan operations, systems/MIS, accounting

and audit and control. If independent audit reviews are required (we would recommend them), qualified short-term advisors can be utilized to review all FINCO operations.

Target Market Identification and Qualification

While preliminary diagnostic reports cite overwhelming unsatisfied demand for credit across Iraq, it is likely that many or most of the firms that meet USAID employment, privatization and export targets will be neither operational nor creditworthy. Therefore, loan origination activities must be specifically targeted to identify and nurture those firms whose operations warrant access to credit under the OPIC program. As a result, one of the first undertakings of the unit will be further research of the Iraqi MMB/SME sectors, including market segmentation research, to determine whether prior studies of loan demand took repayment viability into account. The BearingPoint team will then further define FINCO's target market. We will also rely on the work that other BearingPoint advisors have already undertaken through the Firm Level Assistance program and the company registry of Iraqi businesses maintained in the Business Centers

In establishing FINCO, the BearingPoint team proposes to create a database of target companies (and utilize any existing data bases created by other projects, as mentioned) to be populated with as much financial, ownership and other company data as possible to assist in the loan origination and analysis process. This database will be established by a local technology specialist under the direction of the Chief Operations Officer to assist in relationship and credit management. The platform on which this database will be built will likely be an easy-to-use, PC-based data base management system that allows FINCO to capture data on local enterprises quickly and easily. Once SMEs have been identified, the LPU will rank industry segments and enterprises from which to develop a comprehensive marketing plan for loan origination. Then, once loans have been disbursed, information from the LPU's MIS systems will be used to update the databases with recent enterprise statistics including repayment history. Eventually, this database may prove the basis for information-sharing with other donor agencies or potential partners in the operations of the Iraq Credit Information Service (ICIS) or in the development of a collateral registry and other initiatives which need of enterprise statistical data.

Since the identification and evaluation of MMB's that meet specific loan eligibility criteria will be a difficult task in a country with such a nascent market economy and sever security challenges, the initial creation of a potential customer data base is one method of attempting to quantify and qualify the market based on data available from other donor diagnostic studies. Another method will be to gather referral information from other participants in the market such as other project implementers, the World Bank, IFC, DFID, and other programs and organizations as they open up in Iraq. Perhaps the most important source, however, will be the skills of local loan officers to evaluate the legitimacy of published and stated information on enterprises and qualify those firms that represent true opportunity for FINCO. These tasks will be accomplished by establishing

a Loan Origination Unit within FINCO, led by Larry Laramey, that will identify targeted firms and assist those firms in preparing viable loan applications. The loan origination unit will also work with the PFI component of project (once it is up and running) to assist the banks in the pre-qualification process of potential loan applicants.

The Direct Lending Unit

The direct lending activities of FINCO will be initiated by a Loan Origination Unit (LOU) which will constitute the marketing, product development, customer development and customer-focused activities of FINCO, managed by a resident lending and workout specialist, but ultimately reporting to the Chief Lending Officer. The LOU will develop and execute the quick response actions designed to provide swift accessibility to credit for those borrowers exhibiting strong and well-conceived business strategies and possessing the markets, contracts and management skills required for successful execution of these strategies. The LOU will be integrally involved in qualifying and quantifying the MMB/SME sectors upon project launch and establish a list of key target customers based on data collected in the customer data base development effort. The LOU will then develop a detailed calling strategy to begin the process of qualifying high-potential businesses for loan proceeds.

In other programs, BearingPoint has instituted a series of public seminars that regularly provide potential borrowers with an introduction to the loan program, the loan application process and established requirements regarding the type of supporting data, financial statements and business plans that must accompany loan applications. This method of communicating loan parameters to borrowers has been effective in the Bosnian market due to market size, the development of the Bosnian SME market and the involvement of Agent Banks in the loan origination process. In Iraq, however, the BearingPoint team will evaluate whether open seminars are the most effective method to communicate information to potential borrowers in Iraq or whether more selective invitations for participation would result in the application of higher quality borrowers. It is currently anticipated that a more targeted approach would be most effective initially in isolating those high-opportunity borrowers and would justify the time and effort in individual loan application assistance currently contemplated as a function of the Loan Origination Unit. Once target customers have been addressed, a wider-reach seminar approach could be implemented.

Since the BearingPoint believes that Iraqi MMB business managers will lack the sophistication in business plan development, financial projection and analysis and standard borrowing practices of more developed markets, we believe that the Loan Origination Unit will spend a considerable amount of time with individual loan applicants in assisting them prepare loan applications that will meet the standards established for the extension of credit by the LPU, particularly in the early phases of the project. Therefore, careful preliminary selection of targeted customers is an essential task in establishing a robust deal pipeline in order to meet targeted disbursement schedules. Once key targets –

by industry and customer – have been identified, local loan officers have been recruited and preliminarily trained, and a calling plan has been developed, the LOU will actively work with selected customers to help them prepare thorough loan applications that detail the MMB/SME business activity, provide accurate but simple financial statements, make reasonable financial projections based on accurate market analyses and develop an overall business plan that justifies the proposed use of loan proceeds. Each loan officer will be assigned customer names for which he or she will be responsible to develop. Within the MMB group, the LOU may also assign an industry focus for loan officers to enable them to develop expertise in the economic dynamics of key Iraqi industries as well as become better able to apply market-chain approaches to lending, should this approach be determined effective in the lending strategy of the LPU. Loan officers will then cultivate strong relationships with primary target companies assisting them in the preparation of documentation required for loan application.

Heading the LPU's lending efforts against the MMB/SME sector will be Mr. Larry Laramey, a resident advisor experienced in SME lending and other credit activities. The SME Sector head will recruit and manage the day-to-day training of a staff of local loan officers who will be responsible for developing strong customer relations, ongoing customer contact and direct assistance in the preparation of business plans and projections, loan documentation and loan packages for credit committee approval.

The Bank On-Lending Unit

For the bank on-lending activities of FINCO, a separate unit will be established to diagnose, analyze and approve PFI participation in the lending program. BearingPoint is currently well positioned and knowledgeable about the current state of the Iraqi private banks and we will build upon this knowledge base in the early days following project launch. We have already conducted a comprehensive assessment of the six state-owned banks, a review of the eighteen private commercial banks and a diagnostic of the Central Bank of Iraq.

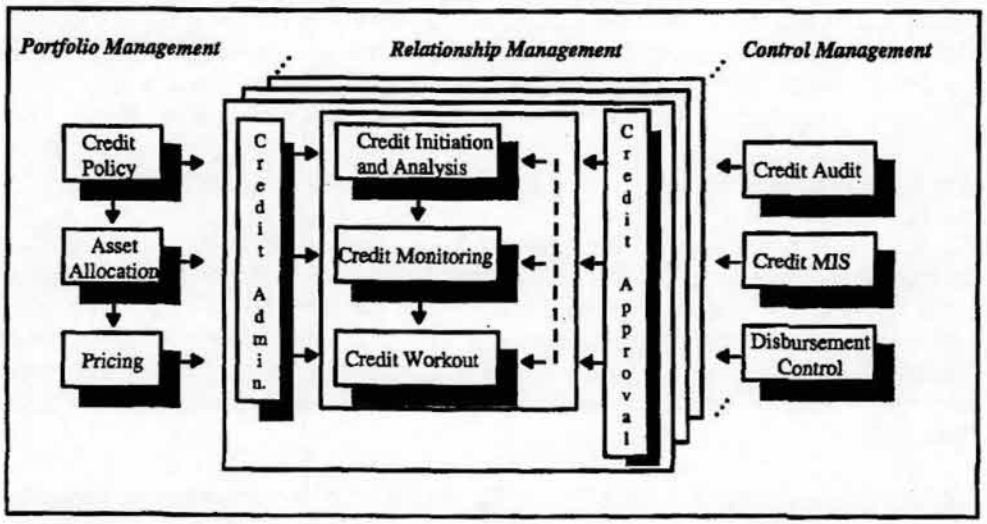
Our bank on-lending advisor, Mr. Patrick Trautmann, will be responsible for updating all of the diagnostic work that has been conducted previously to identify a first wave of banks eligible to participate in the bank on-lending program. Of course, the bank assessment activity will be conducted in accord with the PFI eligibility requirements as determined by OPIC. Early indications would suggest that Baghdad Bank, Middle East Bank, Commercial Bank and Dar As-Salam Bank would be good candidates for early consideration. These banks are widely held to be among the best managed and strongest in the system. Once the field has been narrowed, the bank on-lending team (expat lead and local team) will conduct a comprehensive diagnostic review of the first wave of banks, based heavily on the PFI Covenants that will underpin this tranche of the program. A CAMELS approach to bank evaluation will be utilized to apply a consistent set of requirements against the entire universe of eligible PFI's that might qualify for participation in the program. Mr. Trautmann has spent a career working in and

evaluating international banks around the world and he will bring this extensive expertise to the approval, review and ongoing monitoring of the participating on-lending banks.

The BearingPoint Credit Management System

While the BearingPoint team realizes that the LPU will initially act as a quick response loan fund employing borrower development techniques to quickly disburse credit into the Iraqi MMB/SME environment, the unit will also form the basis of long-term lending operations of FINCO. Therefore, the underlying prudent credit policies, processes, analysis, monitoring and management must also be implemented to ensure ongoing credit discipline in the administration of the overall lending program. Therefore, the BearingPoint team will employ its Credit Management System in the implementation of FINCO.

CREDIT MANAGEMENT SYSTEM



The BearingPoint team developed its Credit Management System as the underlying framework for establishing credit activities. It has proven successful throughout the world as a starting point in determining the critical functions and interdependencies of any loan production unit. The BearingPoint team will employ this model in organizing its loan production unit in Iraq, ensuring that the key components of credit administration – portfolio management, relationship management and control management – are thoroughly addressed in designing the LPU in Iraq.

As a result, in designing and implementing the FINCO project in Iraq, the BearingPoint team will:

- Determine an appropriate credit management strategy for industry and client selection, product mix, pricing, profitability and portfolio management of loan products.
- Institutionalize and document sound credit policies, procedures and control systems for credit appraisal, loan underwriting, loan processing, approval authority, disbursement, loan concentration and risk exposure limits, monitoring, reporting, early warning for problem loans, loan recovery, provisioning and the range of processes required of prudent credit management.
- Develop credit initiation, credit and risk analysis and appraisal and underwriting capabilities of loan officers/relationship managers in extending credit.
- Appraise the value and adequacy of the type of collateral that will support the extension of credit and develop and document collateral acceptance criteria.
- Establish tools for information management including those assisting in the credit appraisal and decision-making processes.
- Establish policies and processes designed to monitor outstanding loans, identify potential problem loans and develop strategies designed to work with enterprises before loans become non-performing.
- Write policies and procedures manuals for the credit management process.
- Establish an efficient and effective organizational structure for the entire loan origination, underwriting and monitoring processes and evaluate skill levels and training needs of local staff.
- Design and deliver training courses and seminars to teach skills in implementing credit policies and procedures, performing credit analysis, structuring loans, monitoring loan portfolios and developing debt workout methodologies.
- Build institutional capacity for FINCO through on-the-job training in credit appraisal, loan recovery mechanisms and improvements in credit management policies and processes.

Credit Policies and Lending Procedures

Credit policies and lending procedures are central to maintaining discipline and control of lending operations. Credit policies not only set the framework for the extension of credit but also reinforce the credit culture of a lending program. As in all international banks and lending units, BearingPoint has developed a credit policy manual and series of periodically updated bulletins in Bosnia that provide the underlying guidelines for the extension of credit under the BF program. Credit policy manuals communicate credit objectives and lending procedures and methodologies. Such policies and procedures are required to apply lending parameters uniformly and fairly to all potential borrowers as well as establish the rules for the extension of credit to ensure timely repayment of loan proceeds.

In Iraq, the BearingPoint team has already begun the process of adapting the Bosnia Model to the Iraqi environment. Our credit policy manual:

- Outlines the range of acceptable loan terms and the underlying conditions for selection of terms
- Sets parameters on a borrower's use of loan proceeds
- Identifies the unit's target market and the type of acceptable enterprise ownership
- Identifies acceptable geographic lending areas
- Establishes the parameters for the acceptance of loan guarantees
- Outlines the loan application process
- Provides for disbursement controls
- Identifies types of credit and transaction risks
- Provides parameters for structuring and documenting loans
- Identifies loan approval processes, signing authorities and loan modifications
- Establishes the basis for valuing and selecting appropriate collateral
- Defines risk rating parameters consistent with BIS
- Identifies the roles and responsibilities of various units within the LPU
- Provides step-by-step loan monitoring guidelines
- Outlines tasks in the loan recovery process
- Provides guidelines for acceptable loan restructuring

Establishing appropriate credit policies and procedures will be an important task to complete early for FINCO. While sensitive to the specific conditions of the Iraqi market, BearingPoint has found its credit policy manual to be an effective tool in providing everyday guidance and ongoing control in loan operations in Bosnia, Honduras and elsewhere, and will utilize many similar parameters in applying prudent credit procedures in Iraq.

Credit Analysis and Evaluation

The BearingPoint team will establish the process and requirements for loan applications upon initial arrival in Iraq, to be thoroughly documented in the LPU's Credit Policy and Process Manual. All loan origination officers, who will continue to play a central role in the relationship management of credit customers through the credit analysis, approval, disbursement and monitoring stages, will be thoroughly trained in the processes and procedures required for loan applications. Minimally, it is anticipated that the loan application package will include submission of the following supporting information:

- Specific intended uses of the proceeds of the loan
- Borrower's business plan
- All cash costs in producing the borrower's service or product
- Cash flow budget for identifying the amount of credit needed
- Financial statements and projections

Thorough and accurate credit analysis is fundamental to the viability of any lending operation. It will be especially critical to the success of FINCO since lending in volatile

economic and security environments with little local expertise in business management will present challenges far greater than lending in developed environments.

While the LPU will utilize internationally employed methods of credit analysis, it must acknowledge the following market limitations:

- Identifying "sound" credit customers will be difficult as most have no credit history or references;
- Financial statements will not conform to international standards;
- Customers have had high dependence on non-traditional borrowing methods such as barter;
- Management will have little expertise in business management or in the industry in which they are currently competing;
- Most business transactions have been conducted with cash leaving no historical financial data;
- Former command-economy culture may encourage fraud, tax evasion, bribery and other illegal activities;
- Risks may be vast and impossible to fully quantify, mitigate and remove.

Nevertheless, a downstream objective of the FINCO program will be to introduce lending discipline into the credit evaluation process. Therefore, the LPU will establish standard credit analysis policies and procedures that attempt to comply with standard credit evaluation practices amid the evolving Kosovar market. These will include some variation of the five "Cs" for establishing creditworthiness:

- **Character:** The personal traits of the senior management or guarantors such as honesty, integrity and the observance of good business ethics. It is the willingness of senior management to repay loans or cooperate with a plan to restructure in the event of financial hardships. Based on BearingPoint's experience in Bosnia and other countries in the region, we believe that this extremely qualitative measure will be the single most important determinant in the extension of credit.
- **Capacity:** The ability to repay the loan based on evidence of sound management, sustainable competitive advantage and past performance. Management must demonstrate the ability to control the internal factors within the business to maximize cash flow and the utilization of the assets for maximum profitability. Sound judgment and experience on the part of management will likely be another primary method by which the LPU evaluates the creditworthiness of potential borrowers. While management may not have a history of performance, the LPU will thoroughly assess the soundness of the business proposition and the ability of the borrower to quickly grasp Western business concepts and convey his business strategy adequately to loan officers.
- **Capital:** The owners' investment in the company as indicated by the difference between total assets and total liabilities. Capital is available to cushion losses and

adversity. This measure will likely be very difficult to ascertain due to inaccurate financial statements and lack of ownership transparency in the system.

- **Conditions:** The external environment influencing the borrower such as fiscal and monetary policies, tax and bank regulations, natural catastrophe and the current political environment. In Iraq, evaluating creditworthiness based on this measure will not likely be pursued unless government policy adversely affects a *specific* business or industry.
- **Collateral:** The value of the assets pledged to the bank. Since generally accepted principles for collateral valuation will be nearly impossible to employ in Iraq, the LPU will necessarily have to estimate collateral value. In addition, lack of an underlying legal structure to secure property rights through the registration of liens, the perfection of security, the ability to foreclose and the award of property in bankruptcy proceedings, the LPU will take collateral but rely less on its role as a secondary source of repayment and more on its psychological role of creating a sense of further obligation on the part of the borrower.

In keeping with project objectives to provide training in methods of financial analysis, the LPU will also thoroughly evaluate the financial condition of borrowers as part of the overall credit analysis process. Although complete reliance on produced financial statements in determining an enterprise's financial condition would be inappropriate in a transitioning economy such as Iraq, the LPU will develop proxies for ways in which to perform rudimentary analysis of financial statements that have been based on a command-economy model. Most important will be the construction of an income statement and cash flow analysis, on a cash (not accrual) method, to understand the inflows and outflows of cash and the ultimate profitability of a cash-based firm. Financial ratios that can also attempt to be measured would be those representing efficiency and liquidity including: inventory turnover based on physical inspection of inventory, receivables and payables turnover if there is any trade credit available in the market, and net and gross profit margins based on cash flow analysis. Since bank debt is repaid from cash, the LPU will pay particular attention to constructing a near-approximation of a borrower's ability to repay based on his ability to generate cash from his operations. Cash flow analysis will allow the LPU to review the entire operating period as to the overall success or failure of the company's management to make good use of cash. Also evaluated will be changes in working capital and capital expenditures that directly affect cash flow. This analysis will indicate how the borrower has generated and invested those cash flows in such uses as working capital needs, capital expenditures and dividend payments.

Collateral Evaluation

Collateral is only as good as the lender's ability to locate, identify, legally claim the collateral and eventually sell the collateral to recover the principal and interest, plus all liquidation costs. In Iraq, the ability of FINCO to complete any of the steps required to obtain recovery from collateral is extremely difficult to predict due to the constraints of

the legal environment. Since the ultimate value of collateral taken as security will depend on a number of factors that affect its marketability, its liquidity and the ability of the LPU to obtain legal control or possession, collateral valuation will necessarily require a good sense of the local market and skill in value estimation.

Although the most valuable collateral is cash, it is highly unlikely that an MMB/SME borrower in Iraq would utilize cash to secure a loan unless the collateral were held off-shore. Generally, collateral taken by FINCO will be the underlying capital equipment for which the borrower is seeking funding. Other potential collateral is the personal residence of the business owner. If nothing else, a lender's claim to this collateral may have a "psychological" effect on the owner of the business borrower and his attitude toward loan repayment since he has pledged something of personal value in support of the loan. It is well known, however, that property ownership issues are serious impediments to secured lending in Iraq but that lenders currently operating in Iraq are collateralizing their activities, despite the ability to perfect their security interests, with movable fixed assets, thereby avoiding land and building security.

As BearingPoint has found in other programs, however, collateral in the form of other equipment and real estate, whether owned by the business or the business owner, has been an effective means of collecting on non-performing loans. We have found that taking other quick assets – accounts receivable and inventory – as collateral is not particularly valuable since the legal system to obtain title to these assets is significantly underdeveloped. Nevertheless, it is the BearingPoint team's belief that working capital financing must constitute a portion of the product portfolio since working capital is essential to an enterprise's ability to generate cash for repayment. Therefore, inventory will also be assessed as an acceptable form of collateral in implementation of the program.

In any event, attempting to determine a reasonable estimate of the value of collateral at the time of the loan inception is essential, and continual updated valuations are required, particularly if the loan becomes a problem loan. The techniques for valuing collateral may include the cost or replacement value, existing market value, income as a going concern or liquidation value. While assessing collateral value according to internationally accepted methods may be difficult to obtain in Iraq, it may be possible to identify "court-appointed appraisers" who have demonstrated over time that they are knowledgeable of local collateral values. The BearingPoint team has employed these "outside appraisers" in Bosnia with reasonable success.

Loan Approval Process

The credit approval process is one of the key steps in the prevention of losses arising from the issuance of credit to borrowers of questionable credit quality. International

banking institutions implement strict signing authority and credit approval policies based on loan amounts and the seniority and experience of credit officers. With no prior experience in credit analysis and approval, the local Iraqi staff will participate in the creation of loan packages and the presentation of loan applications to the Credit Committee, but the BearingPoint team's resident advisors will comprise the Credit Committee.

The BearingPoint team will establish an efficient credit approval process while maintaining strict risk control procedures. The objective of the credit approval process is to control risks within policy guidelines while maintaining a standard, streamlined approval process that:

- Ensures that all credit decisions meet required policy guidelines and are based on sound credit judgment;
- Requires higher approval for higher risk levels to ensure that senior management approves those loans with higher risk;
- Requires multiple signatures to ensure that credit decisions are made with the "collective wisdom" of a group of experienced bankers;
- Enforces the first level of control over the credit process;
- Ensures individual accountability so that each approving officer is fully responsible for the credit decision made and exercises required due diligence in approving loans;
- Balances level of control with efficiency.

In the presentation of loan packages to the Credit Committee, the BearingPoint team will implement a disciplined approach to include the following components:

- **Purpose of Credit Request:** reason for request, description of borrower, history of relationship;
- **Summary Risk Assessment Form:** summary of each credit, evaluation of industry, management, financial condition, collateral, overall risk, what could go wrong;
- **Credit Requirements:** summary of borrower requirements, based on cash flow, sensitivity analysis based on projections;
- **Credit Recommendations:** facility amount, key reasons for granting approval, structural parameters of loan;
- **Key Supporting Documents:** credit approval package, basic loan application, financial spreadsheets, projections, security documentation checklist, other relevant documents.

Upon approval by the Credit Committee, a loan file will be created for the borrower with all loan documentation appropriately filed according to established Credit Policies and Procedures.

Credit Documentation and Administration

Another improvement in the reduction of delinquencies in many of BearingPoint' programs was the strengthening of loan agreements to require pledges of personal property of the owner and more onerous loan covenants. In Iraq, the LPU will initially research the legal system to thoroughly understand the rights of creditors in all aspects of commercial law and implement strict loan agreements within the scope of the existing legal system. Our current understanding is that much needs to be done in this area. To the degree possible, the LPU will include a covenant in original documents that requires the addition of addenda to executed loan agreements that will incorporate rights of creditors retroactively.

Also, to the degree possible, LPU loan agreements will incorporate standard, best practice components in loan agreements that:

- Preserve the net worth of the borrower
- Provide full disclosure of information
- Protect the primary source of repayment (cash flow)
- Preserve the value of the collateral (secondary source of repayment)
- Maintain the quality of management
- Assure the continuance of legal status
- Maintain adequate growth
- Establish a base for financial performance (a report card for the company's expectations)
- Provide the lender with an early protection trigger to obtain collateral
- Give the lender the rights for early enforcement of collateral if in default

Disbursement Process and Control

Unlike the Business Finance program in Bosnia, which utilizes the existing banking network as a vehicle for disbursement of loan proceeds and receipt of repayment funds, the disbursement and repayment mechanisms must be determined upon establishment of the LPU in Iraq. It may be determined that the project will utilize one of the PFI's as its primary funds transfer mechanism.

The BearingPoint team intends to follow the example of the Bosnia BF project in establishing mechanisms for disbursement control, which ensures that security and required documentation are obtained before funds are disbursed. If disbursement control is weak, the integrity of the credit process is weakened, approval authorities may be circumvented and corruption and fraud are far more easily committed.

MIS and Information Technology

The BearingPoint team has learned that implementing MIS and loan systems that are more sophisticated than necessary for the market is costly and creates delays in effectively managing credit facilities. Therefore, the BearingPoint team recommends the implementation of a simple loan tracking and reporting system that provides adequate MIS for a rudimentary loan administration environment. This will ensure the timely operation of a system that utilizes off-the-shelf software packages that can be easily adapted by local computer experts for the lending activities of the LPU. Since implementation of the LPU will need to be operational in a very short period of time, we recommend employing the Banc Pac loan accounting software, with the Access and Peachtree databases for the initial LPU phase of the overall BF project, along with the appropriate hardware. These applications have been tested and are currently being used effectively by the BF project in Bosnia. Furthermore, we recommend installing the loan database that we developed for the Bosnia BF program. The Client Information Management System (CIMS), to support loan tracking and reporting has proven to be a very effective program for data and relationship management.

The LPU will also need to establish a functional Intranet to ensure a productive and secure working environment, supported by group e-mail, real-time database access, printing and backup. The operating system (OS) for the entire network will be Windows NT 4.0 Server, which includes support for group work on the Intranet, print servers, intranet security and accounting policies. Windows NT Workstation will be used for workstations. The group e-mail system would be provided by Lotus Notes/Domino 5.0, which includes both the server and client software. Lotus Notes 5.0 can also be used for certain administrative databases such as vehicle reservation, translation, inventory and employee data bases. Exchange of information by email would be possible both on the Intranet as well as on Internet levels. The BearingPoint team would also purchase SQL Server 2000 to be used as data base server, including all data replication, administrative and backup tasks to enable the exchange of data and reports to an internet web site or other system environments. Visual Studio 6.0 will be used for data base operations, templates, tools and application development. Printing support will be provided by using HP printers, offering network support in combination with Windows NT 4.0 Server. Completing common office work, including faxing, memos and accounting will take place in Microsoft Office 2000.

Credit Monitoring, Portfolio Management and Loan Review

Numerous borrowers may undergo changes in financial condition and, particularly in volatile economic and security environments, the underlying economy may present significantly increased risks during the loan repayment period. Early recognition of changes in risk is critical to the management of any loan portfolio. This requires periodic examination of a borrower's risk factors and measurement of changes in risk parameters, which will enable the LPU to take preventive action in the event of potential problems.

The credit monitoring processes, including portfolio management and loan review functions, are essential to maintaining high-quality, performing loan portfolios. The

monitoring process should build on the previous analysis and approval processes to monitor creditworthiness and identify corrective actions necessary to preserve credit quality:

- Once facilities are disbursed, the LPU will continually monitor credit quality to ensure no deterioration occurs. In Iraq, specifically, this will require maintaining close customer contact to ensure that current information is available to support further analysis.
- Customer contact will require frequent site visits by loan officers to ensure that the company is operating on track and that reported information is accurate.
- Loan officers will be directly accountable for the repayment performance of their borrowers. They will review monthly loan repayment reports and work actively to ensure that payments are not delinquent.
- To provide a guideline to loan officers, the LPU will implement a risk classification system to rate customer credit quality quarterly.
- Based on this classification system, problem loans will be identified early and actions planned, approved and executed.

Loan monitoring will be conducted at many levels to ensure adequate detection and control of the monitoring process:

- FINCO Chief Credit Officer
- Unit Loan Officers
- Local credit officers
- Operations loan review/audit

The credit policies and procedures will direct the methodologies that staff will employ in their loan monitoring.

Early Warning Signals

Foundation	Warning Signals
Industry Dynamics	• Intensifying competition • Loss of market to substitutes • Disruption of supplies/price increases • Non-competitive cost structure • Loss of market share • Unusual asset/liability • Below average performance
Financial Condition	• Decline in net income and liquidity • Increase in leverage • Deviation in borrowing patterns • Late payments • Rumors of liquidity problems • Poor account fluctuation

Management Quality	• Changes in key executives/owners • Evidence of weak controls • High staff turnover • Evasive answers/delayed data, etc. • Loss of control over collateral • Evidence of high stress • Evidence of self-dealing • Evidence of poor business decisions • Reputation declining
Security Realization	• Expired documentation • Changes in market values/marketability • Increases in liquidation costs • Evidence of collateral liquidation • Legal process lengthening

Nevertheless, risk factors associated with quick response loan fund, the transitional nature of the economy, the developmental stage of the legal framework and the underdeveloped financial sector, it is recognized that maintaining credit quality will be a significant challenge. For this reason and in the exercise of prudent credit risk management, the establishment of loan review and problem loan management functions will be critical to the long-term success of FINCO. The BearingPoint team proposes establishing a combined loan review and problem loan management unit even though, ideally, the loan review function should be independent of the LPU. However, given the special circumstances and limited resources available, the loan review function cannot be completely independent from the LPU. This review function will also be managed by Mr. Larry Laramey who has extensive problem loan management and workout experience.

Loan reviews will determine the extent of portfolio deterioration, establish a baseline for portfolio performance and allow the development of an action plan for dealing with potential problem loans. The loan review will periodically evaluate the quality of each loan independently to help identify problem loans immediately and to confirm the adequacy of risk ratings.

BearingPoint' Risk Rating System

A loan classification system based on risk ratings is a key component of an effective loan monitoring system. The BearingPoint team's Risk Rating System is an integral tool in monitoring the ongoing performance of a borrower, and, therefore, the continuing probability that a loan will be repaid. Applying a system that provides common parameters to levels of risk, we can easily measure the amount and direction of changes in risk.

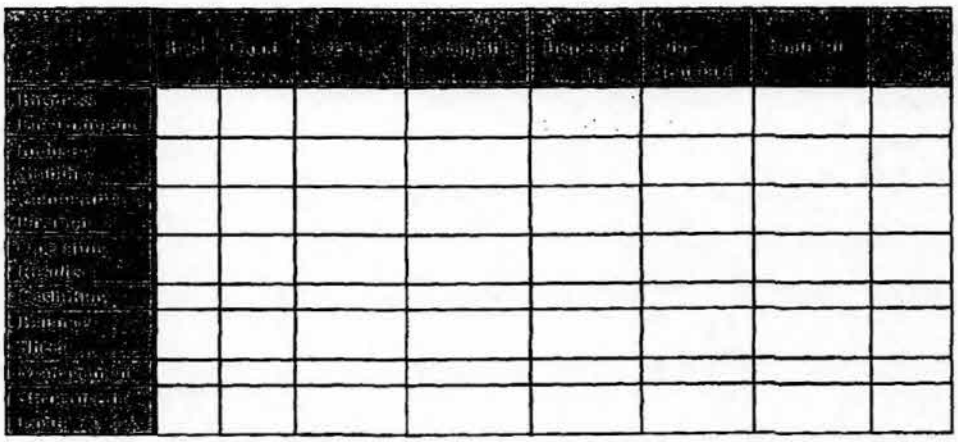
The BearingPoint team will introduce, implement, and provide training in the use of its Credit Risk Rating System, which we developed over the course of numerous

engagements. It has proven to be extremely effective in making sound credit decisions in transitioning environments where it is often difficult to obtain meaningful historical financial data.

Since there is a degree of risk associated with any lending opportunity, the objective of the Risk Rating System is to:

- Recognize risk early in the evaluation process
- Quantify the risk in a defined manner
- Apply a methodology for analysis
- Monitor and manage the risk.

The BearingPoint team's Risk Rating System measures the probability that a borrower will be able to repay his loan. The system is based on the concept of "segmented analysis" that evaluates a potential borrower in eight critical areas or segments. Each segment is divided into eight levels of risk, producing a matrix. Within each cell there is a pre-defined profile against which borrowers are measured. This allows all borrowers to be measured in the same manner against the same critical criteria. An overall risk rating is then derived from the segmented analysis.



It should also be noted that this system addresses not only the financial and operational risks of the borrowing company, but also addresses the external factors including the industry and competitive environment within which the company operates.

Problem Loan Management, Loan Restructuring and Recovery Activities

While BearingPoint's Credit Management System establishes the policies, processes and controls required to ensure the prudent extension of credit, Iraq's uncertain and transitional economic environment will inevitably force some borrowers into default leading to the non-performance of a certain percentage of the LPU's loan portfolio.

Therefore, the BearingPoint team intends to establish the policies and structure for problem loan management at the outset of the project, which will include the integration of techniques of ongoing portfolio monitoring to ensure the early detection of potential problem loans. Effective loan monitoring helps identify problems early in the process and encourages the implementation of corrective action that may prevent ultimate credit losses.

Internal Audit and Control

Sound and well-documented internal audit practices are essential to ensure proper and prudent control of all operations of a lending unit, and the implementation of internal audit capabilities will be integral to the design and structure of the LPU. While internal audit practices are an essential component of banking and lending operations around the world, it will be especially critical in an environment unfamiliar with Western business practices.

The BearingPoint team will establish a strong system of internal control immediately at the inception of FINCO. This system will include the development of an internal audit strategy, the identification of internal processes and systems to be regularly audited, the design of the actual audit process and the identification of the tools and skills required of internal audit staff to ensure quality control of all LPU processes. Our Operations Officer, Mr. James Gomez will be responsible for internal audit and control, given his distinct role from the loan underwriting activities.

Budget Commentary

Our experience operating in Iraq has given us a unique perspective on the costs and requirements of implementing complicated programs in a current conflict environment. Based on this experience, we believe that the budget provided in the RFP does not reflect the realities on the ground or the financial requirements of traditional project implementers. As backup, we have included a cost buildup with our proposal submission that has been developed using the actual costs that we have encountered while operating the Iraq Economic Governance Project for USAID and CPA. Particular areas of disagreement between our budget and the suggested budget include the following items:

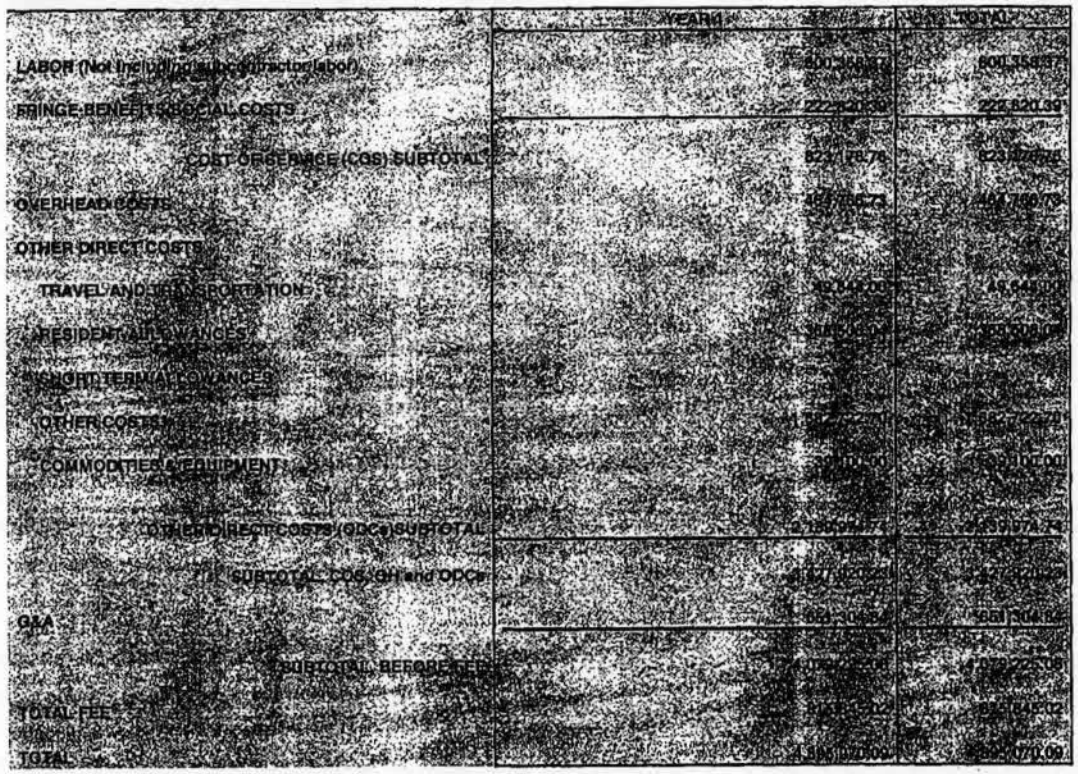
- Overhead
- General and Administrative Recovery
- Fee reflecting the challenging environment and the fixed price of the engagement

- Security, transportation and housing
- VSAT telecommunications

We have also suggested that additional expatriate staff be included to properly implement this program. Our experience working with the Iraqi banks and enterprises suggests that there will considerable demand for technical assistance and training support. Our experience suggests that Iraqi MMB's will not be able to prepare effective business plans or borrowing requests without significant assistance from FINCO staff. Further, the private commercial banks have never been particularly active lenders and have no experience with cash flow underwriting. Significant technical assistance and training effort will also be required in order for the PFI's to become sound lending partners under the program. The addition of additional staff to support these requirements is recommended (at least in year one of FINCO's operations) in order to improve the likelihood of satisfactory loan repayments under both tranches and the creation of sound banks and enterprises upon which to build the future of the Iraqi financial and enterprisse sectors.

Prime Contractor:	**BearingPoint, Inc.**
Contract Name:	**OPIC: Middle Market Facility for Iraq**
Contract/RPF Number:	**OPIC-04-R-0008**
Requisition number:	OPIC-LA-04-0077
Task Order Number:	
Period of Performance:	06/30/04-06/30/05
Place of Performance:	Iraq

BUDGET SUMMARY



4 Experts - Staff
Time + material Template -

Prime Contractor: BearingPoint, Inc.
Contract Name: OPO: Middle Market Facility for Iraq
Contract/IDIV Number: OPO-04-R-0108
Requisition number: OPO-LA-04-0077
Task Order Number:
Period of Performance: 04/20/04-04/20/05
Place of Performance: Iraq

LEVEL OF EFFORT

A. Proposed Labor	Title	Functional Area		Organization	YEAR 1 1-Jul-04 Realized Average	YEAR 1 20-Jul-05 Short-term LOE	YEAR 1 20-Jul-05 Short-term Non-LOE	Total LOE
	General Manager	Financial		Basrah	278.00			278.00
	Operations Manager	Financial		Basrah	278.00			278.00
	Bank On-leading Advisor	Financial		Basrah	278.00			278.00
	Credit & Loan Workout Advisor	Financial		Basrah	278.00			278.00

B. Other Direct Charges	Title	Organization	Project Year 1 Days	Total Days
	Deputy Operations Manager		278.00	278.00
	Accountant		278.00	278.00
	Loan Officer		278.00	278.00
	Loan Officer		278.00	278.00
	Loan Officer		278.00	278.00
	Analyst		278.00	278.00
	Analyst		278.00	278.00
	Analyst		278.00	278.00
	Receptionist		278.00	278.00
	Maintenance		278.00	278.00
	Translator		278.00	278.00
	Translator		278.00	278.00
	Translator		278.00	278.00
	Translator		278.00	278.00
				5,806.00
TOTAL DAYS				5,806.00

Prime Contractor:	BearingPoint, Inc.
Contract Name:	OPIC: Middle Market Facility for Iraq
Contract/RFP Number:	OPIC-04-R-0008
Requisition number:	OPIC-LA-04-0077
Task Order Number:	
Period of Performance:	06/30/04-06/30/05
Place of Performance:	Iraq

Direct & Indirect Personnel Costs

Expatriates		YEAR 1	
		30-Jun-05	TOTAL
	LOE	Total	Amount
Cole, Stewart	279	454,576.49	454,576.49
Gomez, James	279	394,322.15	394,322.15
Trautman, Patrick	279	406,007.57	406,007.57
Laramey, Larry	279	397,305.80	397,305.80
Subtotal, Third Country National Staff		1,652,212.02	1,652,212.02

C. Cooperating Country National Staff		Project Year 1	Total
		30-Jun-05	Amount
	LOE	Amount	
CCN Dep Ops Mgr	279	9,000.00	9,000.00
CCN Accountant	279	7,200.00	7,200.00
CCN Loan Officer 1	279	6,000.00	6,000.00
CCN Loan Officer 2	279	3,600.00	3,600.00
CCN Loan Officer 3	279	3,600.00	3,600.00
CCN Analyst 1	279	3,000.00	3,000.00
CCN Analyst 2	279	3,000.00	3,000.00
CCN Analyst 3	279	3,000.00	3,000.00
CCN Receptionist	279	1,800.00	1,800.00
CCN Maintenance	279	1,200.00	1,200.00
CCN Translator 1	279	2,400.00	2,400.00
CCN Translator 2	279	2,400.00	2,400.00
CCN Translator 3	279	2,400.00	2,400.00
CCN Translator 4	279	2,400.00	2,400.00
Subtotal,CCN Professionals/Local Project Office Staff		51,000.00	51,000.00

TOTAL LABOR	1,703,212.02	1,703,212.02

Prime Contractor:	BearingPoint, Inc.
Contract Name:	OPIC: Middle Market Facility for Iraq
Contract/RPF Number:	OPIC-04-R-0008
Requisition number:	OPIC-LA-04-0077
Task Order Number:	
Period of Performance:	06/30/04-06/30/05
Place of Performance:	Iraq

IV. TRAVEL COSTS

		Year 1	Year 2	Year 3	Year 4	Year 5	Total
International							
	Airfare	22,000.00	-	-	-	-	22,000.00
	Per Diem	12,276.00	-	-	-	-	12,276.00
	Local Costs	1,960.00	-	-	-	-	1,960.00
Domestic Travel		-	-	-	-	-	-
Other Travel		13,408.00	-	-	-	-	13,408.00
TOTAL		49,644.00	-	-	-	-	49,644.00

Transportation Details **Year One**

International Travel & Transportation	Notes	Airfare			Per Diem						*Local* Travel Costs	Total
		Fare	RTs	Airfare Total	Days	Lodging Daily Rate	Lodging Subtotal	M&IE Daily Rate	M&IE Subtotal	Per Diem Total		
Cole, Stewart	US - Amman	2,750.00	2.00	5,500.00	279.00	-	-	11.00	3,069.00	3,069.00	490.00	9,059.00
Gomez, James	US - Amman	2,750.00	2.00	5,500.00	279.00	-	-	11.00	3,069.00	3,069.00	490.00	9,059.00
Trautman, Patrick	US - Amman	2,750.00	2.00	5,500.00	279.00	-	-	11.00	3,069.00	3,069.00	490.00	9,059.00
Laramey, Larry	US - Amman	2,750.00	2.00	5,500.00	279.00	-	-	11.00	3,069.00	3,069.00	490.00	9,059.00
Subtotal, International Travel				22,000.00	1,116.00		-		12,276.00	12,276.00	1,960.00	36,236.00

Other Consultation Meetings Travel & Transportation	Notes	Airfare			Per Diem						Local Travel Costs	Total
		Fare	RTs	Total fare	Days	Lodging Daily Rate	Lodging Subtotal	M&IE Daily Rate	M&IE Subtotal	Per Diem Total		
Cole, Stewart	Amman - Baghdad	$1,300	2	2,600.00	4.00	116.00	464.00	72.00	288.00	752.00		3,352.00
Gomez, James	Amman - Baghdad	$1,300	2	2,600.00	4.00	116.00	464.00	72.00	288.00	752.00		3,352.00
Trautman, Patrick	Amman - Baghdad	$1,300	2	2,600.00	4.00	116.00	464.00	72.00	288.00	752.00		3,352.00
Laramey, Larry	Amman - Baghdad	$1,300	2	2,600.00	4.00	116.00	464.00	72.00	288.00	752.00		3,352.00
Subtotal, Other Consultation Meetings			8.00	10,400.00	16.00		1,856.00		1,152.00	3,008.00	0.00	13,408.00
Subtotal, Travel & Transportation, Year 1				32,400.00			1,856.00		13,428.00	15,284.00	1,960.00	49,644.00

Prime Contractor:	BearingPoint, Inc.
Contract Name:	OPIC: Middle Market Facility for Iraq
Contract/RPF Number:	OPIC-04-R-0008
Requisition number:	OPIC-LA-04-0077
Task Order Number:	-
Period of Performance:	06/30/04-06/30/05
Place of Performance:	Iraq

V.a. RESIDENT ADVISOR ALLOWANCES

Summary for Years 1-5					
Allowance/Resident Advisor		**Cole, Stewart**	**Gomez, James**	**Trautman, Patrick**	**Laramey, Larry**
Personal Information					
Base Salary Year 1	X	133,998.80	133,998.80	133,998.80	133,998.80
Base Salary Year 2	X	140,698.74	140,698.74	140,698.74	140,698.74
Base Salary Year 3	X	147,733.68	147,733.68	147,733.68	147,733.68
Base Salary Year 4	X	155,120.36	155,120.36	155,120.36	155,120.36
Base Salary Year 5	X	162,876.38	162,876.38	162,876.38	162,876.38
Origin Country	X	US - Amman	US - Amman	US - Amman	US - Amman
Relocation Airfare	X	2,750.00	2,750.00	2,750.00	2,750.00
APEX R&R Airfare to Home	X	2,500.00	2,500.00	2,500.00	2,500.00
No.persons (including employee)	X	1.00	1.00	1.00	1.00
Number of months at post	X	12.00	12.00	12.00	12.00
Allowances at post	Rates				
Post Differential	25%	35,947.76	35,947.76	35,947.76	35,947.76
Post Allowance	0%	-	-	-	-
Danger Pay	25%	35,947.76	35,947.76	35,947.76	35,947.76
Relocation Travel		2,750.00	2,750.00	2,750.00	2,750.00
R&R Travel to Amman, Jordan		2,600.00	2,600.00	2,600.00	2,600.00
R&R Lodging in Amman , Jordan		1,160.00	1,160.00	1,160.00	1,160.00
TQSA		2,497.50	2,497.50	2,497.50	2,497.50
Relocation&Moving Expenses					
Storage	X	5,856.00	5,856.00	5,856.00	5,856.00
Warehouse Handling	X	488.00	488.00	488.00	488.00
Origin Fees	X	4,880.00	4,880.00	4,880.00	4,880.00
Total for Years 1-5	X	92,127.01	92,127.01	92,127.01	92,127.01

Prime Contractor:	BearingPoint, Inc.
Contract Name:	OPIC: Middle Market Facility for Iraq
Contract/RPF Number:	OPIC-04-R-0008
Requisition number:	OPIC-LA-04-0077
Task Order Number:	
Period of Performance:	06/30/04-06/30/05
Place of Performance:	Iraq

Allowance Details

YEAR 1					
Allowance/Resident Advisor		**Cole, Stewart**	**Gomez, James**	**Trautman, Patrick**	**Laramey, Larry**
Personal Information					
Base Salary Year 1	X	133,998.80	133,998.80	133,998.80	133,998.80
Origin Country	X	***US - Amman***	***US - Amman***	***US - Amman***	***US - Amman***
Relocation Airfare	X	2,750.00	2,750.00	2,750.00	2,750.00
APEX R&R Airfare to Home	X	2,500.00	2,500.00	2,500.00	2,500.00
Persons (including employee) at post	X	1.00	1.00	1.00	1.00
Level of Effort	X	279.00	279.00	279.00	279.00
Number of months at post	X	12.00	12.00	12.00	12.00
Allowances at post	Rates				
Post Differential	25%	35,947.76	35,947.76	35,947.76	35,947.76
Danger Pay	25%	35,947.76	35,947.76	35,947.76	35,947.76
Relocation Travel	X	2,750.00	2,750.00	2,750.00	2,750.00
R&R Travel to Amman, Jordan	X	2,600.00	2,600.00	2,600.00	2,600.00
R&R Lodging in Amman , Jordan	X	1,160.00	1,160.00	1,160.00	1,160.00
TQSA	X	2,497.50	2,497.50	2,497.50	2,497.50
Relocation&Moving Expenses					
Storage	X	5,856.00	5,856.00	5,856.00	5,856.00
Warehouse Handling	X	488.00	488.00	488.00	488.00
Origin Fees	X	4,880.00	4,880.00	4,880.00	4,880.00
Total for Project Year 1	X	92,127.01	92,127.01	92,127.01	92,127.01

Prime Contractor:	BearingPoint, Inc.
Contract Name:	OPIC: Middle Market Facility for Iraq
Contract/RPF Number:	OPIC-04-R-0008
Requisition number:	OPIC-LA-04-0077
Task Order Number:	0
Period of Performance:	06/30/04-06/30/05
Place of Performance:	Iraq

VI. OTHER DIRECT COSTS

		Year 1			TOTAL
1. Iraq Housing	**Notes**	**Unit Cost**	**Units**	**Total**	
Deposit on House		12,000.00	1.00	12,000.00	12,000.00
Furniture/ Household items		18,000.00	1.00	18,000.00	18,000.00
Housing Rent		8,000.00	12.00	96,000.00	96,000.00
Food (in lieu of meals per diem in Baghdad)		600.00	12.00	7,200.00	7,200.00
Supplies for house		200.00	12.00	2,400.00	2,400.00
VSAT/ Network for house		100,000.00	1.00	100,000.00	100,000.00
Housing Make Ready		20,000.00	1.00	20,000.00	20,000.00

Subtotal, Iraq Housing	255,600.00	255,600.00

		YEAR 1			TOTAL
2. Local Office Operations	**Notes**	**Unit Cost**	**Units**	**Total**	
Postage/Courier/Wire Fees		300.00	12.00	3,600.00	3,600.00
Telecommunications/E:mail/Mobile		100.00	48.00	4,800.00	4,800.00
Office Supplies		1,000.00	12.00	12,000.00	12,000.00
FFE		2,000.00	1.00	2,000.00	2,000.00
Office Rent/Utilities		3,000.00	12.00	36,000.00	36,000.00
Office Maintenance		500.00	12.00	6,000.00	6,000.00
Local legal fees		500.00	12.00	6,000.00	6,000.00
International legal fees		1,000.00	12.00	12,000.00	12,000.00
Security (Static and Transport)		1,100.00	1,116.00	1,227,600.00	1,227,600.00
Hardware & software systems		100,000.00	1.00	100,000.00	100,000.00

Subtotal, Local Office Operations				1,410,000.00	1,410,000.00

		Year 1			TOTAL
3. Other Costs	**Notes**	**Unit Price**	**Units**	**Total**	
				-	-
Medical Evacuation Short-term,month		174.00	-	-	-
Medical Evacuation Residents + Family		885.00	4.00	3,540.00	3,540.00
DBA Insurance		2.15%	549,358.37	11,811.20	11,811.20
Medical Exams, Resident + Family		300.00	4.00	1,200.00	1,200.00
Medical Exams, Short-term		100.00	-	-	-
Insurance for Project Equipment		1.50%	38,100.00	571.50	571.50
				-	-
				-	-

Subtotal Other Costs	17,122.70	17,122.70

Subtotal ODC's (Iraq Housing, Local office, Other Costs)	1,682,722.70	1,682,722.70

Prime Contractor:	BearingPoint, Inc.
Contract Name:	OPIC: Middle Market Facility for Iraq
Contract/RPF Number:	OPIC-04-R-0008
Requisition number:	OPIC-LA-04-0077
Task Order Number:	0
Period of Performance:	06/30/04-06/30/05
Place of Performance:	Iraq

VII. COMMODITIES & EQUIPMENT

Year 1

EQUIPMENT Foreign OFFICES	Notes	Specifications	Unit Cost	Units	TOTAL
Computer Equipment			1,500.00	10.00	15,000.00
Copy Machine (High volume)			15,000.00	1.00	15,000.00
Phones			150.00	14.00	2,100.00
Printer			3,000.00	1.00	3,000.00
Software			300.00	10.00	3,000.00
Computer Shipment, one way			1,000.00	1.00	1,000.00

TOTAL COMMODITIES AND EQUIPMENT	39,100.00

Prime Contractor:	BearingPoint, Inc.
Contract Name:	OPIC: Middle Market Facility for Iraq
Contract/RPF Number:	OPIC-04-R-0008
Requisition number:	OPIC-LA-04-0077
Task Order Number:	
Period of Performance:	06/30/04-06/30/05
Place of Performance:	Iraq

Project Years	start date	end date	FY% of PY	Fiscal Years		FY%of PY	Fiscal Years	
Year 1	1-Jul-04	30-Jun-05	50%	1-Jan-04	31-Dec-04	50%	1-Jan-05	31-Dec-05
Year 2	1-Jul-05	30-Jun-06	50%	1-Jan-05	31-Dec-05	50%	1-Jan-06	31-Dec-06
Year 3	1-Jul-06	30-Jun-07	50%	1-Jan-06	31-Dec-06	50%	1-Jan-07	31-Dec-07
Year 4	1-Jul-07	30-Jun-08	50%	1-Jan-07	31-Dec-07	50%	1-Jan-08	30-Dec-08
Year 5	1-Jul-08	30-Jun-09	50%	1-Jan-08	30-Dec-08	50%	1-Jan-09	30-Dec-09

Indirect Costs	**AY 2004**	**AY2005**	**AY2006**	**FY2007**	**FY2008**	**FY2009**
Overhead						
Employees, Consultants, Local hire Staff	56.46%	56.46%	56.46%	56.46%	56.46%	56.46%
Employee: Analyst	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
G&A	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%
Fee	**20.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	
Fee on subcontract costs before subcontractor fee	**3.00%**	**3.00%**	**3.00%**	**3.00%**	**3.00%**	

Rate table to calculate schedules	
Level of Effort	
Work day week, Residents	6.00
Work day week, Short-termers	6.00
Days per month	21.67
Days per year	279.00
Labor	
Salaries (calculated from Personnel schedule)	
ES-6 Max	515.38
ES-6 Max Estimated Annual Increase	1.03
Annual % Increase for US based staff	1.05
Annual % Increase for TCN's	1.05
Annual % Increase for CCN's	1.10
Social Costs for local hires	42.61%
Fringe Rate for local hires	17.12%
TCN social costs and fringe: Individually set	
Travel	
Airfares: See table at right	
USAID Daily Per Diem: Lodging	100.00
USAID Daily Per Diem: Meals	11.00

38 #paid leave dys

	x	Airfare Rate	Full Fare	Non-Penalty	%
1.00	State Origin	0	Coach	Adv Purchase	Split
2.00	US - Amman	2,750.00	3000	2500	50%
3.00	Amman - Bag	1,300.00	1400	1200	50%
4.00	US- California	2,750.00	3500	2000	50%
5.00	UK	2,000.00	2000	2000	50%
6.00	Germany	975.00	1300	650	50%
7.00	Australia	5,000.00	5000	5000	50%
8.00	Canada	3,200.00	3200	3200	50%
9.00		-			100%
10.00		-			100%
11.00		-			100%
12.00		-			100%
13.00		-			100%
14.00		-			100%

	Misc Travel Cost/trip	Number of Days		Flat OR	% of PD
100	Taxi to/from home to airport	Mission M&IE Per Diem Rates			
30	Taxi to/from airport at post	first	60	11	

Special Mission M&IE Per Diem? No=0, Yes=1	1.00
Special Mission Lodging Per Diem? No=0, Yes=1	-
Average trip/work days	24.00
Misc travel cost/trip: See table at right	245.00
Post Allowances	
Post Differential	25%
Post Allowance	0%
Danger Pay	25%
Spouse authorized at post? No=0, Yes=1	-
Children authorized at post? No=0, Yes=1	-
Separate Maintenance Allowance	
Family Visitation Travel? No=0, Yes=1	-
R&R Destination other than US? No=0, Yes=1	1.00
Number of extra R&R per year for danger post	2.00
Education Allowance, at post	8,000.00
Educaton Allowance, boarding school	24,000.00
Housing: See table at right	

65	Project Materials shipment
50	Business Visa
	Other
	Other
245	Subtotal

next		11	
Mission Lodging Per Diem Rates			
first	60	100	
next		50	50%

SMA Allowances

1child only	2,>child	1adult only	1 adult+1child	1 adult +2-3	1adult+4>
3500	6000	6800	8600	10600	12800

700 Fare

employee only

Relocation	Weight	Rate	Total	
To post				
Air Freight 1 pers	250.00	9.87	2,467.50	
Air Freight 1st and 2nd pers	450.00	9.87	4,441.50	person 1 plus person 2
Air Freight >=3 pers	600.00	9.87	5,922.00	person 1 and 2 plus person 3
Surface	5,000.00	2.01	10,050.00	
Storage (per cwt)	12,200.00	48.00	5,856.00	"cwt" = "cubic weight" =total lbs divided by 100
Warehouse Handling (per cwt)		4.00	488.00	"cwt" = "cubic weight" =total lbs divided by 100
Origin Fees (per cwt)		40.00	4,880.00	"cwt" = "cubic weight" =total lbs divided by 100
Return Trip				
Air Freight 1 pers	250.00	10.17	2,541.53	
Air Freight >=2pers	450.00	10.17	4,574.75	person 1 plus person 2
Air Freight >=3 pers additionally	600.00	10.17	6,099.66	person 1 and 2 plus person 3
Surface	6,250.00	2.07	12,939.38	

ODCs	
Annual % Inflation for ODCs, Travel	1.03
Equipment Insurance, per $100 valuation	0.02
DBA	2.15%
Medevac, monthly	$ 174.00
Medevac, annual, individual	$ 489.00
Medevac, annual, family	$ 885.00

MEDEX RATES CHART USAID			
Countries A	B	C	
29	58	87	
130	260	390	
290	580	870	

MEDEX RATES NON-USAID		
Countries A	B	C
58	116	174
163	326	489
295	590	885

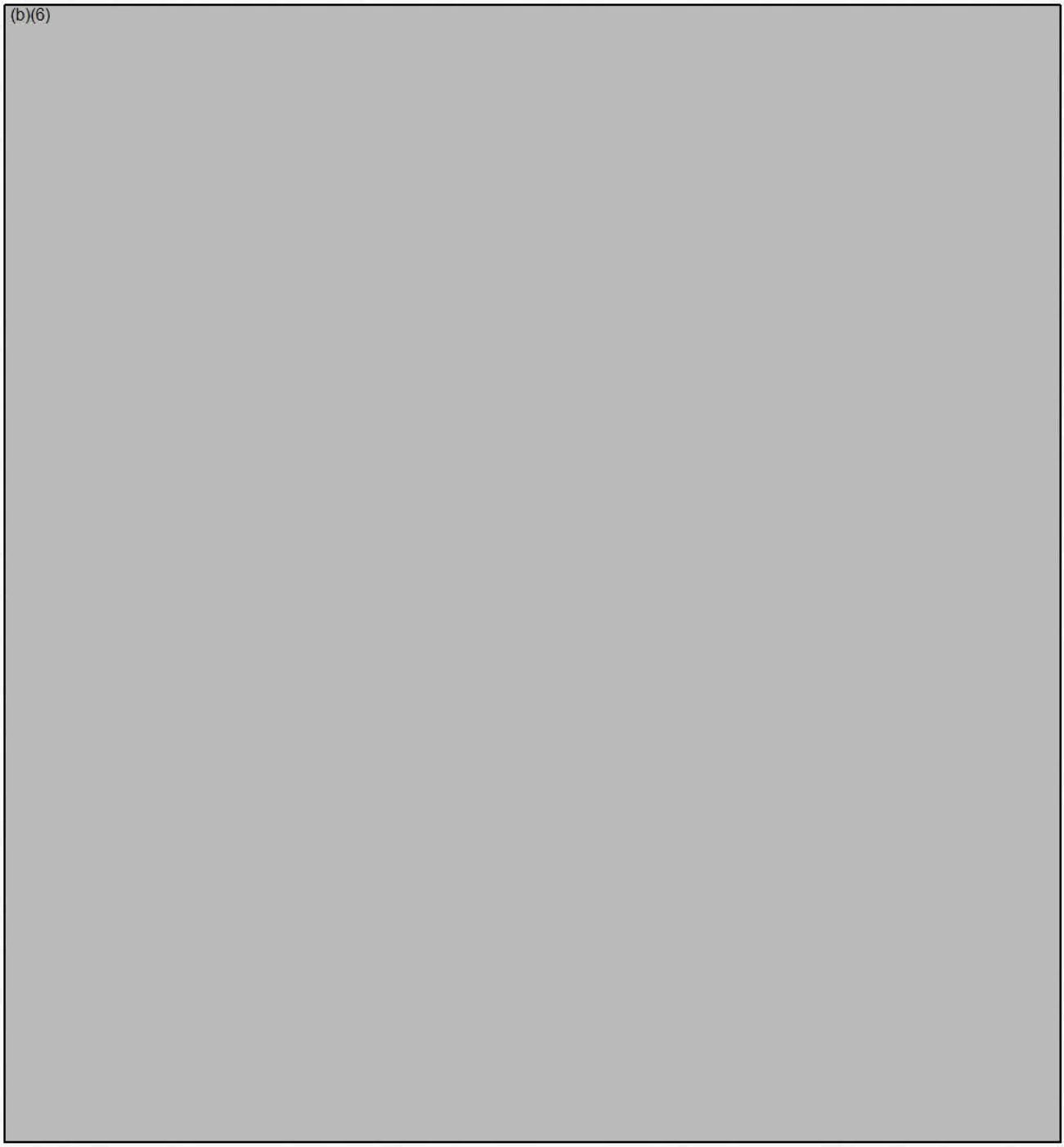
B=Iran, Kazakhstan, Kyrgyzstan, Mongolia, Burma, Nepal, North Korea, Pakistan, Tajikistan, Turkemenistan, Uzbe
C= Afghanistan, Iraq
A= Everywhere else

Local Hire Social Costs Breakdown/Detail	Unit
Pension Plan	0.32
Social Security	0.04
Employee Funds	0.02
Other (fill in name)	
Other (fill in name)	
Social Costs contribution on Paid leave days	0.05
Total Rate	0.43
Total Rate: Social and Fringe Benefits	0.60

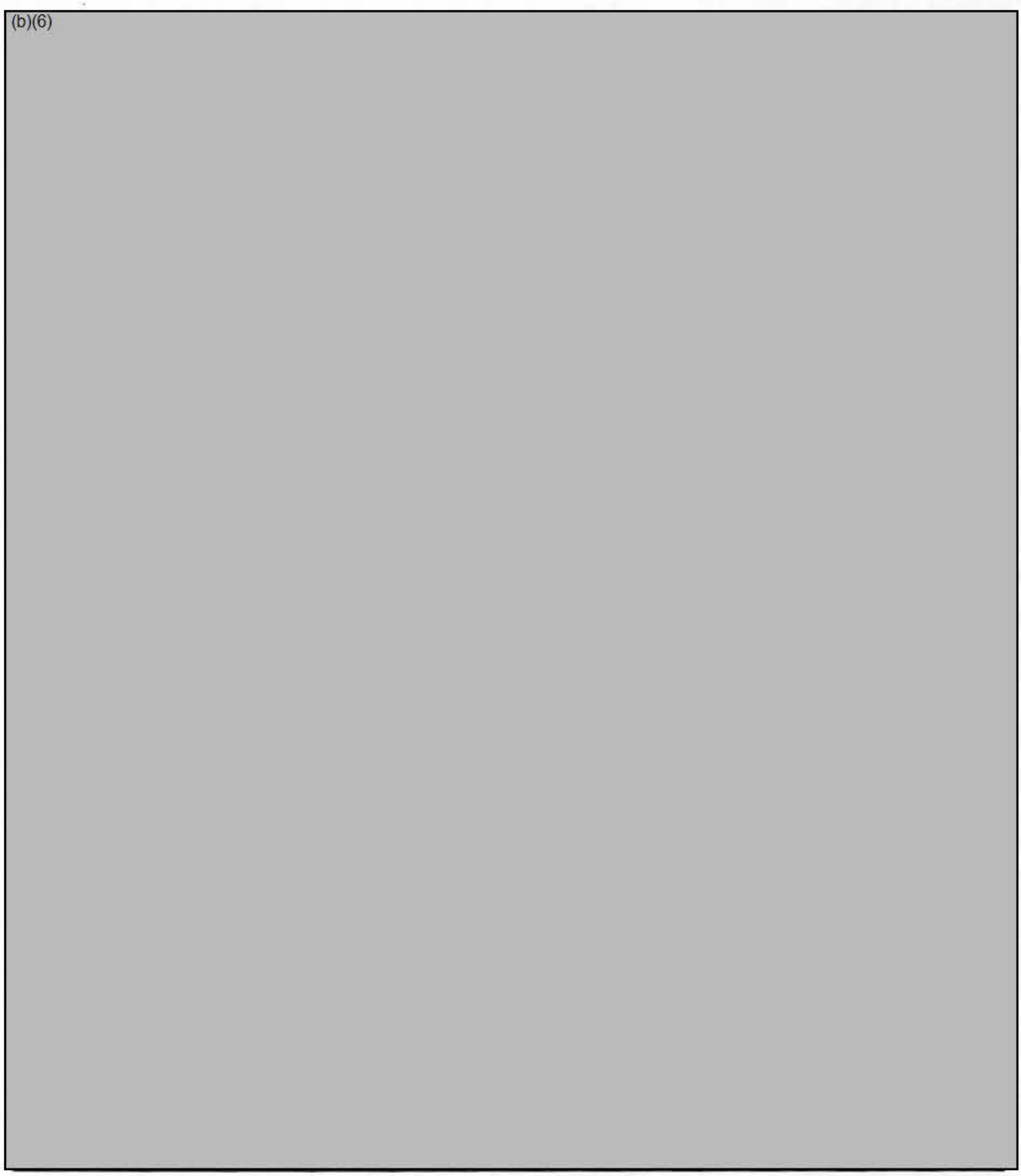
Qualified Staff

The highly qualified advisors that we are proposing for this program are all currently working in the financial sector in Iraq. Over the past six months, they have learned first-hand the challenges of living and working in Iraq under the current security environment. Living and working in the "Red Zone", these advisors have spent every day working with Iraqi counterparts in the two state-owned banks and in four select private sector banks, focused on improving the credit underwriting and management capabilities of these institutions. A significant focus of their activities has been on providing technical assistance and training in support of improved credit processes, procedures and practices within the banks. They have worked within the credit departments of these banks and have participated in bank loan committees to understand the current lending environment in the country, to gauge the quality of current lending practices and to assess the level of knowledge and skills of the key staff members in each bank.

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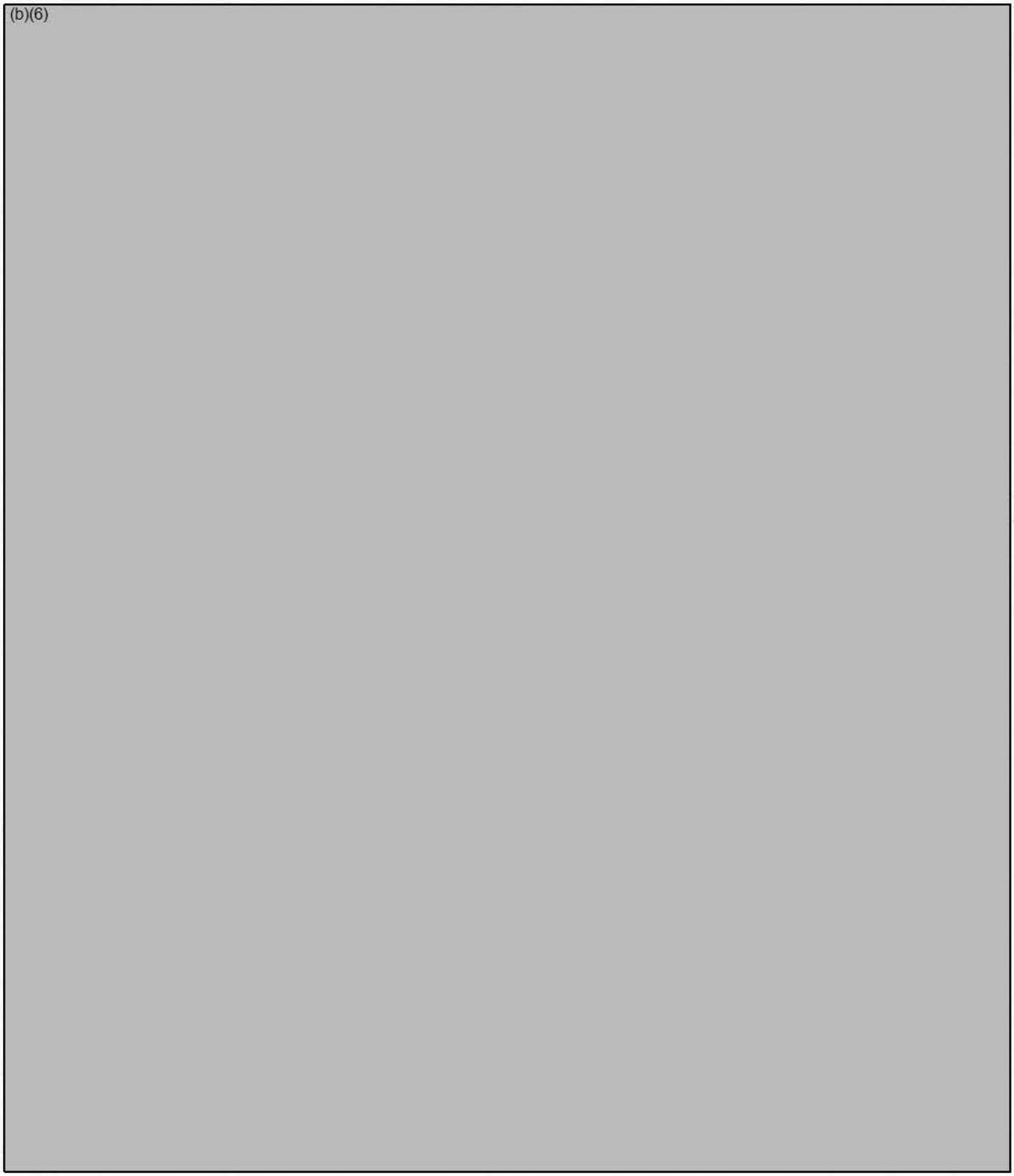


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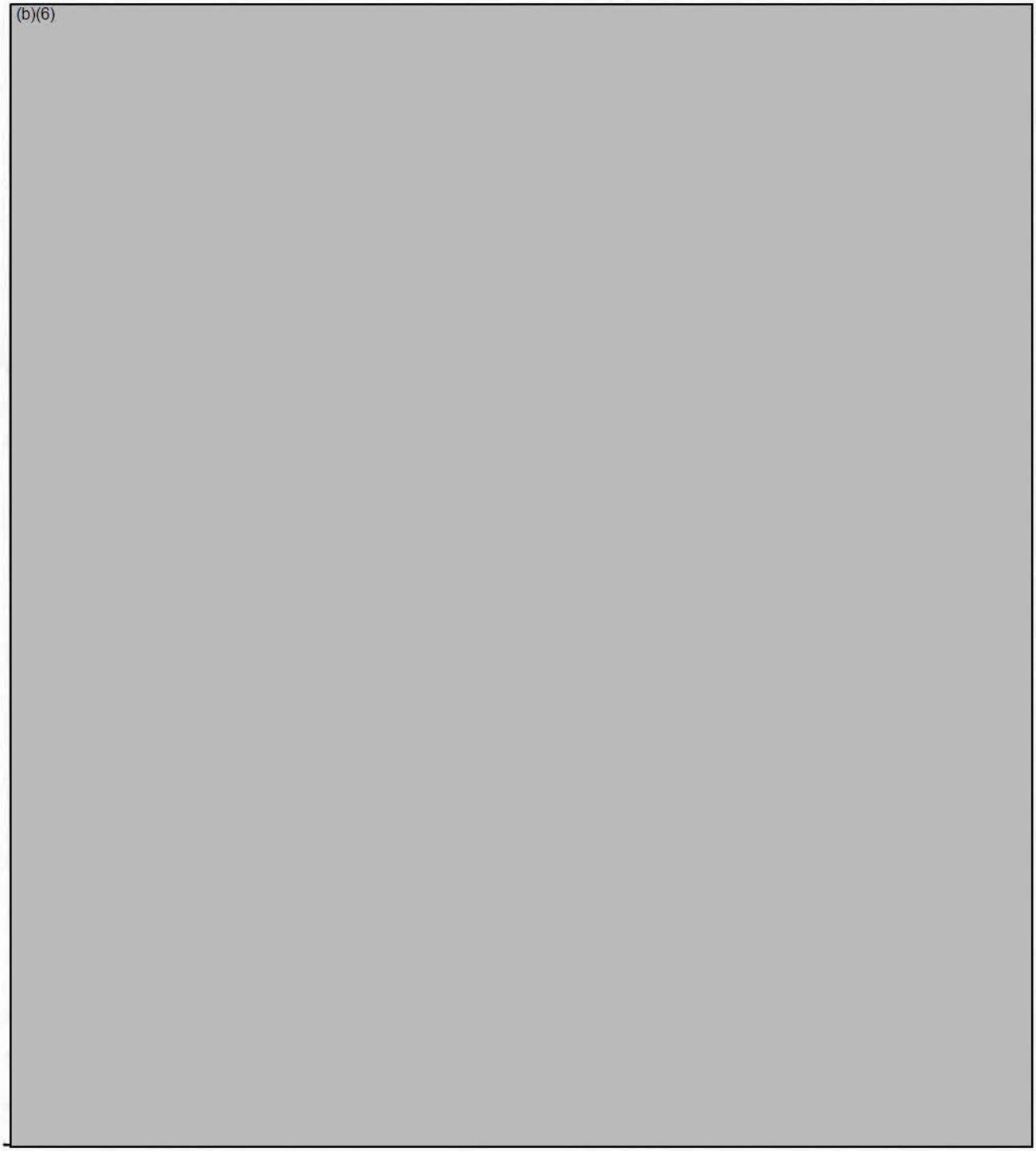


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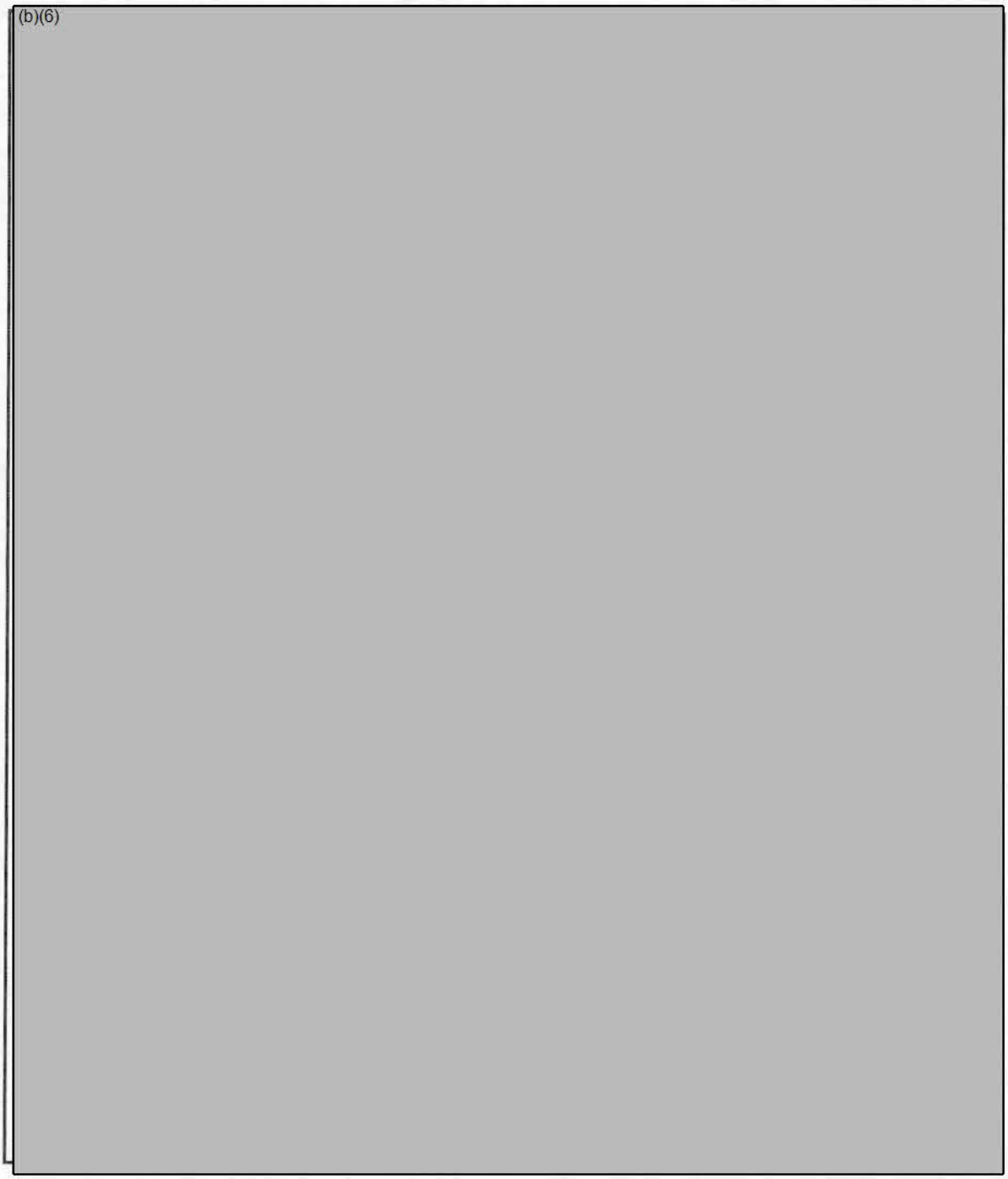
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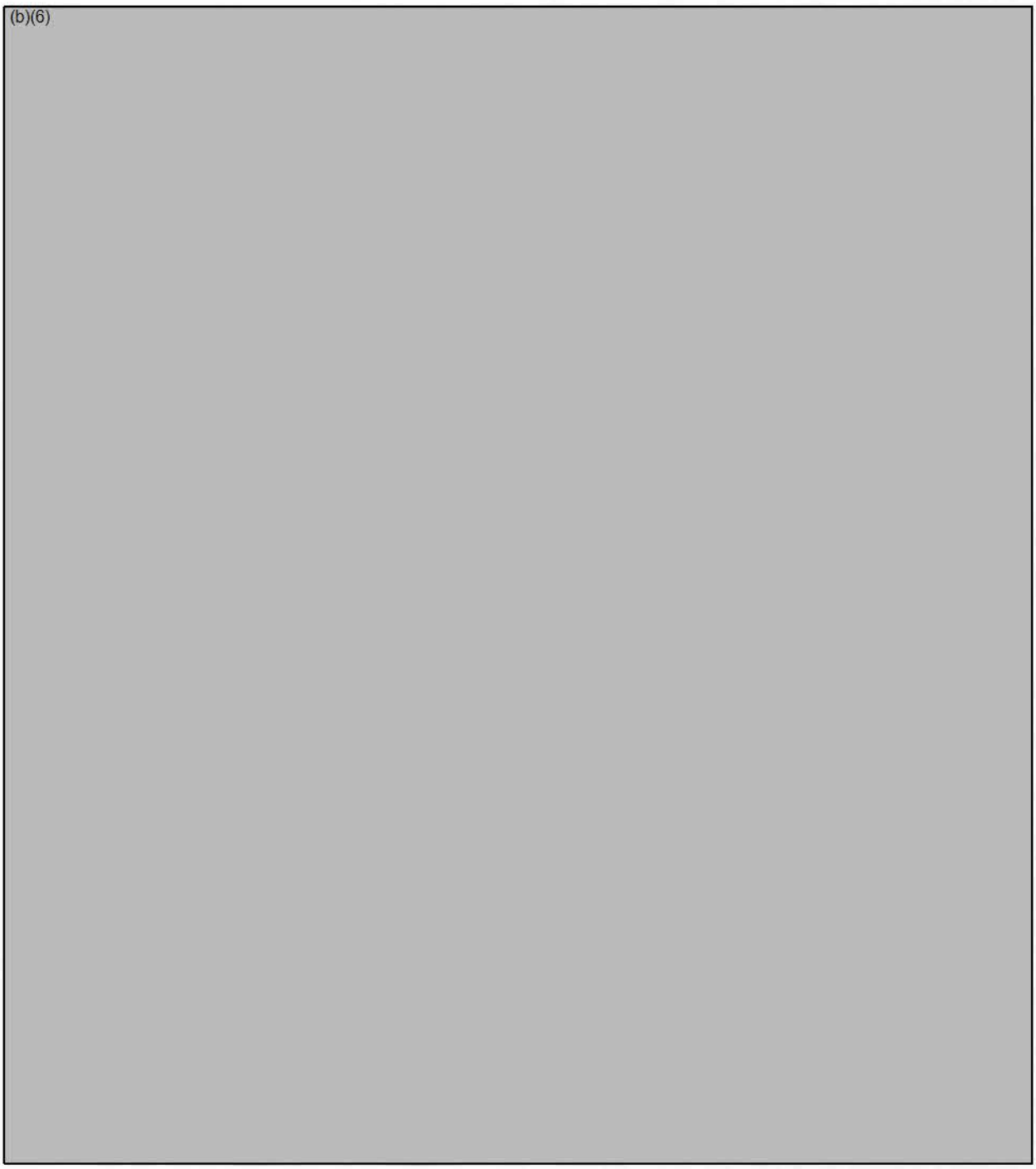
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Past Performance

BearingPoint has an unsurpassed record of providing outstanding results in the most challenging environments across the emerging markets. We are presently implementing programs for USAID, the World Bank, the Asian Development Bank and other bi-lateral and multi-lateral donor organizations in over 60 countries around the globe. We have provided below select past performance references that are very relevant to the objectives of the OPIC program.

At the heart of our approach to financial sector development is our disciplined focus on practical implementation of proven solutions, delivered side-by-side by our international expert advisors and our counterpart teams, and, in the end, creating financial sector capacity. Another component to our approach is the grounding of our financial sector programs in the real economy, taking into account both the public and private sectors as we implement our USAID projects. It is fundamental that financial sector development not be viewed as a stand-alone enterprise but rather an integral part of the private and public sector whole of a country's economic development program. To be successful, the financial sector must support a vibrant economy and make the intermediation between suppliers and users of capital as efficient as possible. BearingPoint is uniquely qualified to take this holistic approach to economic development given our very strong public sector and fiscal reform and private sector development practice areas.

Our Experience in the Emerging Markets. BearingPoint has been working to help develop financial sectors across the globe for more than 10 years. In addition to our successes in financial services development, BearingPoint is also a tested and proven executor of large, complex projects under difficult, often post-conflict conditions, including the quick mobilization of large numbers of personnel to locations such as Iraq, Iraq, Afghanistan, Bosnia, India, Montenegro, Indonesia, East Africa, and elsewhere. The BearingPoint Team has a deep knowledge of local environments, personnel, and political and economic conditions enabling us to hit the ground running wherever our projects take us.

Our Field-tested Advisors. Our Team of experienced staff and consultants are responsible for the implementation of all of our successful financial sector programs over the past 10 years. They have become experts at bringing international standard solutions to the emerging markets. BearingPoint has placed a substantial number of resident and short-term advisors into emerging market technical assistance programs around the world, providing us the experience to deliver practical, measurable results.

Our Proven Methodologies, Tools, and Approaches. Our project management approach relies on the use of practical methodologies and tools that have been developed across the international financial markets as best practices and that have been modified and implemented in the emerging market environments by our experts. In this manner, tested and repeatable approaches to virtually all aspects of financial sector development

can be effectively implemented in the emerging markets, resulting in project delivery with a very high probability of success. Supporting this approach to emerging market financial sector development is the fact that BearingPoint is also a major provider of financial sector solutions to many of the world's leading financial institutions. Our experience providing cutting-edge consulting services across North America, Western Europe, and North Asia allows us to continually refine our methodologies, tools, and approaches to make certain that they meet international standards. It is this combination of experience and expertise that sets BearingPoint apart.

To demonstrate the quality of our work, our delivery capabilities and the level of customer service that we have achieved, we have provided the following table of comments drawn from the official project review documents of our clients. A review of our Bosnia financial sector development programs is excerpted below:

"...The quality of the work provided by the contractor has been superior since day one, when the Barents team arrived in Sarajevo in July 1996, only a few months after the Dayton Accords were signed. The quality of the advisors they selected was outstanding, not only in terms of technical expertise but in terms of skills to work in a war torn country, with serious ethnic divisions remaining. The advisors essentially worked a 10-12 hour, 7-day a week work schedule without complaint nor additional compensation...."

We are also pleased to provide the following telephone contacts for three references, as required by the RFP:

Iraq Economic Governance: James (Spike) Stephenson, USAID Mission Director; Mark Visocky, CTO (Iraq Tel: 914-822-49590); Richard Sines (Washington Tel: (202) 712-0076).

Afghanistan Economic Governance: Robert Wilson, CTO (Afghanistan) Robert Aten, Chief Economist Asia Near East Bureau (Washington Tel: (202) 712-4826).

Bosnia Business Finance: Howard Sumka, USAID Mission Director; Ms. Amira Ramhorst, CTO (Bosnia Tel: 387-33-619211, Ext. 110) and Ms. Jean Lange (Washington Tel (202) 712-1228).

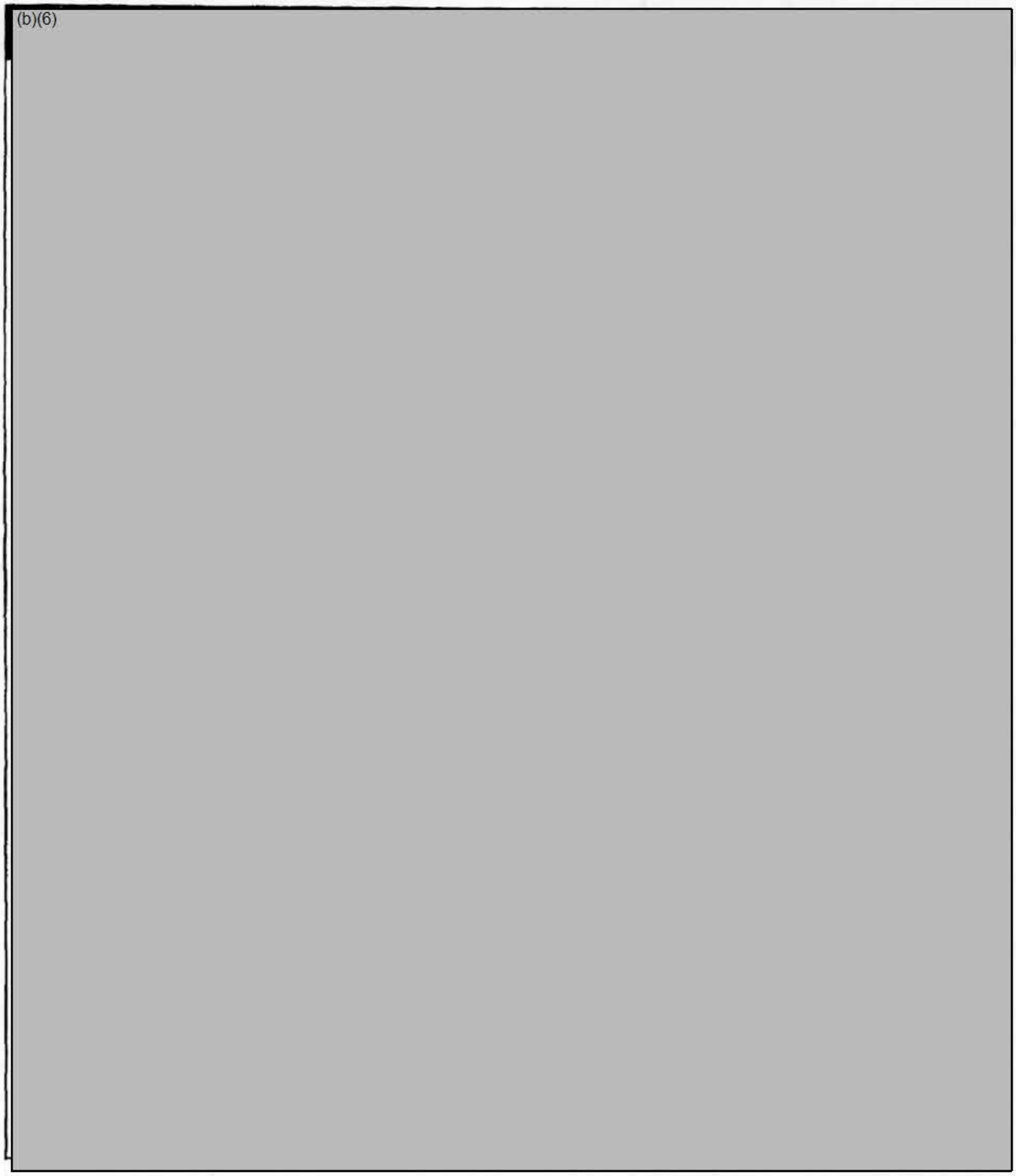
Representative Client Comments Drawn From Recent Reform Programs

Successful Reform	Description
Bosnia Business Finance 168-C-00-98-00103 **Rating: all Outstanding (5)**	Large-scale technical assistance project with 10 resident advisors and more than 100 local hires in the Balkan region. **"Contractor manages costs with a high degree of professionalism and has saved USG money." "Contractor is not only timely in every significant aspect of its operations, but is often proactive in a very constructive manner."** *Review: December 2000*
CEE/NIS Bank Supervision IQC NIS-I-00-99-00001 **Rating: Outstanding & Excellent**	This $55M contract includes 10 task orders in 10 countries for long-term technical assistance to strengthen financial sector oversight. **"The overall quality of work done by Barents head office has been first rate.... This investment in head office professionals also means that Barents can show a great deal of flexibility when required and respond quickly to changing circumstances and last minute needs... Barents has shown a constant commitment to achieving the spirit and not just the letter of a task order."** *Review: January 2001*
NIS Fiscal Reform Activity CCN-C-00-93-00158-00 **Rating: Excellent**	This 6-year $68M contract included 26 task orders in 9 countries in the NIS where Barents provided long-term technical assistance in fiscal reform, including tax reform, budget reform, intergovernmental finance reform, and the implementation of IT systems and training to support these reforms. **"Consultants were highly qualified in education and experience in their field of expertise. Deliverables such as reports and advice were also of high quality."** *Review: May 2000*
Egypt Public Finance Administration Project 263-C-00-89-00096 **Rating: Outstanding & Excellent**	This 8-year, $30M contract was one of USAID's largest fiscal reform projects with 10 resident advisors working to improve Egypt's tax system, including introducing new laws, new administrative procedures, and new information systems. **"The contractor is very professional in the fiscal area. Their recommendations are based on high level of expertise and knowledge. The Ministry of Finance is highly praising Barents for their work in the Income and Sales Tax areas. The Minister has personally praised their work with International Donors from the IMF and WB. The Tax Commissioners have also complemented their performance to USAID on several occasions."** *Review: November 1997*
OMNIBUS II Component C EPE-I-00-95-00070 **OMNIBUS II Component B EPE-I-00-95-00048** **OMNIBUS II Component D EPE-I-00-95-00039** **Rating: Excellent**	**Omnibus B:** $51M EE Regional IQC involved 13 task orders for economic reform activities including large-scale fiscal reform projects in Moldova, Ukraine, Armenia, Kazakhstan, Kyrgyzstan, and Uzbekistan. **Omnibus C:** $28M EE Regional contract included 14 Task Orders to provide technical assistance in financial sector reform in 11 countries: Macedonia, Croatia, Lithuania, Slovakia, Latvia, Hungary, Poland, Bosnia, Ukraine, Moldova, and Romania. **Omnibus D:** $31M EE Regional contract included seven task orders to provide technical assistance in financial sector reform in six countries: Russia, Ukraine, Poland, Central Asia, Latvia, and Georgia. **"BearingPoint's Barents Group provided excellent business relations over this five year period."**

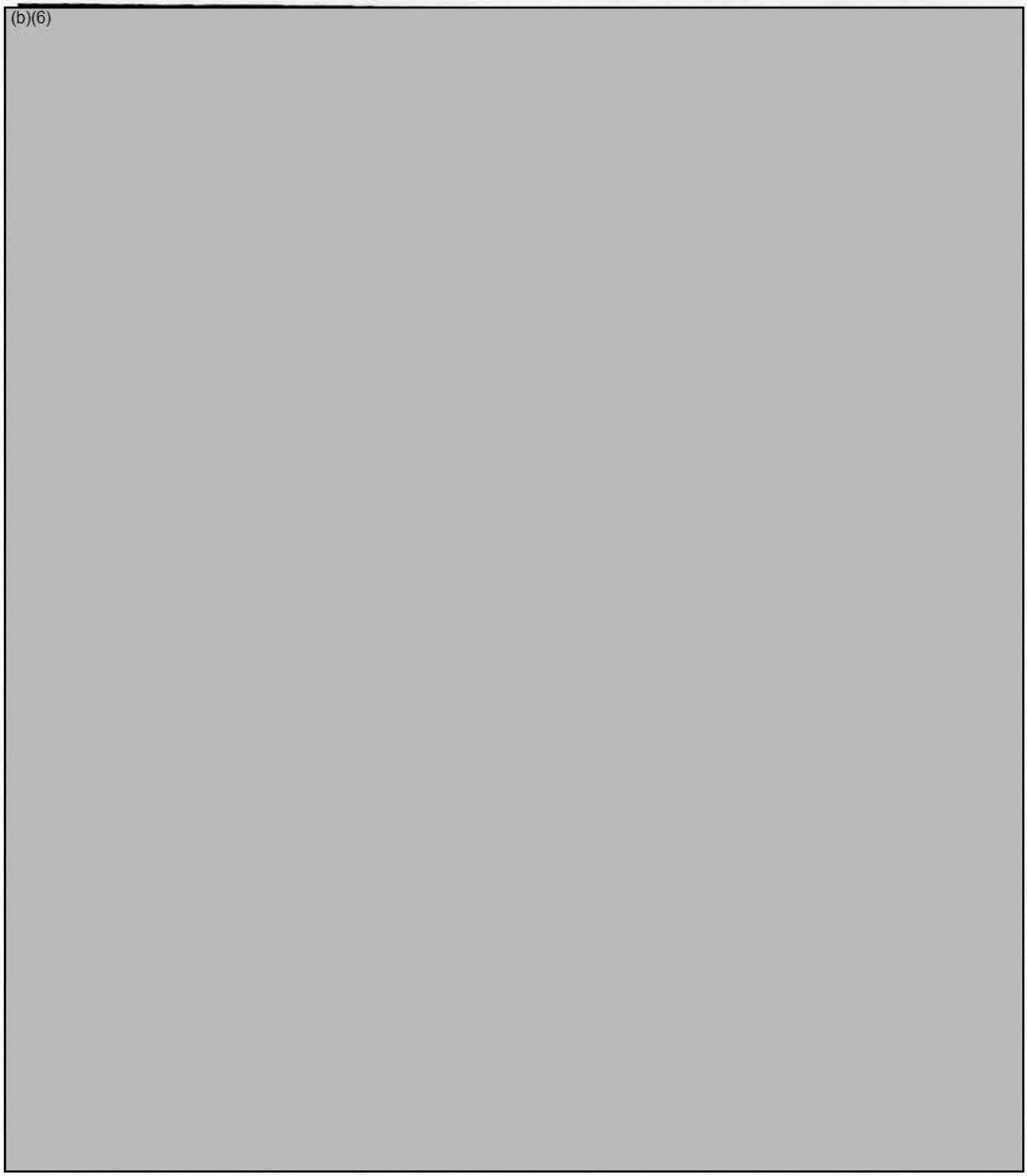
We are also pleased to provide the following past performance references, drawn from relevant financial sector projects we have conducted over the past three years:

(b)(6)

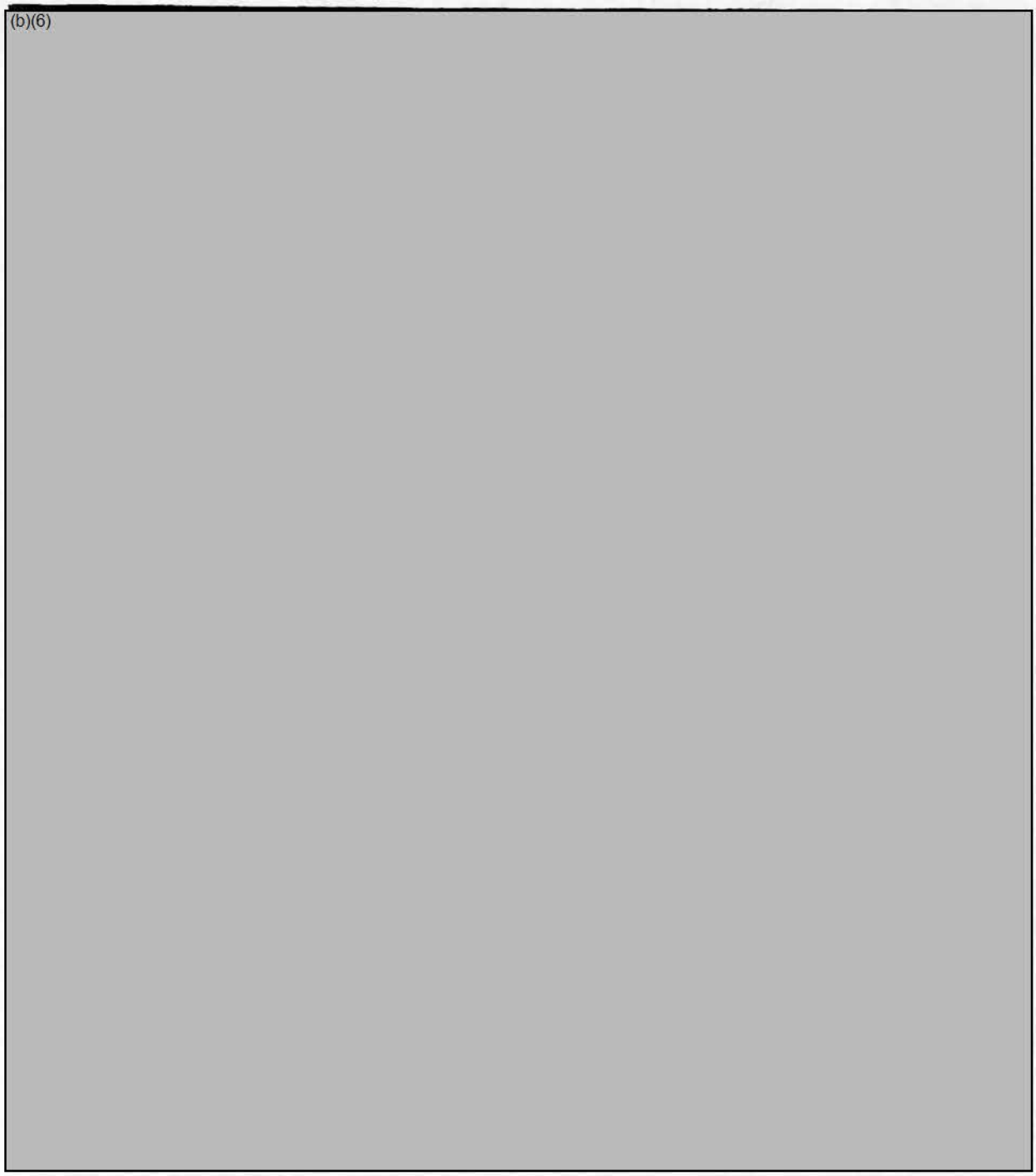
(b)(6)



(b)(6)



(b)(6)



- Lend to private rather than state-owned enterprises;
- Local staff can be trained to find honest, creditworthy customers;
- Lending teams should consist of both expatriates and local personnel with good knowledge of the local environment;
- Tight loan disbursement procedures, credit policies and processes, and monitoring procedures should be established and implemented from the outset; and
- An outreach program to the local business community should be established to train business people on how to work with commercial banks, to develop and submit information necessary for bank lenders to make informed credit decisions.

Bank Development and Training

In early 2000, BearingPoint launched a USAID-funded bank development and training project to strengthen the Bosnian banking sector through formal training seminars and in-bank technical advisory assistance to selected Bosnian banks in critical, non-credit-related functional areas. The concept was to identify and work with Bosnian banks capable of absorbing broad technical assistance, in order to promote development of "leading" Bosnian banks whose banking policies and practices would reflect best modern banking practices and serve as a model to other Bosnian banks. BearingPoint deployed five long-term expatriate advisors from the outset, who then selected four banks for technical assistance with USAID concurrence, three in the Federation and one in the RS.

The functional areas targeted for in-bank assistance were: asset liability management, internal audit and control, strategic planning, internal payment systems and operations, and management information systems, hardware and software. In addition, the Barents advisors assisted the banks to prepare for taking over the payments system in Bosnia, once the central payments bureau was eliminated.

BearingPoint initiated the program by delivering a course in corporate governance, strategic planning and organization to the boards of directors and senior management of the participating banks. Training in the other functional areas noted above quickly followed.

The advisors on this assistance project collaborated closely with the BF program as it worked with agent banks in extending credit to Bosnian enterprises and also with the advisors assisting the banking agencies and central bank as the commercial banking sector prepared to assume responsibility for operating the new payments system.

The project successfully transferred modern bank management skills to the selected banks. As a direct result of the program, these banks improved their operations, successfully opened new branches and improved their performance as agent banks and underwriters under the BF program.

1. Contractor (Name, Address, and Zip Code): **BearingPoint** **1676 International Drive** **McLean, Virginia 22102-4828**
2. Contract number: 168-C-00-98-00103 (old # was 168-0056-C-8103-00)
3. Contract Value: Initial contract value of $18,000,000; final contract value of $31, 931, 319
4. Type of Contract: Cost Plus Fixed Fee (CPFF) Level of Effort
5. Award Date: August 10, 1999 — Completion Date: April 13, 2003
6. Name and Telephone Number of Contracting Officer's Technical Representative: Ray Waldron; Dennis Sharma
Telephone Numbers
7. Did you receive a Contractor Performance Report for this Contract? No If so, were you given the opportunity to comment on it? No
Under this "design-and-implement" task order, a team composed of staff members and consultants from BearingPoint and our subcontractor, CARANA Corp., first completed the design phase of a rural credit and microenterprise development program to help the Honduran economy recover from the effects of Hurricane Mitch. Following a March 2000 task order modification authorizing the implementation phase, Barents and CARANA began implementing the program. BearingPoint advisors were focused on the establishment of a project Management and Oversight Unit (MOU) to manage the on-lending program. Particular areas of support included: project administration, selection of participating banks, loan disbursements and repayments, and training. This component of the project provided medium-term financing of $20 million, through select commercial banks, drawn from the AgroExport Recovery Trust Fund (ARTF) for on-lending to small business and small farmers. The program achieve all of its objectives, successfully lending $20 million to the SME sector. The second part of the program was lead by CARANA Corp. which worked with the COVELO Foundation to provide microenterprise assistance. This effort consisted of short and medium-term financing of $6.4 million, channeled through COVELO, a second-tier lending institution, to up to 20 financial private voluntary organizations (FPVOs) for on-lending to micro and small enterprises. The component also entailed training for participating FPVOs in the areas of: • Micro-credit methodologies, • Best practices in delivering short and medium term credit to micro and small entrepreneurs, • Development of business plans, • Organizational and human resource development, and • Data collection and analysis. All aspects of the program were successfully implemented.

Scope of Services – Work Plan

Establish FINCO as a non-profit, legal vehicle in the United States

Upon executing the performance contract with OPIC, BearingPoint will begin to discuss and evaluate corporate structures for FINCO with OPIC counsel. We estimate all costs associated with forming and registering FINCO as a non-profit, legal vehicle and submit a budget for OPIC's approval, utilizing our US-based legal department to work with OPIC counsel to form the desired non-profit entity. BearingPoint will seek opinions from both our corporate and tax counsel to create a proposed corporate structure to be submitted to OPIC counsel for review and approval. Since the liability for FINCO's actions will be limited to the amount of FINCO capital, BearingPoint envisions establishing a limited liability corporation in an appropriate US jurisdiction. As part of this process, we will seek indemnification from OPIC for any losses or claims resulting from a successful challenge to FINCO's tax-exempt or limited liability status.

Identify candidates for an independent Board of Directors for FINCO (the Board)

While we are evaluating FINCO's legal structure and registering the entity, BearingPoint will also propose candidates to OPIC for inclusion on FINCO's Board of Directors. At first, we will identify interim directors before we will vet directors as permanent members. Possible stakeholders for board consideration would include:

1. Chief Executive Officer of FINCO (shown as General Manager in the RFP) – provided no liability attaches to the person or BearingPoint for acts or omissions of any kind while serving as CEO. BearingPoint may propose the purchase of director liability insurance or seek an indemnification agreement with OPIC. Alternatively, we may propose that the CEO serve as a non-voting member of the Board after receiving indemnification from OPIC. Nevertheless, the CEO should be present at all Board meetings.
2. Chief Credit Officer (COO) of FINCO – same conditions shown in (1) above.
3. A representative of the lending banks participating in Tranche B – perhaps the Lead Lender as described in the RFP.
4. A representative of the Iraqi borrowing banks participating in Tranche B – this could be on a rotating basis and open to the more active participating banks. Default on repayment would negate membership.
5. A representative of the MMB's participating in Tranches A or B – this could be on a rotating basis and open to the more active participating borrowers. Default on repayment would exclude negate membership.
6. An Iraqi government official such as the Governor of the Central Bank or Minister of Commerce.

On behalf of FINCO, negotiate and execute agreements with OPIC

Although OPIC and FINCO would seem to have common interests, BearingPoint recommends the utilization of respective counsel for OPIC and FINCO, at least until FINCO is formed and all agreements with OPIC are signed. Otherwise, we believe that OPIC would need to sign a statement that would recognize the possibility of conflicts of interest. Costs associated with drafting these documents may be negligible if OPIC has completed most of the drafting, as suggested in the RFP. BearingPoint may utilize

its own in-house counsel to represent FINCO in negotiations with OPIC regarding the execution of the: (1) Tranche A Finance Agreement; (2) the Tranche B Framework Agreement (including the form syndicated loan agreement attached thereto); (3) the Escrow Account Agreement; (4) the Administrative Services Agreements for each of Tranche A and B; and (5) the other related financing documents.

Initiate FINCO operations in Iraq

(1) Procure license for FINCO to conduct lending operations in Iraq. Even though BearingPoint has been working with the financial sector in Iraq for nearly a year, laws and regulations guiding the establishment of legal lending facilities remain ambiguous. Nevertheless, our work with the Central Bank places us in a position to seek authorization expediently for registering FINCO as a lending institution and obtaining a license for FINCO to conduct lending operations in Iraq.

(2) Form Loan Committee, Develop credit/operating procedures and strategic objectives. Clearly, FINCO's most important task is to generate and maintain a sound loan portfolio that contributes to the rebuilding of Iraq's infrastructure and generates private sector commercial activity to stimulate economic development. FINCO's successful performance will be measured by its ability to identify, screen, analyze, approve, disburse, monitor and collect loans that contribute to these objectives. The mechanism for ensuring that FINCO successfully executes these activities are the credit and operating policies and procedures established to provide guidance to its operations. The customary management organ for approving loan policies and procedures, ensuring that loans meet these criteria and for maintaining a healthy loan portfolio is the Loan Committee.

Initially, our proposed international staff will form the core of FINCO's Loan Committee until we can recruit and train local staff to participate in Loan Committee activities. Most likely, the Loan Committee will be comprised of FINCO's CEO, CCO and Chief Operations Officer. These managers will also establish the operating policies and procedures to be communicated through the Credit Policies and Procedures Manual. BearingPoint's experience in managing similar lending facilities elsewhere in the world provides us with a foundation set of policies and procedures that we will tailor to the Iraqi environment and FINCO's strategic objectives.

(3) Hire a CEO, staff, open a FINCO office in Iraq. BearingPoint has proposed the following key FINCO positions, initially comprised of international staff:

Chief Executive Officer (CEO): This position will assume all the typical executive management responsibilities of a CEO of a financial institution. He will be responsible to FINCO's board of directors for all FINCO operations and be ultimately responsible for the quality and performance of FINCO's loan portfolio. He will occupy a position on the Loan Committee, but not chair the committee.
Chief Credit Officer (CCO): This position will propose the credit policies and lending terms of FINCO's two tranches for approval by FINCO's board of directors. He will be responsible for ensuring that FINCO's loan officers follow all credit policies and procedures associated with identifying, screening, analyzing, approving, disbursing, monitoring and collecting loans.
Chief Operations Officer (COO): This position will be responsible for ensuring that all loan operations follow credit policies and procedures associated with credit management and administration, beginning with establishing loan files, disbursement procedures, monitoring operations and collection activities.

BearingPoint's proposed international team will work with existing BearingPoint personnel in Iraq to identify and propose the most efficient and safe venue to house FINCO's operations in Baghdad. We will

support this effort by employing BearingPoint's security firm to ensure that FINCO's staff and operations are secure in Iraq. To staff loan officer, credit management and overall support personnel, BearingPoint will employ staff currently working with us in Iraq under our economic growth and reform project. Utilizing employees who are accustomed to BearingPoint's procedures and work standards will ensure that FINCO is able to establish its lending operations as quickly as possible.

(4) Establish information technology, accounting and operations procedures. BearingPoint's experience in managing loan facilities in other countries, as well as our substantial experience in project management in Iraq, enables us to quickly establish operations procedures and procurement of information systems support technology.

(5) Establish Tranche A loan terms.

FINCO management will establish Trache A loan terms that provide the basis for the extension of credit to qualified borrowers beyond those outlined in FINCO's finance agreements:

Purpose: BearingPoint proposes that the purpose of a loan must be tied directly to the acquisition of assets or to providing working capital that can be traced to finance a signed contract. Cash flow generated from the asset or contract should be used to repay at least a portion of the loan. We will avoid financing "blank check" business plans, regardless of how reputable a borrower may be.

Loan Amount: For the first year, BearingPoint suggests that FINCO be allowed to consider loans as small as $250,000, and be extremely selective on loans in excess of $2,500,000. As borrowers with good repayment records need additional loans, FINCO could then consider additional financing to a point where loan exposure reaches $5,000,000. Our experience in other post conflict markets indicates that providing large blocks of financing early in a lending program is generally ill advised for both borrowers and lenders.

Tenor. BearingPoint believes that two-year grace periods for principal repayments for Tranche A and B loans appears too generous. We recommend that loans require the payment of interest-only for up to six months and repayment of principal plus interest shortly thereafter, even if longer amortization periods are required to match expected cash flows. Our experience shows that borrowers need to develop good repayment habits early in the repayment schedule. Otherwise, cash flow meant for loan repayment lays idle or is used for non-productive purposes.

Initiate Tranche A lending activities

Once the above steps have been taken, FINCO can begin lending operations. To initiate borrowing operations, FINCO management will develop a prospect list of strong Iraqi firms that have already obtained profitable rebuilding contracts. We will provide loans for equipment purchases and cash flow requirements, secured by and assignment of the underlying contract until loans are repaid. Given the current lack of available financing in Iraq, FINCO should be in a position to develop a high quality prospect list to "cherry pick" strong potential borrowers.

Upon identifying and screening potential borrowers, FINCO will perform borrower analyses and loan structuring activities, completing the credit application and analysis package for submission to the Loan Committee. Once the Loan Committee approves the loan, FINCO will disburse loan proceeds according to established disbursement procedures. BearingPoint's experience shows that loan

disbursement process must be carefully managed to avoid fraud and waste. We have developed special disbursement procedures to mitigate the risk of loss. Once loans have been disbursed, FINCO will initiate its monitoring and collection program that is essential to maintain the quality of a loan portfolio. Our experience in other markets show collection rates deteriorating when strong monitoring and collection procedures do not exist. Moreover, frequent visits by lending officers also provide good opportunities for uncovering excellent future lending opportunities.

Evaluate the opportunity for initiating the Tranche B lending program

After one year of operation, BearingPoint will evaluate local conditions to determine the feasibility of initiating the Tranche B facility. We will evaluate the performance of Iraqi commercial banks through financial and operational analysis of their lending activities. We will then develop the parameters of the Tranche B program for approval by FINCO's Board of Directors before submitting the proposal to OPIC for approval. BearingPoint will then develop credit and operating policies and procedures for the Tranche B facility and train participating Iraqi financial institutions on program operations. We will carefully monitor the participating banks' lending policies, processes and procedures to ensure that they comply with the framework agreements we have set in place. We will also help participating banks establish a monitoring and collection program that sufficiently ensures the quality of the overall portfolio.

	Activity	Month	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Initial Launch Activities																											
1	Establish FINCO in US		■																								
2	Prepare and Approve Charter Documents		■																								
3	Appoint Interim Board		■																								
4	File Application with IRS for Non-Profit Status		■																								
Iraq Entity Setup																											
1	File Registration Application in Iraq		■																								
2	Set up Bank Account in Iraq		■																								
3	Procure legal, business, etc. licenses		■																								
4	Set up Office in Iraq			■																							
5	Form Loan Committee to Develop Credit/Operating Procedures			■																							
Opening and Staffing Iraq Office																											
1	Hire CEO			■																							
2	Hire Staff (including COO, Deputy Lending Officer, etc.)				■																						
3	Develop Accouting Package Software, Operating Procedures, etc.				■																						
4	Install IT Infrastructure, including Accounting Software and IT Systems				■																						
5	Ensure that Credit Policies and Procedures are in Place				■																						
6	Open a FINCO Office in Iraq					■																					
7	Commence Full Operations					■																					
	Full Operations of FINCO					■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

Individual Evaluations

FACTOR: TECHNICAL

Subfactor: Commentary supplied relating to the first-year budget and fees to be charged for administrative services for the FINCO.

Strengths	Weaknesses
Standard: Does the commentary demonstrate that the Offeror has experience in a comparable environment?	
	≠
Standard: Does the commentary indicate that the Offeror has a well-thought out approach or alternatively, has identified issues that need to be addressed?	
	≠
Standard: Does the commentary indicate that the Offeror under[illegible] the number of staff and the experience levels required for FINCO to carry out its mission?	(b)(6)
Deficiencies (Indicate what aspect of the offeror's	
Clarifications or	



Individual Evaluations

FACTOR: TECHNICAL

Subfactor: Ability to identify qualified expatriate and local staff for the FINCO.

Strengths	Weaknesses
Standard: Has the Offeror demonstrated through prior experience that it can retain qualified expatriates to work in emerging markets?	
	+
Standard: Has the Offeror demonstrated through prior experience that it can retain qualified local staff for work in emerging markets?	
	+ −
Standard:	

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

Individual Evaluations

FACTOR: TECHNICAL

Subfactor: Understanding of and capability to carry out the Services as demonstrated in the Statement of Work.

Strengths	Weaknesses
Standard: Does the Offeror have experience in originating, lending, and monitoring loans of $500,000-$5 million?	
no specific reference to the top end of the scale -	
Standard: Does the Offeror have experience in performing comparable financing activities in emerging markets, particularly Iraq?	
yes - Bosnia Iraq Henderson. > (3)	- me (2)
Standard: Does the work plan reflect that the Offeror has adequately thought through the challenges of working in Iraq?	
	(3)

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

SOUNDNESS OF APPROACH RATING	
Excellent (BLUE)	
Good (GREEN)	X
Satisfactory (YELLOW)	
Marginal (AMBER)	
Unsatisfactory (RED)	

Proposal Risk		Narrative
High		
Medium	X	
Low	X	

apeare every engineer + if willg to Accala
Back should be
OR -

Evaluator Signature

INTENSITY LEVELS	
STRENGTHS	**WEAKNESSES**
+ (Minor Strength) Slightly above standards/expectations	- (Minor Weakness) Slightly below standards/expectations
++ (Major Strength) Above standards/expectations	-- (Major Weakness) Below standards/expectations
+++ (Significant Strength) Significantly above standards/expectations	--- (Significant Weakness) Significantly below standards/expectations

OVERALL UNDERSTANDING AND APPROACH RATING SCALE	
RATING	**DEFINITION**
EXCELLENT (BLUE)	Offeror's proposal demonstrates an excellent understanding of requirements and approach that significantly exceeds performance or capability standards. Has exceptional strengths that will significantly benefit the Government. No significant weaknesses exist.
GOOD (GREEN)	Offeror's proposal demonstrates good understanding of requirements and approach that exceeds performance or capability standards. Has one or more strengths that will benefit the Government. Strengths outbalance any weaknesses that exist.
SATISFACTORY (YELLOW)	Offeror's proposal demonstrates an acceptable understanding of requirements and approach that meets performance or capability standards. Acceptable solution. Few or no strengths.
MARGINAL (AMBER)	Offeror's proposal demonstrates shallow understanding or requirements and approach that only marginally meets performance or capability standard necessary for minimal but acceptable contract performance.
UNSATISFACTORY (RED)	Offeror's proposal demonstrates an unsatisfactory understanding of the requirements and approach of the acquisition. Fails to meet performance or capability standards. Requirements can only be met with major changes to the proposal. The proposal has one or more significant weaknesses that will be very difficult to correct or are not correctable.

RISK ASSESSMENT RATING		
HIGH (H)	**MEDIUM (M)**	**LOW (L)**
Likely to cause significant disruption of schedule, increased cost or degradation of performance. Risk may be unacceptable even with special contractor emphasis and close Government monitoring.	Can potentially cause some disruption of schedule, increased cost, or degradation of performance. Special contractor emphasis and close Government monitoring will probably be able to overcome difficulties.	Has little potential to cause disruption of schedule, increased cost or degradation of performance. Normal contractor effort and normal Government monitoring will probably be able to overcome difficulties.

Individual Evaluations

FACTOR: PAST PERFORMANCE

Subfactor: On-time Delivery

Strengths	Weaknesses
Standard: Did the Offeror meet all required deadlines?	
Standard:	
Standard:	

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

Individual Evaluations

FACTOR: PAST PERFORMANCE

Subfactor: Quality of Services

Strengths	Weaknesses
Standard: How would you rate your overall satisfaction with the work that the Offeror performed?	
Standard:	
Standard:	

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

Individual Evaluations

FACTOR: PAST PERFORMANCE

Subfactor: Customer Service

Strengths	Weaknesses
Standard: Was the Offeror effective in resolving problems as they arose?	
Standard: Did the Offeror anticipate problems and take steps to mitigate or resolve them quickly and effectively?	
Standard: Was the Offeror available/accessible to you?	

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

Performance Risk		Narrative
Very Low Risk		
Low Risk		
Moderate Risk		
High Risk		
Very High Risk		
Unknown Risk		

Evaluator Signature

INTENSITY LEVELS	
STRENGTHS	**WEAKNESSES**
+ (Minor Strength) Slightly above standards/expectations	- (Minor Weakness) Slightly below standards/expectations
++ (Major Strength) Above standards/expectations	-- (Major Weakness) Below standards/expectations
+++ (Significant Strength) Significantly above standards/expectations	--- (Significant Weakness) Significantly below standards/expectations

PERFORMANCE RISK RATING SCALE	
RATING	**DEFINITION**
VERY LOW RISK	Offeror's past performance record provides essentially no doubt that the offeror will successfully perform the required effort.
LOW RISK	Offeror's past performance record provides little doubt that the offeror will successfully perform the required effort.
MODERATE RISK	Offeror's past performance record provides some doubt that the offeror will successfully perform the required effort.
HIGH RISK	Offeror's past performance record provides substantial doubt that the offeror will successfully perform the required effort.
VERY HIGH RISK	Offeror's past performance record provides extreme doubt that the offeror will successfully perform the required effort.
UNKNOWN RISK	The offeror has no relevant performance record. A thorough search was unable to identify any past performance information.

Meeting w/ B. Point 11:00 PM 6.25.04

(b)(6) [redacted]

Date No.

1. • Review Budget
2. • startup costs
3. • Middle Mkt. Lending Personell
•

(43 ≈ 3 per)
3|130
12
10

Amendments. Look them up!

Personell

Stewart Cole –
– was credit officer in Bosia – (3 yrs)
– 6 mos. exp. in Iraq
– large loans in USA
– effective manager –

(doubling of staff listed in RFP)

1. Cr. officer – good loans. CEO
2. Operations Specialist – runs back office + disbursements
3. loan workout specialist – work problem credits.
4. Resident Advisor – Agent banks –

13 Total

direct
– Firm Level Assistant –

2-3 Local vs. rest of them.

Budget:

startup fee 750
annual fee 4,145,000

Board member

1. fee by year + assumption
2. how can you give us an estimate for 3 Board members
3. 1 page show budget over each year
   1. 3 expts
   2. 4 expts
   3. show down on monday.

(close by Mon. Monday)

Individual Evaluations

FACTOR: TECHNICAL

Subfactor: Understanding of and capability to carry out the Services as demonstrated in the Statement of Work.

Strengths	Weaknesses
Standard: Does the Offeror have experience in originating, lending, and monitoring loans of $500,000-$5 million?	
	-2 (small loans)
Standard: Does the Offeror have experience in performing comparable financing activities in emerging markets, particularly Iraq?	
	1
Standard: Does the work plan reflect that the Offeror has adequately thought through the challenges of working in Iraq?	
experience mostly ag.	Sandy Group? 2

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

Individual Evaluations

FACTOR: TECHNICAL

Subfactor: Commentary supplied relating to the first-year budget and fees to be charged for administrative services for the FINCO.

Strengths	Weaknesses
Standard: Does the commentary demonstrate that the Offeror has experience in a comparable environment?	
much exp.	3
Standard: Does the commentary indicate that the Offeror has a well-thought out approach or alternatively, has identified issues that need to be addressed?	
-2-	
Standard: Does the commentary indicate that the Offeror understands the number of staff and the experience levels required for FINCO to carry out its mission?	
1/2 Need Local Staff	1

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

Individual Evaluations

FACTOR: TECHNICAL

Subfactor: Ability to identify qualified expatriate and local staff for the FINCO.

Strengths	Weaknesses
Standard: Has the Offeror demonstrated through prior experience that it can retain qualified expatriates to work in emerging markets?	
	+3
Standard: Has the Offeror demonstrated through prior experience that it can retain qualified local staff for work in emerging markets?	
	+3
Standard:	
	/

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):
schools only aq

Clarifications or Additional Explanation Required

SOUNDNESS OF APPROACH RATING	
Excellent (BLUE)	
Good (GREEN)	X
Satisfactory (YELLOW)	X
Marginal (AMBER)	
Unsatisfactory (RED)	

Proposal Risk		Narrative
High		Budget Concerns (99)
Medium	X	
Low		

Evaluator Signature

INTENSITY LEVELS	
STRENGTHS	**WEAKNESSES**
+ (Minor Strength) Slightly above standards/expectations	- (Minor Weakness) Slightly below standards/expectations
++ (Major Strength) Above standards/expectations	-- (Major Weakness) Below standards/expectations
+++ (Significant Strength) Significantly above standards/expectations	--- (Significant Weakness) Significantly below standards/expectations

OVERALL UNDERSTANDING AND APPROACH RATING SCALE	
RATING	**DEFINITION**
EXCELLENT (BLUE)	Offeror's proposal demonstrates an excellent understanding of requirements and approach that significantly exceeds performance or capability standards. Has exceptional strengths that will significantly benefit the Government. No significant weaknesses exist.
GOOD (GREEN)	Offeror's proposal demonstrates good understanding of requirements and approach that exceeds performance or capability standards. Has one or more strengths that will benefit the Government. Strengths outbalance any weaknesses that exist.
SATISFACTORY (YELLOW)	Offeror's proposal demonstrates an acceptable understanding of requirements and approach that meets performance or capability standards. Acceptable solution. Few or no strengths.
MARGINAL (AMBER)	Offeror's proposal demonstrates shallow understanding or requirements and approach that only marginally meets performance or capability standard necessary for minimal but acceptable contract performance.
UNSATISFACTORY (RED)	Offeror's proposal demonstrates an unsatisfactory understanding of the requirements and approach of the acquisition. Fails to meet performance or capability standards. Requirements can only be met with major changes to the proposal. The proposal has one or more significant weaknesses that will be very difficult to correct or are not correctable.

RISK ASSESSMENT RATING		
HIGH (H)	**MEDIUM (M)**	**LOW (L)**
Likely to cause significant disruption of schedule, increased cost or degradation of performance. Risk may be unacceptable even with special contractor emphasis and close Government monitoring.	Can potentially cause some disruption of schedule, increased cost, or degradation of performance. Special contractor emphasis and close Government monitoring will probably be able to overcome difficulties.	Has little potential to cause disruption of schedule, increased cost or degradation of performance. Normal contractor effort and normal Government monitoring will probably be able to overcome difficulties.

Individual Evaluations

FACTOR: PAST PERFORMANCE

Subfactor: On-time Delivery

Strengths	Weaknesses
Standard: Did the Offeror meet all required deadlines?	
Standard:	
Standard:	

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

Individual Evaluations

FACTOR: PAST PERFORMANCE

Subfactor: Quality of Services

Strengths	Weaknesses
Standard: How would you rate your overall satisfaction with the work that the Offeror performed?	
Standard:	
Standard:	

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

Individual Evaluations

FACTOR: PAST PERFORMANCE

Subfactor: Customer Service

Strengths	Weaknesses
Standard: Was the Offeror effective in resolving problems as they arose?	
Standard: Did the Offeror anticipate problems and take steps to mitigate or resolve them quickly and effectively?	
Standard: Was the Offeror available/accessible to you?	

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

Performance Risk		Narrative
Very Low Risk		
Low Risk		
Moderate Risk		
High Risk		
Very High Risk		
Unknown Risk		

Evaluator Signature

INTENSITY LEVELS	
STRENGTHS	**WEAKNESSES**
+ (Minor Strength) Slightly above standards/expectations	- (Minor Weakness) Slightly below standards/expectations
++ (Major Strength) Above standards/expectations	- - (Major Weakness) Below standards/expectations
+++ (Significant Strength) Significantly above standards/expectations	- - - (Significant Weakness) Significantly below standards/expectations

PERFORMANCE RISK RATING SCALE	
RATING	**DEFINITION**
VERY LOW RISK	Offeror's past performance record provides essentially no doubt that the offeror will successfully perform the required effort.
LOW RISK	Offeror's past performance record provides little doubt that the offeror will successfully perform the required effort.
MODERATE RISK	Offeror's past performance record provides some doubt that the offeror will successfully perform the required effort.
HIGH RISK	Offeror's past performance record provides substantial doubt that the offeror will successfully perform the required effort.
VERY HIGH RISK	Offeror's past performance record provides extreme doubt that the offeror will successfully perform the required effort.
UNKNOWN RISK	The offeror has no relevant performance record. A thorough search was unable to identify any past performance information.

(b)(6)

From: Katherine Schad (b)(6)
Sent: Monday, June 21, 2004 8:08 PM
To: (b)(6)
Cc: Don Pell
Subject: Electronic Copy of Proposal

Importance: High



FINCO Proposal Submission (OPI...

Hi (b)(6)

Per our conversation, attached please find an electronic copy of the proposal for your review. If you need anything else, please do not hesitate to contact me.

Best regards,

Katherine Schad

Program Officer
Counterpart International
(b)(6)

<<FINCO Proposal Submission (OPIC) - CPI.pdf>>

COUNTERPART
International

Member of the
Counterpart Global Network

1200 Eighteenth Street, NW Suite 1100 Washington, DC 20036 Tel: [1] 202.296.9676 Fax: [1] 202.296.9679

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Sharon B. Webster, Ph.D.
A.A. Global Financial, Inc.

June 18, 2004

(b)(6)

(Ref: OPIC-04-R-0008)

RECEIPT OF PROPOSALS

Completion of this receipt confirms that OPIC has received 4 paper copies (1 original and 3 copies) of Technical / Cost Submission for the FINCO Project prepared by Counterpart International.

B. Bregman
For OPIC (signature)

Bregman
Print Name

Title

1:30
Date and Time

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International

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June 18, 2004

(b)(6)

(Ref: OPIC-04-R-0008)

TRANSMITTAL LETTER — TECHNICAL & COST APPLICATION

Dear (b)(6)

Please find enclosed the technical and cost application for the FY04 establishment of a non-profit middle market finance facility (FINCO) in Iraq.

We look forward to hearing from you soon.

Sincerely,

Don Feil
Vice President

FINCO

To Establish a Non Profit Middle Market Finance Facility in Iraq

A Proposal in Response to:

OPIC-04-R-0008

Submitted to:
Overseas Private Investment Corporation
1100 New York Avenue, NW
Washington, DC 20527

Contact:
(b)(6)
Contracting Officer

(b)(6)

Submitted by:
Counterpart International
1200 18th Street, NW, Suite 1100
Washington, DC 20036

Contact:
(b)(6)
Vice President

E-mail: (b)(6)

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Annex:

- Standard Form 1449
- ACH Form
- Detailed FINCO Budget
- Detailed CPI Administrative Services Budget
- CVs / Letters of Commitment – Key Personnel (7)
- Past Performance Matrices (3)

  - Enviroventures/CPI Philippines
  - Counterpart Enterprise Fund
  - Counterpart Meta Center

- Representations and Certifications
- Amendments
- Letter of Support – Sandi Group

I. EXECUTIVE SUMMARY

Iraq, a myriad of cultural and geographic differences and insecurity, is a complex lending environment that does not lend itself to a one-size-fits-all financial solution. Counterpart International (CPI) will address the diverse operational and asset-financing needs of middle market business (MMBs) and private financial institutions (PFIs) in Iraq through the establishment of an innovative, secure, yet flexible $136.5 million dollar credit facility, owned and operated by a CPI established non-profit finance entity FINCO. CPI brings extensive, in-depth direct capital finance experience to FINCO :

- CPI has over 35 years of total experience in managing credit and bank training programs worldwide and extensive experience in developing credit programs in post conflict areas.

- CPI is a pioneer in the NGO community in the establishment of unique SME debt and equity finance facilities to encourage sustainable business development.

- For the past two years, CPI has been a major implementer in Iraq. CPI projects are located throughout seven Iraqi governates, providing employment generation opportunities; improving economic governance and policy; expanding agriculture productivity; and restoring the capacity of SMEs (through credit and training) to produce, process, and market goods and services.

- CPI has a highly experienced cadre of professionals with over 200 years combined experience in finance, operations, credit management and policy development, banking supervision (inspection in credit, audit and fraud detection), marketing and promotion, project appraisal, corporate planning, budgeting and training. In addition, CPI's on-going close relationship with Sandi Group, a major Iraqi multi-sector operating company, with major hotel, security, and bank holdings ensures CPI access to key, highly experienced Iraqi banking and finance professionals, lawyers, technical consultants and trainers, as well as the largest security company operating in Iraq.

- CPI is fully compliant with U.S. laws and regulations for operating in Iraq and has current U.S. Department of Treasury OFAC licenses. CPI's on-the-ground presence and relationship with key local Iraqi partners, ensures that FINCO will effectively by-pass typical start-up problems, including obtaining all necessary Iraqi licenses, establishing an office and instituting security protocols, that confront the implementation of any major lending initiative Iraq.

II. CPI TECHNICAL CAPACITY

A. Project Specific Experience. Counterpart has extensive experience in the successful startup, implementation and close out of financing facilities in developing countries and has the knowledge and understanding necessary to establish, effectively manage and monitor the FINCO credit facility. CPI acknowledges these services include but are not limited to the establishment of FINCO as a non-profit credit facility supported by a secure and highly reputable independent board of directors; the procurement of all appropriate licenses necessary for FINCO's operation; the development of, and training in, all credit policies and operating proceedures; the identification of a highly qualified CEO; and the training of all FINCO staff to effectively and securely provide the level of financing necessary to satisfy both Tranche A – BBM and Tranche B — PFI lending arrangements.

CPI also understands the needs of the environment supporting a credit facility of this nature and is sufficiently prepared to build FINCO's capacity to provide ongoing support through training, monitoring or policy advice to both BBMs and PFIs allowing them to become stronger, more reliable borrowers and lenders. CPI's extensive experience working on both the supply and demand sides of credit provision has given us the lessons learned and best practices that allows us to build the vital linkages between clients and credit providers (in our case FINCO) that in the long run ensure larger more secure loans, higher repayment rates and generally more economic impact from each transaction.

For the past 20 years CPI has improved and provided access to credit for SMEs throughout the South Pacific, NIS, Central Asia, South East Asia and Africa. CPI's ***EnviroVentures (EVI)*** finance facility management business started by CPI in the Philippines provides financing to SMEs using a flexible and innovative model. Counterpart established EVI using its extensive experience managing credit facilities in other developing countries, and has now adapted this experience to the unique conditions of the Philippines. This experience is directly applicable to the startup and operation of FINCO.

CPI established EVI as a wholly owned, for-profit corporation, chartered in Delaware for the principal purpose of operating SME financing facilities. A majority of EVI's board of directors are independent (non-employee) directors with extensive experience in enterprise finance and business organization and management. The board is responsible for EVI's financing policies and also acts as an investment committee for approval of each of EVI's investments. Counterpart/EVI established its operation in the Philippines by acquiring the necessary licenses and permits to do business as a Philippine branch office. Local legal counsel was selected and retained for this purpose and to provide the necessary legal support for EVI's investment transactions. Counterpart/EVI established a high level Philippine advisory board to assist in identifying candidates for the president of Philippine operations and otherwise support the operation. After a careful selection process, a Philippine national staff with extensive high level finance experience was hired for this purpose. Staff and supporting financial consultants were then retained.

Enviroventures, with substantial support from its board of directors, established operating policies and procedures tailored to the local target SME market. These include: (1) investment selection criteria and documented procedures for the identification and initial screening of potential investments, (2) business and legal due diligence, (3) audit, and, if necessary, restructuring of past financial statements, (4) detailed environmental assessment procedures, (5) business plan preparation and training, (6) creation and use of optional investment models to assure successful investment exit, (7) preparation and approval of investment memoranda; (8) documentation for the closing and post-investment management of investments including detailed investment agreements, and (9) procedures for investment monitoring, including repayment procedures and terms, and technical support of investees.

EVI/Counterpart understands the importance of adjusting quickly to local business financing conditions. After its initial experience with investment evaluations, EVI developed an investment model best suited for the local SME business climate while also allowing EVI the best opportunity to successfully exit its investments. The Multi-Instrument Investment Model (MIIM) typically includes a combination of debt, straight equity (common stock) and a revenue sharing component. MIIM may also use quasi-equity in the form of convertible debt or preferred stock, depending on the circumstances of the investment.

Specifically, EVI takes an ownership interest in small businesses that have the possibility to become leaders in their sector and also provides the technical assistance necessary to enable them to achieve their financial and market goals. EVI received its initial funding from the Overseas Private Investment Corporation (OPIC) — first NGO with whom OPIC had ever gone into partnership. Further fund leveraging came from a partnership with the Philippine government Small Business Guarantee Fund. In the Fall of 2004, EVI will begin to raise a second-round fund of $12 – 15 million.

EnviroVentures ties critically needed managerial, financial and similar types of technical assistance and training to each investment. This is a departure from most SME lenders, both those that are publicly supported and commercial banks. As such, EnviroVentures provides critically needed managerial know-how, marketing knowledge, cost accounting, financial controls, technology and skills transfer, strategic planning and other business and financial training to entrepreneurs in combination with each investment.

Ultimately, Counterpart seeks to strengthen local capacity to deliver professional services, build institutional support structures and enhance access to credit. This strategy not only provides entrepreneur borrowers with a new source of affordable credit, it strengthens their capacity to manage and grow viable businesses that benefit their entire community.

The ***Counterpart Enterprise Fund (CEF)*** is another example of where CPI has been able to successfully provide entrepreneurs, this time in the Russian Far East, with both loans at competitive market rates and critically needed technical know-how and managerial assistance to assure business success. For many years, CEF represented the only source of credit available for local businesses to grow and expand their businesses in this area. To date, over 4,000 loans have been disbursed, valued at approximately $10,000,000, with hundreds of new jobs created in the process. CEF is the first USAID funded Russian lending facility to become a financially sustainable, independent lending entity.

In additional to direct credit provision, CPI — in order to stimulate local bank lending — created an SME lending training program for Russian bank credit staff which resulted in three local banks entering the SME loan market. The program improved individual leadership and managerial skills as well as business training and networking opportunities in the area. The business training that every client completed prior to receiving a loan not only increased business acumen, but also fostered a better understanding of the democratic process inherent in the day-to-day operations of a free-market economy.

In Ukraine, the ***Counterpart Meta Center (CMC)*** partnered with Electron Bank and USAID to disburse loans to area entrepreneurs, many of who were women. Meta Center continues to thrive today as a financially sustainable, independent training and lending facility. This project created a sustainable business support mechanism through which successful small businesses could grow and thus help revitalize the local economy and community. Through a bank guarantee fund mechanism, CMC partnered with Electron Bank to disburse approximately $3,000,000 in loans. CMC provided SME loan origination training to Electron credit staff. In addition CMC provided a comprehensive, integrated package of services to entrepreneurs including access to modern office space, equipment, administrative services, business management consulting, and industry-specific training. CMC also successfully registered as a local Ukrainian non-commercial NGO and continues today as a viable lending facility.

CPI — in joint partnership with Winrock International — is also currently implementing the ***Enhanced SME Development*** **(ESD)** project for the Russian Far East. The ESD project facilitates that facilitates SME access to existing credit facilities by working with both banks and other financing institutions to increase their capacity and interest to provide products and services specifically for SMEs. CPI is increasing awareness of leasing and working with non-bank financial institutions to facilitate the establishment of new leasing products appropriate for the SME market.

Elsewhere in the world, CPI has implemented successful ***SME lending programs in Philippines, Tajikistan and Vietnam*** under grants from USAID and the U.S. Department of Agriculture. These projects reach out to rural entrepreneurs working to develop agribusinesses, new markets and increase production. In ***Zimbabwe and Senegal***, Counterpart extends credit and services to women, many of whom have become the primary earners in their households due to the HIV/AIDS pandemic. The ***Counterpart Alliance for Partnership*** **(CAP)** in Belarus is establishing a series of Mutual Credit Associations throughout the country to develop credit options for entrepreneurs. Counterpart's World Bank funded ***Women's Empowerment and Economic Development Program*** in Tajikistan offers credit and training to women affected by the country's devastating civil war. In Bulgaria, the ***Community Fund and Social Enterprise Initiative*** partnered with local financing institutions to offer credit to promising business support organizations looking to increase their sustainability by establishing for-profit operations. Throughout Central Asia, the support centers in ***Counterpart's Civil Society Support Initiative*** have responded to the demands of their constituents by offering a microfinance program with initial startup funds from Counterpart.

Post conflict experience. CPI has built a strong performance record in managing regional, multi-sectoral programs in post-conflict areas with diverse geographic, cultural and political environments. CPI has strong experience in countries that are aggravated by conflict over common territory, natural resources and limited access to shared economies, transportation, healthcare and education. In addition to CPI's successful projects in Iraq, CPI works with business associations, SMEs and local NGOs throughout the Ferghana Valley in Central Asia to organize and build the vertical and horizontal linkages that are vital to expanding inter-regional trade, investment and dialogue that encourages stability throughout the region. In Central Asia, CPI client NGOs worked with over 42 communities in conflict to repair schools, lay pipeline and repair drainage systems. One client even facilitated negotiations to prevent bloodshed between two neighboring communities.

Likewise, our State Department/BPRM-funded project in Kazakhstan, nine client NGOs worked with 20 communities to improve the standard of living for refugees through income generating activities. In Tajikistan, under the World Bank's Post-Conflict Unit, CPI works to reduce potential for conflict in the Dushanbe community by empowering and increasing the capacity of target group members to identify and collaboratively address community economic and civil society development issues. CPI's multiple humanitarian and civil society projects throughout Georgia, Azerbaijan, and Armenia — funded by the U.S State Department and UNHCR — develop community-based organizations; implement socioeconomic community-level micro-projects; and provide material assistance to address self-identified humanitarian needs in the highly volatile areas of Nagornyi-Karabakh (Azerbaijan-Armenia), South Ossetia (Georgia) and Abkhazia (Georgia).

B. CPI Key Personnel Capacity — Building upon the extensive capacity and institutional history of CPI, we have assembled a team of top-notch experts with demonstrated technical, managerial, and financial experience and competence in establishing large-scale credit facilities. Although CV's for the CPI technical team will be provided in the annex, a brief description follows:

Don Feil is a senior executive with over twenty-five years experience in business management and finance. He has development expertise in micro- and small and medium size (SME) business development, association development, financial program management, training, project creation and implementation in the United States, Former Soviet Union, Asia, Latin & South America, and Africa. His experience has included close collaboration with entrepreneurs, private business and local business organizations in designing and managing programs and services for a wide range of businesses. He has strong skills in business analysis, communications, negotiating, staff management, and mentoring.

David Munro is a fully bilingual financial consultant and banking executive specializing in SME lending program development and implementation, advising and nurturing small enterprises, financial institution strengthening, policy and procedure analysis and development, credit and other bank training. He has over twenty years' experience as a development banker/project manager and advisor and, formerly, as a senior country and credit officer for major US banking institutions.

Nimai Ghose has over 25 years of experience in private sector development with emphasis on SME development, business development and export promotion, and privatization and restructuring. He has provided training to lending teams of local commercial banks in developing and analyzing cash flow projections and in conducting due diligence of business prospects of loan applicants. He has assisted firms raise capital and attract investment and joint ventures, as well as assisted in the growth of SMEs in a variety of industries. He has developed privatization and restructuring plans for large state owned entities, identified strategic investors, and provided complete transaction support to ministries in privatizing state owned firms through international tenders.

Philip Smith has demonstrated strong leadership, management and teaching capabilities developed during over 20 years' experience in financial management, accounting, taxation, business planning, operational strategy, and risk-based lending. He is highly skilled in economic and operational evaluations and assessments of banking sectors in several countries. He is skilled in all facets of International Financial Reporting Standards (formerly International Accounting Standards) and financial statement analysis. He is familiar with all aspects of financial institution management (central and commercial banks) with emphasis on accounting and lending.

William Grant is a senior executive with over twenty years of experience in banking, small business lending, and microfinance. He has extensive experience throughout Eastern Europe and the former Soviet Union, as well as in the United States. He is highly skilled at training of staff, especially with the management and training of loan officers and associated staff. Further, he has a high capacity in Commercial Lending, Consumer Lending, Business Development, Program Management, Credit Training, Bank Consulting, Loan Workouts, Fund Raising, and Loan Monitoring.

William Schultz is a banking and international development professional with over 20 years of experience. He has focused his energies on writing, implementing and streamlining credit department structures, lending operations and underwriting policies for commercial banks and international finance projects. He has 11 years experience in profitable management of international trade, commercial, agricultural and real estate portfolios up to $60 million, and eight years successful lending program development experience involving 11 commercial banks lending more than $50 million to agricultural producers. Further, he has 16 years combined experience conducting training programs and seminars for senior level bankers, lawyers, bank examiners and individual organizations' lending staff.

Charles Eddy is a senior corporate and government executive and attorney. He has served as president of companies in oil and gas production, materials handling, and environmental waste management. His public service record includes experience at the senior federal level in energy, minerals and environmental policy at both the US Department of the Interior and the Executive Office of the President. For over thirty years he has a proven track record in refinancing and restructuring companies, as well as tailoring finance models to the specific needs of an environment.

The below matrix is a snapshot of the team and their key areas of focus:

Iraq FINCO Personnel Matrix					
	Board Member	Bank Staff Training	Policies & Procedures	Finance	Operations
Don Fell	X				
Charles Eddy	X				
William Schultz		X	X		X
Phillip Smith		X		X	X
David Munro		X	X		X
Nimai Ghose			X	X	
William Grant	X				

- Local Technical Team. CPI's experience in the region and partnership with Sandi Group has given us access to a cadre of local Iraqi's from a variety of technical skill areas that will be identified after contract is awarded.

III. CPI APPROACH

CPI understands the significant challenge in developing a large scale credit facility in Iraq given the current instability of financial lending in Iraq, and the ever-changing security situation. Our in-country experts have found from working throughout Iraq that any initiatives designed to develop and sustain a secure financial lending system are largely dependent upon the implementing organization's (in our case FINCO's) ability to conduct and monitor financial transactions and perform all financial due diligence using their own personnel and facilities. Building an atmosphere of trust and partnership between the FINCO credit facility, local Iraqi MMBs and PFIs is vital.

From our experience, CPI's technical approach for establishing a credit facility is based on the tenants of rapid implementation, innovativeness, proper due-diligence, flexibility, and sustainability. CPI is confident that our approach succeeds in meeting OPIC's objectives due to three distinct factors.

First, the basic approaches that we have applied in the past have been *uniformly successful under similar circumstances*. As evidence by CPI's other lending programs, we are able to successfully establish lending programming in environments where there is no fully functioning financial system nor is there any coherent legal framework — a condition very similar to Iraq. Also, from our CPIs achievement of stringent lending objectives associated with many of our projects (including the creation of thousands of jobs and the maintenance of a virtually zero delinquency rate), our experience shows that despite a seemingly unfavorable financial, social and cultural climate, our approach is both adaptable and innovative enough to succeed in any harsh environment. Finally, CPI's experience in post conflict areas, like in throughout Iraq, has given us experience working directly with a predominately Muslim population that had been seriously effected by both ethnic warfare and significant civil strife.

Second, CPI is also confident in our approach because it is based on, and actively incorporates, significant *first-hand understanding of the region*. As mentioned, CPI has been one of the few U.S. PVOs active in Iraq, working with a variety of local institutions, local government, SMEs, NGOs, community leaders, local entrepreneurs and community associations. Many of CPI's local staff are from the region and understand Iraq's, financial environment and the realities facing the BBM and PFI sectors. This first-hand knowledge is essential to any character-based lending approach.

CPI strong relationship with Sandi Group (See Letter of Support in Annex), a prominent banking, consulting and real estate developer and trading firm in Iraq, gives CPI access to resources of one of the most established developer, contractor, logistical support providers and investors in Iraq, not to mention the largest private sector employer in the country. Sandi Group will support CPI operations through the provision of local consultancy support in capital and project finance structuring, management & operational consulting to borrowers in multiple sectors, and first-hand information for due-diligence borrower information. Sandi Group is also a major shareholder in both Al-Sadeer Bank and Investment Bank of Iraq providing us with yet additional resources to support FINCO's operations.

Third, our approach is *flexible and responsive to demand*. While we have a basic model in place and sample credit policies and proceedures ready to begin, we will tailor our approach — as well as our product offerings — to suit the unique needs of Iraq's entrepreneurial and banking communities.

Based on all three of these factors, CPI believes that we have the capacity, experience and vision to be able to successfully establish FINCO, as a wholly owned, non-for-profit entity, for the principal purpose of operating credit financing facility in Iraq. Below, CPI briefly describes the central tasks we intend to initiate to establish and eventually spin-off the FINCO credit facility.

1. **Establish "FINCO" as a U.S. Based Non-Governmental Organization.** CPI, in conjunction with OPIC, will establish a non-profit entity in a U.S. jurisdiction to perform the role of "FINCO" under Tranche A and Tranche B of the Credit Facility. CPI will complete negotiations, on behalf of FINCO, and cause FINCO to enter into the Tranche A Finance Agreement, the Tranche B Framework Agreement (including the form of syndicated loan agreement), the Escrow Account Agreement, the Administrative Services Agreements for each of Tranche A and B, and other related financing documents ("Financing Documents").

2. **Identification and Selection of FINCO Board of Directors.** CPI will identify an independent board of directors for the FINCO credit facility. CPI estimates that the majority of FINCO's board of directors (BOD) will be independent (non-employee) directors with extensive experience in enterprise finance and business organization and management. The FINCO BOD will consist of a 51% minimum U.S. citizens and one director from CPI. The board will be responsible for all FINCO financing policies and also will act as an investment committee for final approval FINCO lending arrangements. Until the permanent FINCO BOD is established, CPI, in consultation with OPIC, will appoint three interim directors to serve on a temporary board until the permanent board is selected.

3. **Office and Licensing**. CPI, with support from Sandi Group, will acquire the necessary licenses and permits for FINCO to do business in Iraq. CPI will identify and retain local legal counsel for this purpose and they will provide the necessary legal support for all FINCO investment transactions. CPI will also identify and secure independent office space in Baghdad to house FINCO operations.

4. **Identification and Hiring of FINCO's Chief Executive Officer (CEO)**. CPI will establish a high level CPI advisory board — consisting of CPI staff and consultants and local Iraqi private professionals — to assist in identifying and selecting candidates for the CEO and Operations Manager of FINCO. After a careful selection process, an expatriate with extensive high level finance experience will be hired for these two key positions. Staff and other supporting financial consultants will also be selected. CPI also proposes that the Advisory Board will select (2) high level Iraqi nationals, with extensive experience in senior financial management, which will serve in Deputy CEO and Deputy Operations Manager roles. CPI intends that by month 18 of the project, both the CEO and Operational Manger positions of FINCO will be turned over to the Iraqi national staff.

5. **Establishing FINCO's Credit Policies and Procedures.** Credit policy will clearly be a significant determinant for the projects success and will be addressed first. Our approach to setting credit policy and developing operating procedures will be top-down — we will start by agreeing with OPIC on basic principles, and then work down through specific policies and operational guidelines, concluding with detailed approval criteria. FINCO, with substantial support from its board of directors and consultants, will establish operating policies tailored to the local target MMB and PFI markets.

   Our approach will specifically develop the transparent regulatory frameworks for all aspects of the FINCO's business, including accounting, recruiting, MIS reporting, etc. that will support FINCO credit services to develop safely and securely. We are confident in our ability to quickly integrate and tailor for Iraq the various credit manuals that we have developed for similar SME lending programs, leveraging the combined experience of CPI's current cadre of finance experts.

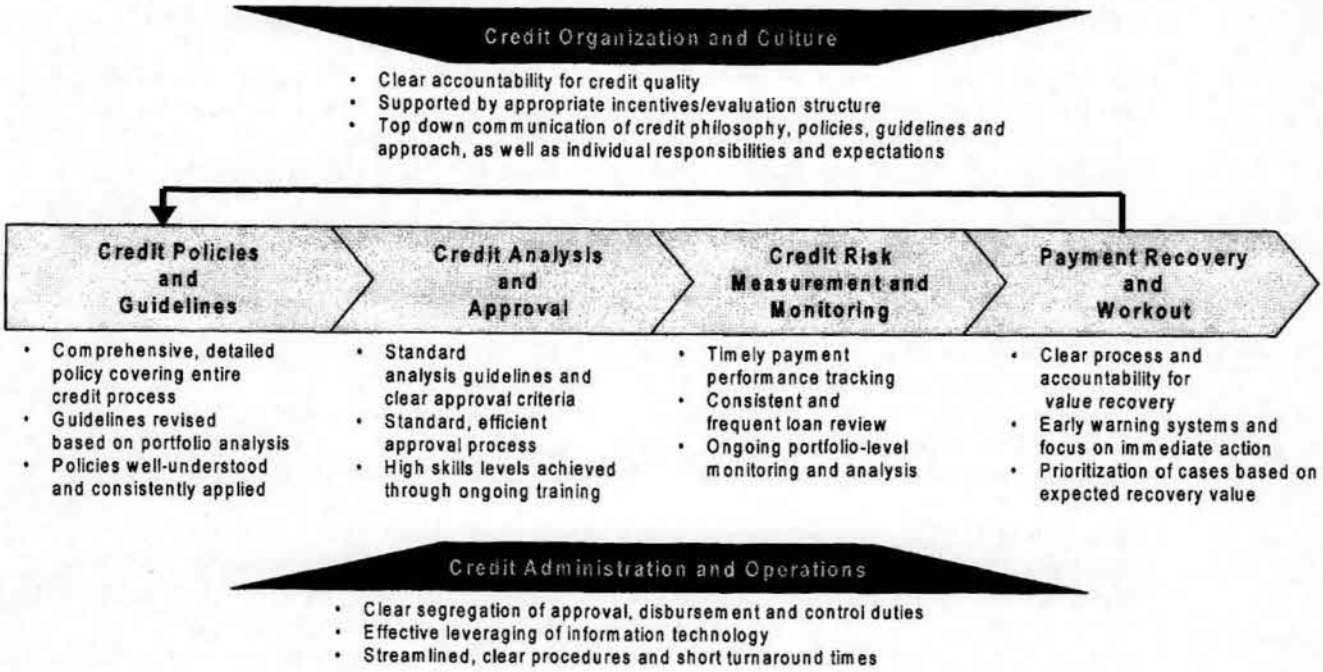
   The material that we intend to deliver to OPIC by Day 30 will include the following:

   - **FINCO objectives, mission statement and key operating principles**
   - **Comprehensive set of oversight procedures and responsibilities**
   - **Policies on ethical standards and conduct**

- **Complete Credit Policy Manual, covering:**
  - purposes and uses of loan funds
  - standard loan terms and conditions
  - interest rate policies
  - collateral and guarantee guidelines
- **Detailed operational procedures, including:**
  - loan origination targets and procedures
  - portfolio monitoring / loss prevention guidelines
  - loan application forms
  - legal and documentary checklists
  - credit administration processes
  - specific credit approval criteria
  - responsibilities for each procedure
- **All FINCO reporting requirements**

CPI *Fundamental Principles of Effective Credit Risk Management*:

Fundamental Principles of Effective Credit Risk Management



6. **Building Capacity and Staff Training.** Training local FINCO employees in lending practices will be critical. To ensure that the rapid start-up of the project is a success, CPI will utilize our extensive experience and highly qualified technical training teams in developing FINCO staff's capacity using financially sound, best practice credit approaches and developing tailored training materials to meet the needs of the project. Reliance on (1) formal classroom training, (2) continuous on-the-job training and mentoring; and (3) specialized workshops and seminars designed to create a comprehensive and continuous program of staff development that is adaptable to different teaching and learning styles.

7. **Loan Performance Monitoring and Evaluation**. We will employ a comprehensive, accountable, and transparent information and monitoring system to gather and analyze loan performance data for FINCO. This system will be established in our start-up phase to ensure that FINCO has appropriate data collection and analysis. FINCO's portfolio monitoring capabilities, and thus its ability to prevent

loan losses, will depend largely on the strength of our MIS platform. Our system will allow FINCO up to the minute access to the impact numbers of our loan portfolio, clearly articulating the direct impact of our loans, key programmatic impacts that were achieved and overall portfolio success.

Constant monitoring and evaluation of our loan program will ensure that FINCO minimizes loan losses by identifying portfolio-level risks, such as over-concentration in a particular sector, and enable FINCO to steer marketing efforts so as to protect credit quality while continuing to grow the portfolio. The operating systems employed by FINCO will feed directly into an MIS system that will generate daily portfolio reports. These reports will be shared periodically with the CEO and evaluated daily by the FINCO Credit Officers, who will determine what, if any, changes should be made to the marketing strategy, credit policies or approval criteria.

8. **Marketing of FINCO.** A proactive outreach and communication program with prospective MMB and PFI clients is central to the success of FINCO. Specifically, the objectives of our marketing and public relations program are:

   1. Build awareness of FINCO and the benefits it brings to the MMB and PFI community.
   2. Identify and proactively target the most creditworthy MMB and PFIs, particularly those offering the most potential in terms of job creation and growth potential.

   CPI's training program will teach FINCO how to use a variety of marketing techniques and communication channels to achieve these objectives. This specific mix of marketing channels and activities will be based on realities in Iraq and designed to generate as much interest as possible among creditworthy enterprises. One of our first steps after structuring and launching the program will be to assist FINCO in the development of a comprehensive marketing strategy with specific communication objectives, activities, and responsibilities. Marketing initiatives will include activities such as the following:

   - Program-sponsored seminars in communities
   - Personal visits by loan officers to targeted enterprises
   - Proactive networking through Sandi Group and other local partners
   - Advertisements in local media
   - Networking through regional government offices and others
   - Cooperative relationships with other NGOs, local governments and associations in the region

10. **Building Capacity of MMBs, PFIs or Other Disbursement Agents.** CPI realizes from decades of experience that access to credit alone is not enough to ensure the growth and proliferation of vital MMBs. As such, to help guarantee loan repayment; increase the capacity of local businesses and small entrepreneurs; and bolster the skill level of our local clients; CPI will utilize local and international experts to provide strategic technical and business training to FINCO's borrowers. Interventions will consist of basic business and financial management, cash flow and business plan construction, access to market and specific trade sector growth initiatives. CPI will also train FINCO staff to provide short-term technical trainings to outside mid- and upper-level bank managers on the topic of how to lend to MMBs effectively and why lending to MMBs is desirable.

IV. EXIT STRATEGY

In order for this project to attain the utmost success in terms of overall economic impact and project sustainability, CPI agrees that the project should focus on establishing FINCO as a permanent, indigenous lending institution that would continue supporting private sector development in the region once this OPIC sponsored project has ceased operations. Achieving this goal will require CPI to accomplish three interim objectives:

- **First**, FINCO must demonstrate to potential investors/donors that such lending can be done securely and profitably and, in the process, develop a competent and professional lending organization, staffed and ultimately managed by trained Iraqis.

- **Second**, CPI must determine the most cost-effective and realistic exit strategy.

- **Third**, after carefully determining the optimal transfer strategy, we must develop and then implement a detailed, realistic transfer program well in advance of the end of the project term.

If no indefinable local entity exists to transfer the program to, given the current environment in Iraq, our staff will focus on establishing the financial framework and governance structure of the organization that could become the legally registered lending organization upon project completion. The program will identify and train local staff to manage the organization, including identifying and training a local board of directors that will offer the newly established group the necessary strategic leadership. Our staff will build the fund's systems based off all Iraqi Central Bank regulations and requirements deemed for the banking sector and will train all staff in the time tested approaches that CPI currently uses.

If it is determined that the continuation of FINCO is not realistic, during the final six months of the project CPI will assess Iraqi NGOs and other existing donor projects for possible distribution of FINCO assets.

V. FINCO Budget Comments

Given the on-the-ground realities of Iraq and our extensive experience carrying out major initiatives throughout the country, CPI proposes several changes to the proposed first-year budget for FINCO. Attached in the annex will be (2) budgets detailing CPI estimates for both the FINCO budget and the annual administrative service fee that CPI estimates it would cost for our organization to sufficiently manage the project. Our comments and suggestions for **FINCO Year 1 and Start-Up** include:

PERSONNEL AND RELATED COSTS - (OPIC Suggested: $863,500 / CPI Suggested: $538,476)

A. **Field Staff – Expatriate**. CPI suggests that both the expatriate *General Manager (CEO)* and the *Operations Manager* should not be included in the detailed field budget of FINCO, rather both individuals and the fringe packages and allowances associated with those individuals should be part of the Administrative Services provided by CPI. CPI feels that due to the level of compensation for both individuals compared to their Iraqi counterparts, leaving their costs in the detailed FINCO budget could create initial problems of resentment that could generally result in lack of confidence in the organization's upper management from day one. CPI feels that because these individuals are temporary and will initially manage the FINCO initiative for CPI, having them as part of the CPI administrative services fee would be realistic given the current project parameters.

   CPI estimates that the Operations Manager will be replaced by an Iraqi National by the end of Month 12 and the General Manager (or CEO) by Month 18. Also, security (car and driver) for both individuals should remain in the FINCO budget as they are not associated with personal fringe or allowances.

B. **Field Staff – Local Hire**. CPI suggests that the initial local staffing proposed does not sufficiently meet the needs of an initiative of this size and scope. CPI has proposed (4) additional local hires including: General Manager, Operations Manager, Deputy Manager, and House Council. The first three of these individuals will be key Iraqi nationals who will, along with the already OPIC proposed Deputy Operations Manager, be trained and groomed by the expatriate field staff to hold the senior executive positions of FINCO once operations are localized. Given our current knowledge of the banking / finance sector in Iraq, CPI is confident that it will be able to identify and hire highly qualified local Iraqi finance personnel given the scores of highly trained and educated Iraqi bankers and finance experts in the Gulf Region. Furthermore, a House Council is proposed given the level of legal support needed to acquiring the necessary licenses and permits to do business in Iraq and to provide the necessary legal support for all FINCO transactions.

   CPI also adjusted FINCO's suggested salaries for local staff given current salary levels for similar positions based in Baghdad (suggested rates were too low) and proposed both a fringe benefit package and a performance-based salary and bonus structure for all employees. The fringe benefit package is based on a similar package that CPI offers to our current local staff. For the staff incentive plan, CPI experience shows that a clean loan portfolio is the result of diligence from all project staff. CPI has extensive experience in performance based compensation practices and has successfully carried out this practice in all of its lending programs. Once the market demands for the project are fully understood, target levels of performance are set for number of loans issued, loan repayment performance, and several other variables. Although number of loans issued is an element of the incentive plan the emphasis is always on a very high and timely repayment rate.

OTHER DIRECT COSTS - (OPIC Suggested: $280,000 / CPI Suggested: $469,000)

A. **Office Costs**. CPI adjusted FINCO suggested office costs for rent, furniture and equipment, utilities, communications etc. given current prices for similar services offered in Baghdad (suggested rates

were too low). CPI also doubled the amount of start-up FFE to cover costs associated with procuring generators, satellite phone / email network and FINCO's accounting and MIS systems.

B. **Other Fees**. CPI increased the amount of funds allocated to both local and international legal fees, as well as added additional start-up funding, due to the realities of procuring licenses and providing legal due diligence in Iraq. CPI added an Annual Audit line item to cover costs associated with CPI annual audit of FINCO operations. Fee proposed covers all costs associated with the audit (auditor/accountant time, travel costs, legal fees, documentation fees, etc.). CPI has also suggested removing the "Indicative Annual Fee".

INDIRECT COSTS - (OPIC Suggested: $57,175 / CPI Suggested: $50,374)

A. **Contingencies**. CPI offered no suggestions to the original OPIC suggest contingency rate. It remained fixed at 5%.

FINCO TOTAL COSTS — OPIC Suggested: $1,200,675 / CPI Suggested: $963,770)

CPI - ANNUAL ADMINISTRATE SERVICE FEE – Year 1 / Startup (CPI Suggested: $2,310,521)

Provided below is a brief description of all costs associated with CPI's proposed annual administrative service fee. It is important to note that the fee includes costs associated with expatriate field staff.

A. **Field Staff – Expatriate**. As mentioned above, CPI has suggested that all charges (except Security) for FINCO initial expatriate staff should be part of CPIs Annual Administrative Service Fee. CPI has increased costs associated with rent, utilities, health and life insurance given local prices for these services. Also as mentioned above, these costs are phased out by Month 18.

B. **CPI Personnel – Washington**. CPI estimated level of effort of headquarters staff needed to provide both programmatic and financial oversight for the FINCO program. Programmatically, CPI's four proposed HQ support staff (with support from CPI consultants) will provide support on all program components, including: establishing FINCO as a non-profit entity in a U.S. jurisdiction; appointing and serving on both the interim and permanent board of directors; supporting negotiations, on behalf of FINCO, on all agreements; assisting FINCO in developing appropriate high-level credit policies, operating procedures and strategic objectives; supporting the identification and hiring of a FINCO CEO and other key hiring; arranging for FINCO to perform the role of the Tranche A and B Administrative Agents; and finally providing ongoing support to FINCO in the form of technical assistance, monitoring, and policy advice.

C. **Travel**. CPI estimates that six, three-week trips will be required for CPI HQ management to provide both financial and programmatic oversight of FINCO operations. This will ensure a smooth startup and that all OPIC requirements are being sufficiently met.

D. **Legal Fees**. We estimate that on an annual weighted basis, CPI will need approximately $1,500 dollar a month to cover miscellaneous legal fees associated with FINCO operations for Month 6-12. In addition, CPI proposes $52,000 in start-up legal fees for costs associated with completing negotiations of FINCO's Tranche A and B Finance, Escrow Account, and Administrative Services Agreements. CPI estimates that these services will need approximately 240 hours in legal council.

E. **Miscellaneous Expenses.** CPI estimates $5,000 a month to cover miscellaneous communication, publication and technical expenses associated with the program oversight of FINCO. $5,000 in computer equipment (2 computers) has also been budgeted for new CPI-FINCO staff.

F. **Consultants.** CPI is estimating 366 consulting days of international and 120 days in local consultants (start-up only) during Year 1 and Start-up to cover consulting needs associated with establishing FINCO as a non-profit entity in a U.S. jurisdiction; supporting negotiations, on behalf of FINCO, on all agreements; assisting FINCO in developing appropriate high-level credit policies, operating procedures and strategic objectives; arranging for FINCO to perform the role of the Tranche A and B Administrative Agents; and finally providing ongoing support to FINCO in the form of technical assistance, monitoring, and policy advice. 23 days have been estimated for each consultant trip.

G. **Indirect Costs.** CPI charged a negotiated indirect cost rate of 28% and Fixed Fee of 5% on all project direct costs to cover costs associated with general CPI HQ operations.

FINCO
IRAQ

Annex 1

Standard Form 1449

SOLICITATION/CONTRACT/ORDER FOR COMMERCIAL ITEMS

Offeror to Complete Blocks 12, 17, 23, 24, & 30

1. Requisition Number	PAGE 1 OF 7
OPIC-LA-04-0077	

2. Contract No.	3. Award/Effective Date	4. Order Number	5. Solicitation Number	6. Solicitation Issue Date
			OPIC-04-R-0008	May 24, 2004

7. For Solicitation Information Call:	a. Name	b. Telephone Number *(No collect calls)*	8. Offer Due Date/Local Time
	JAMES D. SPRANDEL jspra@opic.gov	202-336-8560	June 9, 2004 / 03:00 PM

9. Issued By	10. This Acquisition is	11. Delivery for FOB Destination Unless Block is Marked.	12. Discount Terms
Code PROC Overseas Private Investment Corporation Procurement Section 1100 New York Avenue, NW Washington, DC 20527	[X] Unrestricted [ ] Set-Aside % for [ ] Small Business [ ] HubZone Small Business [ ] 8(A) NAICS: ___ Size Standard: ___	[ ] See Schedule	Net 30
		[ ] 13a. This contract is a rated order under DPAS (15 CFR 700)	
		13b. Rating	
		14. Method of Solicitation [ ] RFQ [ ] IFB [X] RFP	

15. Deliver To	16. Administered By
Code LA Overseas Private Investment Corporation Legal Affairs 1100 New York Avenue, NW Washington, DC 20527	Code

17a. Contractor/Offeror	18a. Payment Will Be Made By
Code Facility Code Counterpart International, Inc 1200 18th Street, NW Suite 1100 Washington, DC 20036 Telephone No. (202) 296-9676 TIN: 13-6193605	Code
17b. Check if Remittance is Different and Put Such Address in Offer. [ ]	18b. Submit Invoices to Address Shown in Block 18a Unless Box Below is Checked. [ ] See Addendum.

19. ITEM NO.	20. SCHEDULE OF SUPPLIES/SERVICES	21. QUANTITY	22. UNIT	23. UNIT PRICE	24. AMOUNT
	Establish Non-Profit Finance Agency			Yr 1 = Startup FINCO: 1,057,350 CPI: 2,310,821	3,368,371

25. Accounting and Appropriation Data	26. Total Award Amount *(For Govt. Use Only)*

[ ] 27a. Solicitation incorporates by reference FAR 52.212-1, 52.212-4, FAR 52.212-3 and 52.212-5 are attached. Addenda [X] are [ ] are not attached

[ ] 27b. Contract/Purchase Order incorporates by reference FAR 52.212-4, 52.212-5 is attached. Addenda [ ] are [ ] are not attached

[X] 28. Contractor is required to sign this document and return 2 copies to Issuing Office. Contractor agrees to furnish and deliver all items set forth or otherwise identified above and on any additional sheets subject to the terms and conditions specified herein.	[ ] 29. Award of Contract: Reference. _____ Offer Dated _____. Your offer on Solicitation (Block 5), including any additions or changes which are set forth herein, is accepted as to items:
30a. Signature of Offeror/Contractor (b)(6) (b)(6) 30b. Date Signed 6/17/04	31a. United States of America *(Signature of Contracting Officer)* 31b. Name of Contracting Officer *(Type or Print)* 31c. Date Signed

32a. Quantity in Column 21 Has Been

[ ] Received [ ] Inspected [ ] Accepted, and Conforms to the Contract, Except as Noted: _____

32b. Signature of Authorized Government Representative	32c. Date	32d. Printed Name and Title of Authorized Government Representative
32e. Mailing Address of Authorized Government Representative		32f. Telephone Number of Authorized Government Representative 32g. E-mail of Authorized Government Representative

33. Ship Number	34. Voucher Number	35. Amount Verified Correct For	36. Payment	37. Check Number
[ ] Partial [ ] Final			[ ] Complete [ ] Partial [ ] Final	
38. S/R Account Number	39. S/R Voucher Number	40. Paid By		

41a. I certify this account is correct and proper for payment	42a. Received By (Print)
41b. Signature and Title of Certifying Officer / 41c. Date	42b. Received At (Location) 42c. Date Rec'd (YY/MM/DD) / 42d. Total Containers

FINCO
IRAQ

Annex 2

ACH Form

ACH VENDOR/MISCELLANEOUS PAYMENT ENROLLMENT FORM

OMB No. 1510-0056
Expiration Date 01/31/2000

This form is used for Automated Clearing House (ACH) payments with an addendum record that contains payment-related information processed through the Vendor Express Program. Recipients of these payments should bring this information to the attention of their financial institution when presenting this form for completion.

PRIVACY ACT STATEMENT

The following information is provided to comply with the Privacy Act of 1974 (P.L. 93-579). All information collected on this form is required under the provisions of 31 U.S.C. 3322 and 31 CFR 210. This information will be used by the Treasury Department to transmit payment data, by electronic means to vendor's financial institution. Failure to provide the requested information may delay or prevent the receipt of payments through the Automated Clearing House Payment System.

AGENCY INFORMATION

FEDERAL PROGRAM AGENCY
Overseas Private Investment Corporation

AGENCY IDENTIFIER: OPI1

AGENCY LOCATION CODE (ALC): 71000001

ACH FORMAT: [X] CCD+ [ ] CTX [ ] CTP

ADDRESS:
1100 New York Avenue, NW
Washington, DC 20527

CONTACT PERSON NAME: (b)(6)

TE (b)(6)

ADDITIONAL INFORMATION: (b)(6)

PAYEE/COMPANY INFORMATION

NAME: COUNTERPART INTERNATIONAL (EVI) (b)(6)

ADDRESS: 1200 18TH STREET, NW SUITE 1100 DUNS Number:
WASHINGTON, DC 20036 (b)(6)

CONTACT PERSON NAME: (b)(6) E-Mail Address:

FINANCIAL INSTITUTION INFORMATION

NAME: CITIBANK, FSB

ADDRESS:
600 PENNSYLVANIA AVENUE SE
WASHINGTON DC

ACH (b)(6) (b)(6)

NINE (b)(6)

DEPOSITOR ACCOUNT TITLE: COUNTERPART INTERNATIONAL, INC.

DEPOSITOR ACCOUNT NUMBER: 1519 8114

LOCKBOX NUMBER:

TYPE OF ACCOUNT: [ ] CHECKING [X] SAVINGS [ ] LOCKBOX

(b)(6)

AGENCY COPY VICE PRESIDENT & C.F.O.

Prescribed by Department of Treasury
31 U S C 3322; 31 CFR 210

FINCO
IRAQ

Annex 3

Detailed FINCO Budget and Suggestions

Iraq Loan Finance Company - FINCO
FINCO Detailed Field Budget

OPIC Suggestions to Detailed FINCO Budget						CPI Suggestions to Detailed FINCO Budget						
Table 1 Personnel and Related Cost	Basis/Reference			Year 1	Start Up Costs	Basis/Reference		Year 1	Year 2	Year 3	Year 4	TOTAL
A. Field Staff - Expatriate												
General Manager (CEO)												
Salary	$190,000	year	1	$190,000	$0	$0 month	12	$0	$0	$0	$0	$0
Residence Rent	$1,500	month	12	$18,000	$10,000	$0 month	12	$0	$0	$0	$0	$0
Utilities	$100	month	12	$1,200	$0	$0 month	12	$0	$0	$0	$0	$0
Security (ind. car and driver)	$10,000	month	12	$120,000		$10,000 month	12	$120,000	$0	$126,000	$132,300	$378,300
Life Insurance	$10,000	year	12	$120,000	$0	$0 year	1	$0	$0	$0	$0	$0
Health Insurance	$10,000	year	1	$10,000	$0	$0 year	1	$0	$0	$0	$0	$0
Travel	$5,000	trip	4	$20,000	$0	$0 trip	6	$0	$0	$0	$0	$0
Moving Experises				$0	$10,000	$0 trip	1	$0	$0	$0	$0	$0
Local Tax	$15	percent		$28,500	$0	15 percent		$18,000	$0	$18,900	$19,845	$56,745
					$0							$0
Operations Manager					$0							$0
Salary	$10,000	month	12	$120,000	$0	$0 month	12	$0	$0	$0	$0	$0
Residence Rent (co-located)	$0	month	0	$0	$0	$0 month	12	$0	$0	$0	$0	$0
Security (incl. car and driver)	$10,000	month	12	$120,000		$10,000 month	12	$120,000	$0	$126,000	$132,300	$378,300
Life Insurance	$8,000	year	1	$8,000	$0	$0 year	1	$0	$0	$0	$0	$0
Health Insurance	$8,000	year	1	$8,000	$0	$0 year	1	$0	$0	$0	$0	$0
Travel	$4,000	trip	2	$8,000	$0	$0 trip	2	$0	$0	$0	$0	$0
Moving Expenses					$10,000	$0 trip	1	$0	$0	$0	$0	$0
Local Tax	$15	percent		$18,000		15 percent		$18,000	$0	$18,900	$19,845	$56,745
Subtotal Field Staff - Expatriate				***$789,700***	***$30,000***			***$276,000***	***$0***	***$289,800***	***$304,290***	***$870,090***
B. Field Staff - Local Hire												
General Manager	$0	month	0	$0	$0	$5,000 month	12	$0	$0	$63,000	$66,150	$129,150
Operations Manager	$0	month	0	$0	$0	$4,000 month	12	$48,000	$0	$50,400	$52,920	$151,320
Deputy Manager	$0	month	0	$0	$0	$2,000 month	12	$24,000	$0	$25,200	$26,460	$75,660
In-House Legal Counsel	$0	month	0	$0	$0	$1,500 month	12	$18,000	$0	$18,900	$19,845	$56,745
Deputy Operations Manager	$750	month	12	$9,000	$0	$1,500 month	12	$18,000	$0	$18,900	$19,845	$56,745
Accountant	$600	month	12	$7,200	$0	$1,500 month	12	$18,000	$0	$18,900	$19,845	$56,745
Loan Officer 1	$500	month	12	$6,000	$0	$1,000 month	12	$12,000	$0	$12,600	$13,230	$37,830
Loan Officer 2	$300	month	12	$3,600	$0	$1,000 month	12	$12,000	$0	$12,600	$13,230	$37,830
Loan Officer 3	$300	month	12	$3,600	$0	$1,000 month	12	$12,000	$0	$12,600	$13,230	$37,830
Analyst 1	$250	month	12	$3,000	$0	$500 month	12	$6,000	$0	$6,300	$6,615	$18,915
Analyst 2	$250	month	12	$3,000	$0	$500 month	12	$6,000	$0	$6,300	$6,615	$18,915
Analyst 3	$250	month	12	$3,000	$0	$500 month	12	$6,000	$0	$6,300	$6,615	$18,915
Receptionist	$150	month	12	$1,800	$0	$300 month	12	$3,600	$0	$3,780	$3,969	$11,349
Maintenance	$100	month	12	$1,200	$0	$150 month	12	$1,800	$0	$1,890	$1,985	$5,675
Translator	$200	month	12	$2,400	$0	$400 month	12	$4,800	$0	$5,040	$5,292	$15,132
Local Staff Fringe Benefits	0	percent		$0	$0	$0 percent		$57,060	$0	$76,619	$82,754	$216,621
Staff Incentive Plan	0	percent		$0	$0	8 percent		$15,216	$0	$21,017	$22,058	$58,300
Subtotal Field Staff - Local Hire				***$43,800***	***$0***			***$262,476***	***$0***	***$382,640***	***$390,602***	***$1,035,683***
Subtotal - Personnel and Related Costs				$833,500	$30,000			$538,476				

OPIC Suggestions to Detailed FINCO Budget					CPI Suggestions to Detailed FINCO Budget					
Table 1 Personnel and Related Costs	Base Reference		Year 1	Start Up Costs	Base Reference		Year 1	Start Up Costs	Year 2	Year 3	TOTAL
A. Office Costs											
Rent	$2,000 month	12	$24,000	$0	$3,500 month	12	$42,000		$44,100	$46,305	$132,405
FFE	$2,000 year	1	$2,000	$20,000	$12,000 year	1	$12,000	$40,000	$12,600	$13,230	$77,830
MIS Accounting System	$0 year	0	$0	$0	$0 year	0	$0	$20,000	$0	$0	$20,000
Local Security	$10,000 month	12	$120,000	$0	$12,500 month	12	$150,000		$157,500	$165,375	$472,875
Utilities	$1,000 month	12	$12,000	$0	$1,500 month	12	$18,000		$18,900	$19,845	$56,745
Maintenance - Repair	$500 month	12	$6,000	$0	$500 month	12	$6,000		$6,300	$6,615	$18,915
Office Supplies	$1,000 month	12	$12,000	$0	$1,000 month	12	$12,000		$12,600	$13,230	$37,830
Vehicle and Driver	$1,000 month	12	$12,000	$0	$2,000 month	12	$24,000		$25,200	$26,460	$75,660
Communications - Phone, Fax, Internet	$0 month	0	$0	$0	$2,500 month	12	$30,000		$31,500	$33,075	$94,575
B. Other Fees											
Local Legal Fees	$500 month	12	$6,000	$2,000	$1,500 month	12	$18,000	$42,000	$18,900	$19,845	$98,745
International Legal Fees	$1,000 month	12	$12,000	$0	$2,500 month	12	$30,000		$15,000	$15,000	$60,000
Corporate Tax	$0 tax exempt	0	$0	$0	$0 tax exempt	0	$0		$0	$0	$0
Annual Audit	$0 year	0	$0	$0	$25,000 year	1	$25,000		$25,000	$25,000	$75,000
Indicative Annual Fee	$52,000 year	1	$52,000	$0	$0 year	1	$0		$0	$0	$0
Subtotal: Other Direct Costs			$236,000	$22,000			$367,000	$102,000	$367,800	$388,380	$1,022,800
SUBTOTAL DIRECT COSTS			$1,091,500	$82,000			$905,474	$102,000	$978,840	$1,053,332	$2,939,646

OPIC Suggestions to Detailed FINCO Budget					CPI Suggestions to Detailed FINCO Budget					
Table 1 Personnel and Related Costs	Base Reference		Year 1	Start Up Costs	Base Reference		Year 1	Start Up Costs	Year 2	Year 3	TOTAL
A. Contingencies	5 percent		$54,575	$2,600	5 percent		$45,274	$5,100	$48,937	$53,447	$154,818
Subtotal: Contingencies			$54,575	$2,600			$45,274	$5,100	$48,937	$53,447	$154,818
PROJECT TOTAL COSTS			$1,146,075	$84,600			$950,750	$107,100	$1,027,777	$1,106,779	$3,094,464

FINCO
IRAQ

Annex 4

Detailed CPI Administrative Services Budget

Iraq Loan Finance Company - FINCO
Counterpart International Annual Budget

Table 1	Description	Basis Reference			Yearly	6 Month Start-up Costs					
	General Manager										
	Salary	$20,000	month	12	$240,000	$0	6	$126,000	0	$0	$366,000
	Residence Rent	$3,500	month	12	$42,000	$5,000	6	$22,050	0	$0	$69,050
	Utilities	$350	month	12	$4,200	$0	0	$0	0	$0	$4,200
	Security (incl. car and driver)	$0	month	0	$0	$0	0	$0	0	$0	$0
	Life Insurance	$120,000	year	1	$120,000	$0	0.5	$63,000	0	$0	$183,000
	Health Insurance	$20,000	year	1	$20,000	$0	0.5	$10,500	0	$0	$30,500
	Travel	$5,000	trip	4	$20,000	$0	2	$10,500	0	$0	$30,500
	Moving Expenses	$10,000	trip	0	$0	$10,000	0	$0	0	$0	$10,000
	Local Tax	15	percent		$36,000	$0		$18,900		$0	$54,900
											$0
	Operations Manager										$0
	Salary	$11,667	month	12	$140,004	$0	0	$0		$0	$140,004
	Residence Rent (co-located)	$1,667	month	12	$20,004	$0	0	$0		$0	$20,004
	Security (incl. car and driver)	$0	month	0	$0	$0	0	$0		$0	$0
	Life Insurance	$120,000	year	1	$120,000	$0	0	$0		$0	$120,000
	Health Insurance	$20,000	year	1	$20,000	$0	0	$0		$0	$20,000
	Travel	$5,000	trip	2	$10,000	$0	0	$0		$0	$10,000
	Moving Expenses	$10,000	trip	0	$0	$10,000	0	$0		$0	$10,000
	Local Tax	15	percent		$21,001	$0	0	$0		$0	$21,001
	Subtotal Field Staff - Expatriate				*$813,209*	*$25,000*		*$250,950*		*$0*	# *$1,089,159*
	CPI Personnel - Washington										
	VP Enterprise Development	$130,000	year	25%	$32,500	$0	25%	$34,125	25%	$35,831	$102,456
	Program Manager	$60,000	year	100%	$60,000	$0	100%	$63,000	100%	$66,150	$189,150
	Chief Financial Officer	$130,000	year	10%	$13,000	$0	10%	$13,650	10%	$14,333	$40,983
	Field Accountant	$50,000	year	20%	$10,000	$0	20%	$10,500	20%	$11,025	$31,525
	Fringe for Headquarters Staff	33	percent		$38,115	$0		$40,021		$42,022	$120,158
	Subtotal CPI Personnel				*$153,615*	*$0*		*$161,296*		*$169,361*	*$484,271*
	Travel										
	International Airfare	$2,000	ticket	6	$12,000	$0	4	$8,400	4	$8,820	$29,220
	Per Diem (10 days per trip)	$154	day	126	$19,404	$0	60	$9,702	60	$10,187	$39,293
	Misc. Expenses (VISA, Inoculations, etc.)	$250	trip	6	$1,500	$0	4	$1,050	4	$1,103	$3,653
	Local Ground Travel / Security	$350	day	126	$44,100	$0	6	$2,205	6	$2,315	$48,620
	Subtotal Travel				*$77,004*	*$0*		*$21,357*		*$22,425*	*$120,786*

Iraq Loan Finance Company - FINCO
Counterpart International Annual Budget

D.	Legal Fees											
	Local Legal Fees	$0	month	0	$0		$2,000	0	$0	0	$0	$2,000
	International Legal Fees	$1,500	month	6	$9,000		$50,000	12	$18,900	12	$19,845	$97,745
	Subtotal Legal Fees				*$9,000*		*$52,000*		*$18,900*		*$19,845*	*$99,745*
E.	Miscellaneous Expenses											
	Communications - Fax, Phone, Email	$2,500	month	12	$30,000		$0	12	$31,500	12	$33,075	$94,575
	Computer and Software	$2,500	item	2	$5,000		$0	0	$0	0	$0	$5,000
	Other	$2,500	month	12	$30,000		$0	12	$31,500	12	$33,075	$94,575
	Subtotal Miscellaneous Expenses				*$65,000*		*$0*		*$63,000*		*$66,150*	# *$194,150*
F.	Consultants											
	International Consultant Fees	$781	day	126	$98,406	240	$187,440	126	$98,406	126	$98,406	$482,658
	Local / National Consultants	$150	day	0	$0	120	$18,000	0	$0	0	$0	$18,000
	International Airfare	$2,000	ticket	6	$12,000	10	$20,000	6	$12,600	6	$13,230	$57,830
	Per Diem (10 days per trip)	$154	day	126	$19,404	240	$36,960	126	$20,374	126	$21,393	$98,131
	Misc. Expenses (VISA, Inoculations, etc.)	$250	trip	6	$1,500	10	$2,500	6	$1,575	6	$1,654	$7,229
	Local Ground Travel / Security	$350	day	126	$44,100	240	$84,000	6	$2,205	6	$2,315	$132,620
	Subtotal Consultants				*$175,410*		*$348,900*		*$135,160*		*$136,998*	*$796,468*
	SUBTOTAL DIRECT COSTS				$1,293,218		$426,900		$650,866		$414,678	$2,784,479
G.	Indirect Costs											
	NICRA (calculated at 28%)	28	percent		$362,107		$119,532		$182,186		$116,138	$779,682
	Fixed Fee (On NICRA + Direct Costs)	5	percent		$82,767		$27,258		$32,533		$20,739	$163,297
	SUBTOTAL INDIRECT COSTS				$444,874		$146,790		$214,719		$136,877	$942,979
	TOTAL PROJECT HQ COSTS				$ 738,111		$573,690		$865,585		$551,555	$3,727,458

FINCO
IRAQ

Annex 5

CVs / Letters of Commitment

(b)(6)

(b)(6)

(b)(6)

(b)(6)

(b)(6)

(b)(6)

(b)(6)

(b)(6)

(b)(6)

Letter of Commitment

June 14, 2004

(b)(6) Vice President
Counterpart International, Inc.
1200 – 18th Street, N.W., Suite 1100
Washington, DC 20036

RE: FINCO Iraq – OPIC-04-R-0008

Dear (b)(6)

I agree to work on the Counterpart project to establish a lending facility in Iraq and I feel I have the necessary qualifications to add significant value to your efforts.

This letter will serve as my authorization for Counterpart International to submit my name to OPIC for consideration for FINCO Iraq – OPIC-04-R-0008.

Thank you very much for this opportunity.

Cordially,

(b)(6)

(b)(6)

(b)(6)

(b)(6)

(b)(6)

Letter of Commitment

June 14, 2004

(b)(6)
Vice President
International, Inc.
1200 – 18th Street, N.W., Suite 1100
Washington, DC 20036

RE: FINCO Iraq – OPIC-04-R-0008

(b)(6)

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Thank you very much for this opportunity.

(b)(6)

(b)(6)

(b)(6)

(b)(6)

(b)(6)

(b)(6)

Letter of Commitment

BY FAX

14 June 2004

(b)(6) – Vice President
Counterpart International, Inc.
1200 – 18th Street, N.W., Suite 1100
Washington, DC 20036

RE: FINCO Iraq – OPIC-04-R-0008

(b)(6)

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Cordially,

(b)(6)

(b)(6)

(b)(6)

(b)(6)

Letter of Commitment

June 14, 2004

(b)(6) – Vice President
Counterpart International, Inc.
1200 – 18th Street, N.W., Suite 1100
Washington, DC 20036

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This letter will serve as my authorization for Counterpart International to submit my name to OPIC for consideration for FINCO Iraq – OPIC-04-R-0008.

Thank you very much for this opportunity.

Cordially,

(b)(6)

(b)(6)

(b)(6)

(b)(6)

(b)(6)

(b)(6)

FINCO
IRAQ

Annex 6

Past Performance Matrices

Award Agency Information	Project Information	Brief Description of Program
EnviroVentures		
Name of Awarding Organization & Address: OPIC 1100 New York Ave. NW Washington, DC 20527 Responsible Technical Representative Contact Information: (b)(6)	Place of Performance of Services or Program: Philippines Award Type: Loan Award Term: 3/1/01— Present **Award Amount:** $1,500,000	This for-profit subsidiary of Counterpart International is a unique SME debt and equity finance facility. EnviroVentures encourages sustainable business development through investing in sound environmentally friendly businesses. In forging partnerships with SMEs, EnviroVentures contributes to strengthening of the local economies of host countries and communities, generates employment and enhances public welfare. Specific goals of the project include: • Providing access to growth capital to Philippine small and medium enterprises engaged in environmentally beneficial businesses. • Demonstrating the feasibility of equity capital finance in this sector of the Philippine business economy and thereby improve the prospects for foreign direct investment. • Provide technical support to investee SMEs in marketing, finance and accounting. Types of investments include: (1) community-based environmental services projects, such as urban and rural water supply, distribution, solid waste and sanitation; (2) environmentally sustainable projects or agro-industry pollution reduction activities; and (3) projects that reduce greenhouse gases through enhanced supply from renewable sources or technological innovations. In addition to providing equity capital, EnviroVentures ties critically needed managerial, financial and similar types of technical assistance and training to each investment. This is a departure from most SME lenders, both those that are publicly supported and commercial banks. As such, EnviroVentures provides critically needed managerial know-how, marketing knowledge, cost accounting, financial controls, technology and skills transfer, strategic planning and other business and financial training to entrepreneurs in combination with each investment. Ultimately, Counterpart seeks to strengthen local capacity to deliver professional services, build institutional support structures and enhance access to credit. This strategy not only provides entrepreneur borrowers with a new source of affordable credit, it strengthens their capacity to manage and grow viable businesses that benefit their entire community.

Award Agency Information	Project Information	Brief Description of Program
Counterpart Enterprise Fund: Russian Far East Credit Program - 118-A-00-98-00180-00		
Name of Awarding Organization & Address: The U.S. Agency for International Development USAID/Moscow 19/23 Novinsky Bulvar Moscow 121099 Russia **Responsible Technical Representative Contact Information:** (b)(6)	**Place of Performance of Services or Program:** Khabarovsk, Russia **Award Type:** Cooperative Agreement **Award Term**: 8/1/98- 6/30/03 **Award Amount:** $1,851,761	Counterpart Enterprise Fund provided entrepreneurs in the Russian Far East with loans at competitive market rates and critically needed technical know-how and managerial assistance to assure business success. The CEF program represented the only source of credit available for them to grow and expand their businesses. In order to stimulate local bank lending CEF created an SME lending training program for Russian bank credit staff which resulted in three local banks entering the SME loan market. The program improved individual leadership and managerial skills as well as business training and networking opportunities in the area. The business training that every client completed prior to receiving a loan not only increased business acumen, but also fostered a better understanding of the democratic process inherent in the day-to-day operations of a free-market economy. Program achievements included: • Over 3,500 local entrepreneurs received training and technical assistance. • Over 4,000 loans have been disbursed, valued at over $9,000,000. • Delinquency rates on principal and interest reached lows of zero percent in August 2000 and remained near that level thereafter • Seventy percent of CEF clients were women. • The fund averaged $350,000 a month in new loans at program closeout. • Interest revenue at program close of approximately $40,000 per month. **Counterpart Enterprise Fund stands today as the first USAID funded lending program to graduate to an independent, wholly Russian lending organization**.

Award Agency Information	Project Information	Brief Description of Program
Counterpart Meta Center (CMC) – Cooperative Agreement #121-0005-1-001-9000		
Name of Awarding Organization & Address: The US Agency for International Development Responsible Technical Representative Contact Information: (b)(6)	Place of Performance of Services or Program: Ukraine Award Type: Cooperative Agreement Award Term: 10/1997-5/2001 Award Amount: $1,600,000	In October 1997, Counterpart International initiated a program to create an incubator and lending facility in L'viv, Ukraine called "Counterpart Meta Center" (CMC). This project created a sustainable business support mechanism through which successful small businesses could grow and thus help revitalize the local economy and community. Through a bank guarantee fund mechanism, CMC partnered with Electron Bank to disburse approximately $3,000,000 in loans ranging from $2,000 to $25,000 to area entrepreneurs. CMC provided SME loan origination training to Electron credit staff. In addition CMC provided a comprehensive, integrated package of services to entrepreneurs including access to modern office space, equipment, administrative services, business management consulting, and industry-specific training. CMC also successfully registered as a local Ukrainian non-commercial NGO and continues today as a viable lending facility. The key achievements of the project include: • Over 1500 loans issued. • 13 offices rented; 100% occupancy within eight months of start of program. • Nearly 8,000 hours of training and consulting delivered to clients. • Over $5,000 in revenue collected per month from loan interest, training fees and space rental. • Local staff received extensive management experience; assumed the lead management role in 2000. • Continues today as a viable MFI in collaboration with a local bank.

FINCO
IRAQ

Annex 7

Representations & Certifications

52.212-3 Offeror Representations and Certifications-Commercial Items.

As prescribed in 12.301(b)(2), insert the following provision:

Offeror Representations and Certifications-Commercial Items (May 2004)

(a) *Definitions.* As used in this provision:

"Emerging small business" means a small business concern whose size is no greater than 50 percent of the numerical size standard for the NAICS code designated.

"Forced or indentured child labor" means all work or service-

(1) Exacted from any person under the age of 18 under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily; or
(2) Performed by any person under the age of 18 pursuant to a contract the enforcement of which can be accomplished by process or penalties.

"Service-disabled veteran-owned small business concern"-

(1) Means a small business concern-
(i) Not less than 51 percent of which is owned by one or more service-disabled veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more service-disabled veterans; and
(ii) The management and daily business operations of which are controlled by one or more service-disabled veterans or, in the case of a service-disabled veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran.
(2) Service-disabled veteran means a veteran, as defined in 38 U.S.C. 101(2), with a disability that is service-connected, as defined in 38 U.S.C. 101(16).

"Small business concern" means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria in 13 CFR part 121 and size standards in this solicitation.

"Veteran-owned small business concern" means a small business concern-

(1) Not less than 51 percent of which is owned by one or more veterans (as defined at 38 U.S.C. 101(2)) or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and
(2) The management and daily business operations of which are controlled by one or more veterans.

"Women-owned business concern" means a concern which is at least 51 percent owned by one or more women; or in the case of any publicly owned business, at least 51 percent of its stock is

owned by one or more women; and whose management and daily business operations are controlled by one or more women.

"Women-owned small business concern" means a small business concern-

(1) That is at least 51 percent owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and
(2) Whose management and daily business operations are controlled by one or more women.
(b) *Taxpayer Identification Number (TIN) (26 U.S.C. 6109, 31 U.S.C. 7701).* (Not applicable if the offeror is required to provide this information to a central contractor registration database to be eligible for award.)
(1) All offerors must submit the information required in paragraphs (b)(3) through (b)(5) of this provision to comply with debt collection requirements of 31 U.S.C. 7701(c) and 3325(d), reporting requirements of 26 U.S.C. 6041, 6041A, and 6050M, and implementing regulations issued by the Internal Revenue Service (IRS).
(2) The TIN may be used by the Government to collect and report on any delinquent amounts arising out of the offeror's relationship with the Government (31 U.S.C. 7701(c)(3)). If the resulting contract is subject to the payment reporting requirements described in FAR 4.904, the TIN provided hereunder may be matched with IRS records to verify the accuracy of the offeror's TIN.
(3) *Taxpayer Identification Number (TIN).*
☒ TIN: (b)(6) .
☐ TIN h
☐ TIN is not required because:
☐ Offeror is a nonresident alien, foreign corporation, or foreign partnership that does not have income effectively connected with the conduct of a trade or business in the United States and does not have an office or place of business or a fiscal paying agent in the United States;
☐ Offeror is an agency or instrumentality of a foreign government;
☐ Offeror is an agency or instrumentality of the Federal Government.
(4) *Type of organization.*
☐ Sole proprietorship;
☐ Partnership;
☐ Corporate entity (not tax-exempt);
☒ Corporate entity (tax-exempt);
☐ Government entity (Federal, State, or local);
☐ Foreign government;
☐ International organization per 26 CFR 1.6049-4;
☐ Other _____.
(5) *Common parent.*
☒ Offeror is not owned or controlled by a common parent;
☐ Name and TIN of common parent:
Name _____.
TIN _____.
(c) Offerors must complete the following representations when the resulting contract will be performed in the United States or its outlying areas. Check all that apply.

__ 51-100	__ $1,000,001-$2 million
__ 101-250	__ $2,000,001-$3.5 million
__ 251-500	__ $3,500,001-$5 million
__ 501-750	__ $5,000,001-$10 million
__ 751-1,000	__ $10,000,001-$17 million
__ Over 1,000	__ Over $17 million

(9) [*Complete only if the solicitation contains the clause at FAR 52.219-23, Notice of Price Evaluation Adjustment for Small Disadvantaged Business Concerns, or FAR 52.219-25, Small Disadvantaged Business Participation Program-Disadvantaged Status and Reporting, and the offeror desires a benefit based on its disadvantaged status.*]

(i) *General.* The offeror represents that either-

(A) It ❑ is, ❑ is not certified by the Small Business Administration as a small disadvantaged business concern and identified, on the date of this representation, as a certified small disadvantaged business concern in the database maintained by the Small Business Administration (PRO-Net), and that no material change in disadvantaged ownership and control has occurred since its certification, and, where the concern is owned by one or more individuals claiming disadvantaged status, the net worth of each individual upon whom the certification is based does not exceed $750,000 after taking into account the applicable exclusions set forth at 13 CFR 124.104(c)(2); or

(B) It ❑ has, ❑ has not submitted a completed application to the Small Business Administration or a Private Certifier to be certified as a small disadvantaged business concern in accordance with 13 CFR 124, Subpart B, and a decision on that application is pending, and that no material change in disadvantaged ownership and control has occurred since its application was submitted.

(ii) ❑ *Joint Ventures under the Price Evaluation Adjustment for Small Disadvantaged Business Concerns.* The offeror represents, as part of its offer, that it is a joint venture that complies with the requirements in 13 CFR 124.1002(f) and that the representation in paragraph (c)(9)(i) of this provision is accurate for the small disadvantaged business concern that is participating in the joint venture. [*The offeror shall enter the name of the small disadvantaged business concern that is participating in the joint venture:*_____.]

(10) *HUBZone small business concern.* [*Complete only if the offeror represented itself as a small business concern in paragraph (c)(1) of this provision.*] The offeror represents, as part of its offer, that-

(i) It ❑ is, ❑ is not a HUBZone small business concern listed, on the date of this representation, on the List of Qualified HUBZone Small Business Concerns maintained by the Small Business Administration, and no material change in ownership and control, principal office, or HUBZone employee percentage has occurred since it was certified by the Small Business Administration in accordance with 13 CFR part 126; and

(ii) It ❑ is, ❑ is not a joint venture that complies with the requirements of 13 CFR part 126, and the representation in paragraph (c)(10)(i) of this provision is accurate for the HUBZone small business concern or concerns that are participating in the joint venture. [*The offeror shall enter the name or names of the HUBZone small business concern or concerns that are participating in the joint venture:* _____.] Each HUBZone small business concern participating in the joint venture shall submit a separate signed copy of the HUBZone representation.

(d) *Representations required to implement provisions of Executive Order 11246-*

(1) Previous contracts and compliance. The offeror represents that-

(i) It ☒ has, ☐ has not participated in a previous contract or subcontract subject to the Equal Opportunity clause of this solicitation; and
(ii) It ☒ has, ☐ has not filed all required compliance reports.
(2) *Affirmative Action Compliance.* The offeror represents that-
(i) It ☒ has developed and has on file, ☐ has not developed and does not have on file, at each establishment, affirmative action programs required by rules and regulations of the Secretary of Labor (41 CFR parts 60-1 and 60-2), or
(ii) It ☐ has not previously had contracts subject to the written affirmative action programs requirement of the rules and regulations of the Secretary of Labor.
(e) *Certification Regarding Payments to Influence Federal Transactions (31 U.S.C. 1352).* (Applies only if the contract is expected to exceed $100,000.) By submission of its offer, the offeror certifies to the best of its knowledge and belief that no Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress on his or her behalf in connection with the award of any resultant contract.
(f) *Buy American Act Certificate.* (Applies only if the clause at Federal Acquisition Regulation (FAR) 52.225-1, Buy American Act-Supplies, is included in this solicitation.)
(1) The offeror certifies that each end product, except those listed in paragraph (f)(2) of this provision, is a domestic end product and that the offeror has considered components of unknown origin to have been mined, produced, or manufactured outside the United States. The offeror shall list as foreign end products those end products manufactured in the United States that do not qualify as domestic end products. The terms "component," "domestic end product," "end product," "foreign end product," and "United States" are defined in the clause of this solicitation entitled "Buy American Act-Supplies."
(2) Foreign End Products:

Line Item No.	Country of Origin

[List as necessary]

(3) The Government will evaluate offers in accordance with the policies and procedures of FAR Part 25.
(g)(1) *Buy American Act-Free Trade Agreements-Israeli Trade Act Certificate.* (Applies only if the clause at FAR 52.225-3, Buy American Act-Free Trade Agreements-Israeli Trade Act, is included in this solicitation.)
(i) The offeror certifies that each end product, except those listed in paragraph (g)(1)(ii) or (g)(1)(iii) of this provision, is a domestic end product and that the offeror has considered components of unknown origin to have been mined, produced, or manufactured outside the United States. The terms "component," "domestic end product," "end product," "foreign end product," and "United States" are defined in the clause of this solicitation entitled "Buy American Act-Free Trade Agreements-Israeli Trade Act."

(ii) The offeror certifies that the following supplies are FTA country end products or Israeli end products as defined in the clause of this solicitation entitled "Buy American Act-Free Trade Agreements-Israeli Trade Act":

FTA Country or Israeli End Products:

Line Item No.	Country of Origin

[List as necessary]

(iii) The offeror shall list those supplies that are foreign end products (other than those listed in paragraph (g)(1)(ii) of this provision) as defined in the clause of this solicitation entitled "Buy American Act-Free Trade Agreements-Israeli Trade Act." The offeror shall list as other foreign end products those end products manufactured in the United States that do not qualify as domestic end products.

Other Foreign End Products:

Line Item No.	Country of Origin

[List as necessary]

(iv) The Government will evaluate offers in accordance with the policies and procedures of FAR Part 25.

(2) *Buy American Act-Free Trade Agreements-Israeli Trade Act Certificate, Alternate I (Jan 2004).* If Alternate I to the clause at FAR 52.225-3 is included in this solicitation, substitute the following paragraph (g)(1)(ii) for paragraph (g)(1)(ii) of the basic provision:

(g)(1)(ii) The offeror certifies that the following supplies are Canadian end products as defined in the clause of this solicitation entitled "Buy American Act-Free Trade Agreements-Israeli Trade Act":

Canadian End Products:

Line Item No.

[List as necessary]

(3) *Buy American Act-Free Trade Agreements-Israeli Trade Act Certificate, Alternate II (Jan 2004).* If Alternate II to the clause at FAR 52.225-3 is included in this solicitation, substitute the following paragraph (g)(1)(ii) for paragraph (g)(1)(ii) of the basic provision:
(g)(1)(ii) The offeror certifies that the following supplies are Canadian end products or Israeli end products as defined in the clause of this solicitation entitled "Buy American Act-Free Trade Agreements-Israeli Trade Act":

Canadian or Israeli End Products:

Line Item No.	Country of Origin

[List as necessary]

(4) *Trade Agreements Certificate.* (Applies only if the clause at FAR 52.225-5, Trade Agreements, is included in this solicitation.)
(i) The offeror certifies that each end product, except those listed in paragraph (g)(4)(ii) of this provision, is a U.S.-made, designated country, Caribbean Basin country, or FTA country end product, as defined in the clause of this solicitation entitled "Trade Agreements."
(ii) The offeror shall list as other end products those end products that are not U.S.-made, designated country, Caribbean Basin country, or FTA country end products.

Other End Products:

Line Item No.	Country of Origin

[List as necessary]

(iii) The Government will evaluate offers in accordance with the policies and procedures of FAR Part 25. For line items subject to the Trade Agreements Act, the Government will evaluate offers of U.S.-made, designated country, Caribbean Basin country, or FTA country end products without

regard to the restrictions of the Buy American Act. The Government will consider for award only offers of U.S.-made, designated country, Caribbean Basin country, or FTA country end products unless the Contracting Officer determines that there are no offers for such products or that the offers for such products are insufficient to fulfill the requirements of the solicitation.

(h) *Certification Regarding Debarment, Suspension or Ineligibility for Award (Executive Order 12549).* (Applies only if the contract value is expected to exceed the simplified acquisition threshold.) The offeror certifies, to the best of its knowledge and belief, that the offeror and/or any of its principals-

(1) ☐ Are, ☒ are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency; and

(2) ☐ Have, ☒ have not, within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a Federal, state or local government contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; and

(3) ☐ Are, ☒ are not presently indicted for, or otherwise criminally or civilly charged by a Government entity with, commission of any of these offenses.

(i) Certification Regarding Knowledge of Child Labor for *Listed End Products (Executive Order 13126).*

[*The Contracting Officer must list in paragraph (i)(1) any end products being acquired under this solicitation that are included in the List of Products Requiring Contractor Certification as to Forced or Indentured Child Labor, unless excluded at 22.1503(b).*]

(1) *Listed end products.*

Listed End Product	Listed Countries of Origin
_____	_____
_____	_____

(2) *Certification.* [*If the Contracting Officer has identified end products and countries of origin in paragraph (i)(1) of this provision, then the offeror must certify to either (i)(2)(i) or (i)(2)(ii) by checking the appropriate block.*]

[ ] (i) The offeror will not supply any end product listed in paragraph (i)(1) of this provision that was mined, produced, or manufactured in the corresponding country as listed for that product.

[ ] (ii) The offeror may supply an end product listed in paragraph (i)(1) of this provision that was mined, produced, or manufactured in the corresponding country as listed for that product. The offeror certifies that it has made a good faith effort to determine whether forced or indentured child labor was used to mine, produce, or manufacture any such end product furnished under this contract. On the basis of those efforts, the offeror certifies that it is not aware of any such use of child labor.

(End of provision)

Alternate I (Apr 2002). As prescribed in 12.301(b)(2), add the following paragraph (c)(11) to the basic provision:

(11) (Complete if the offeror has represented itself as disadvantaged in paragraph (c)(4) or (c)(9) of this provision.)

[*The offeror shall check the category in which its ownership falls*]:

FINCO
IRAQ

Annex 8

Amendments

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. Contract ID Code	Page	of Pages
	1	3

2. Amendment/Modification No.	3. Effective Date	4. Requisition/Purchase Req. No.	5. Project No. (If applicable)
0001	Jun 3, 2004	OPIC-LA-04-0077	

6. Issued By	Code PROC	7. Administered By (If other than Item 6)	Code OPIC
Overseas Private Investment Corporation Procurement Section 1100 New York Avenue, NW Washington, DC 20527		Overseas Private Investment Corp. 1100 New York Ave. N.W. Washington, DC 20527	

8. Name and Address of Contractor (*No., Street, County, and Zip Code*)	(X)	9A. Amendment of Solicitation No.
		OPIC-04-R-0008
Counterpart International, Inc. 1200 18th Street Suite 1100 Washington, DC 20036	X	9B. Date (*See Item 11*) May 24, 2004
		10A. Modification of Contract/Order No.
		10B. Date (*See Item 13*)

Code	Facility Code

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

[X] The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers [ ] is extended [X] is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning 1 copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. Accounting and Appropriation Data (*if required*)
IRAQ $

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACT/ORDERS.
IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(x)	A. This change order is issued pursuant to: (*Specify authority*) The changes set forth in item 14 are made in the Contract Order No. in item 10A.
	B. The above numbered Contract/Order is modified to reflect the administrative changes (*such as changes in paying office, appropriation date, etc.*) Set fourth item 14, pursuant to the authority of FAR 43.103 (b)
	C. This supplemental agreement is entered into pursuant to authority of:
	D. Other (*Specify type of modification and authority*)

E. IMPORTANT: Contractor [ ] is not, [ ] is required to sign this document and return copies to the issuing office.

14. Description of Amendment/Modification (*Organized by UCF section headings, including solicitation/contract subject matter where feasible.*)

We have received the following questions regarding the above referenced Solicitation (see attached sheet).

Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. Name and Title of Signer (*Type or Print*)	16A. Name and title of Contracting Officer (*Type or Print*)
Don Feil, Vice President	

15B. (b)(6)	15C. Date Signed	16B. United States of America (Signature of Contracting Officer)	16C. Date Signed
N	6/17/2004		

PREVIOUS EDITIONS UNUSABLE

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA FAR (48 CFR) 53.243

SCHEDULE

Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
	1. Will a grant or contract mechanism be utilized for the services to be supplied by the Selected NGO under the solicitation? Answer: The services to be supplied by the Selected NGO will be funded by a contract. The funds used by Finco to make its share of loans to Iraqi businesses or Iraqi banks (i.e. approximately $24.3mm) will be transferred as a grant to FINCO once it is established. 2. What organization will issue the grant or contract to the Selected NGO? (To whom will the Selected NGO be responsible?) Answer: The grant of approximately $24.3mm see above will be issued by OPIC to FINCO directly and not to the Selected NGO. The Start Up Fee will be paid to the Selected NGO by OPIC using some of the funds transferred to OPIC by the CPA. The Annual Support Fee will be paid to the Selected NGO by Finco itself. 3. What will be the coordination mechanism between the Selected NGO and OPIC to ensure that steps such as selection of an Escrow Agent and finalization of the Administrative Agency Agreement are expedited in order to achieve the timeline for implementation of Tranche A set out in Appendix 4? Answer: OPIC is already in the process of forming FINCO and registering it in Iraq. It is anticipated FINCO will be established by the time the Selected NGO is determined. OPIC has already identified the Escrow agent (a large US commercial bank which is one of the lending bank's under Tranche B)and is in the process of completing documentation to have this part of the transaction in place at the time the Selected NGO is determined. The Administrative Agent for tranche A and B is intended to be Finco. Final drafts of these agreements will be available for the Selected NGO to review once determined, and it is anticipated that there will be relatively few modifications needed. 4. Under Proposal Submission Requirements, Number 3, the final sentence "Note that the annual administrative fees must be the same for Tranches A and B for the first five years" is unclear. Please clarify if this means that the Administrative Fee for Tranche A should be the same as for Tranche B. Please also clarify whether this means that the fees should remain constant for the first five years. Answer: Please assume that the fees should be the same for tranche A and B for the first 5 years. For years 6 and 7 only tranche A is in effect. The fees may vary year by year.				

SCHEDULE

Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
	5. Are the minimum and maximum loan sizes for PFIs the same as the $500,000 - $5 million range for MMEs? If not, what are the loan limits? Answer: The principal amount of each Tranche B MME Loan will be not less than $500,000 and not greater than $5,000,000. The anticipated loan size to the PFI's will be based upon their capital, Iraqi Central Bank limitations, and these two additional restrictions: 1.The aggregate amount of Tranche B Loans to any one PFI will not exceed 60% of the Total Net Worth (calculated in US Dollars) (including equity and subordinated debt) of such PFI. The recognition of subordinated debt as a separate class of debt and the acceptability of subordinated debt as quasi-equity for purposes of the Total Net Worth calculation must be established with appropriate legal opinions or other satisfactory evidence. 2. The total borrowings from banks or specialized financial institutions by any PFI, including Tranche B Loans to such PFI, will be less than 150% of the Net Worth of such PFI (including subordinate debt).				

SCHEDULE

Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. Contract ID Code	Page	of Pages
	1	6

2. Amendment/Modification No.	3. Effective Date	4. Requisition/Purchase Req. No.	5. Project No. (if applicable)
A002	Jun 7, 2004	OPIC-LA-04-0077	

6. Issued By	Code PROC	7. Administered By (If other than Item 6)	Code OPIC
Overseas Private Investment Corporation Procurement Section 1100 New York Avenue, NW Washington, DC 20527		Overseas Private Investment Corp. 1100 New York Ave. N.W. Washington, DC 20527	

8. Name and Address of Contractor (No., Street, County, and Zip Code)	(X)	9A. Amendment of Solicitation No.
		OPIC-04-R-0008
Counterpart International, Inc. 1200 18th Street Suite 1100 Washington, DC 20036	X	9B. Date (See Item 11) May 24, 2004
		10A. Modification of Contract/Order No.
		10B. Date (See Item 13)

Code	Facility Code

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

[X] The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers [X] is extended [ ] is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning 1 copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. Accounting and Appropriation Data (if required)
IRAQ $

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACT/ORDERS.
IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(x)	A. This change order is issued pursuant to: (Specify authority) The changes set forth in item 14 are made in the Contract Order No. in item 10A.
	B. The above numbered Contract/Order is modified to reflect the administrative changes (such as changes in paying office, appropriation date, etc.) Set fourth item 14, pursuant to the authority of FAR 43.103 (b)
	C. This supplemental agreement is entered into pursuant to authority of:
	D. Other (Specify type of modification and authority)

E. IMPORTANT: Contractor [ ] is not, [ ] is required to sign this document and return copies to the issuing office.

14. Description of Amendment/Modification (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

The solicitation identified in block 9A is hereby modified as follows:

1) The Statement of Work is revised as attached. This revision allows other than NGO organizations (non-profit organizations) to submit offers for this requirement.

Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. Name and Title of Signer (Type or Print)	16A. Name and title of Contracting Officer (Type or Print)
Don Feil, Vice President	

15B. Contractor/Offeror	15C. Date Signed	16B. United States of America	16C. Date Signed
(b)(6)	6/17/2004	(Signature of Contracting Officer)	

2) The Offer Due Date is extended to Wednesday, June 16, 2004 at 03:00 pm.

SCHEDULE

Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
	Establish Non-Profit Finance Agency				
0001	Financial Services to Develop FINCO	1	EA	_____	_____

Statement of Work

Advise on Establishing and Provide Support for FINCO

NOTE: BIDDERS SHOULD BE AWARE THAT THIS PROCUREMENT IS SUBJECT TO THE AVAILABILITY OF FUNDING. THIS RFP MAY BE CANCELLED AT ANY TIME WITHOUT RECOURSE TO OPIC, CPA, OR ANY OTHER AGENCY OF THE U.S. GOVERNMENT.

A. Overview

Overseas Private Investment Corporation ("OPIC") and the Coalition Provisional Authority ("CPA") in association with commercial lenders ("Commercial Banks") plan to establish an approximate $136.5 million credit facility (the "Facility") for loans to middle market businesses in Iraq ("MMB's"). This Facility will be comprised of up to $97.2 million from OPIC, up to $24.3 million in the form of a grant from CPA (the "Grant Funds"), and up to $15 million from the Commercial Banks. OPIC seeks an offeror to advise on establishing a non profit finance entity ("FINCO") to make loans in the range of $500,000 to $5 million initially directly to MMB's and later to private Iraqi financial institutions ("PFI's") for on lending to MMB's and to perform administrative services for the Facility.

The Facility will have two tranches. Under Tranche A, OPIC will establish a credit facility of approximately $29.2 million for FINCO (the "Tranche A Loan"). Using $7.3 million of the Grant Funds and the Tranche A Loan, FINCO will make loans directly to MMB's on a pro rata (20/80) basis. Under Tranche B, FINCO, OPIC, and the Commercial Banks will lend to PFI's on a pro rata basis up to $17 million, $68 million, and $15 million, respectively. The Grant Funds under both Tranches will have a first loss position. OPIC and the Commercial Banks will have second and third loss positions, respectively. Tranche A is expected to have a maturity of seven years; Tranche B is expected to have a maturity of five years.

The objective of the Facility is to participate in the economic rehabilitation of Iraq by providing needed working and investment capital for MMB's and assisting both MMB's and PFI's to gain knowledge and experience in cash flow borrowing and lending.

Note that the Grant Funds will be maintained in an escrow account to be released directly to MMB's and PFI's as disbursements are approved. The offeror awarded this procurement ("Selected offeror") shall liquidate FINCO at the maturity or termination of the Facility and any remaining funds will be used to promote the development of financial and entrepreneurial skills in Iraq through grants and training programs.

The Facility is more fully described in the attached term sheets for each of Tranche A and Tranche B (Appendices 1 and 2). A schematic for the Facility is set forth in Appendix 3. The schedule for the establishment of the Facility is set forth in Appendix 4.

B. Scope of Services

The Selected offeror will be expected to perform the scope of services described below (the "Services").

1. Advise OPIC on establishing a non-profit entity in a U.S. jurisdiction to perform the role of "FINCO" under Tranche A and Tranche B of the Facility. Note that the liability for actions of FINCO will be limited to FINCO's capital, which includes the Grant Funds. The legal expenses associated with the establishment of FINCO and the filing of the application for non-profit status with the Internal Revenue Service will be paid by OPIC.

2. Identify candidates for an independent board of directors for FINCO (the "Board") to be appointed by OPIC in consultation with CPA. The Selected offeror may have a seat on the Board but is not required to. It is anticipated that three interim directors may serve on the board until a permanent board can be identified. At least 51% of the directors must be U.S. citizens.

3. Advise FINCO on completing negotiation of the Tranche A Finance Agreement, the Tranche B Framework Agreement (including the form of syndicated loan agreement attached thereto), the Escrow Account Agreement, the Administrative Services Agreements for each of Tranche A and B, and other related financing documents ("Financing Documents"), all of which must be consistent with the terms set forth in the Term Sheets. Legal counsel has already prepared many of the major Financing Documents.

4. Advise FINCO on procuring appropriate licenses for FINCO to operate in Iraq, assist FINCO in developing appropriate high-level credit policies, operating procedures and strategic objectives, recruit a chief executive officer ("CEO") advise on the hiring of local staff in consultation with the CEO, and assist with the opening of a FINCO office in Iraq. The CEO of FINCO shall be headquartered in Iraq and be a senior financial manager with relevant experience, shall report to the Board, and shall have the executive responsibilities normally accorded chief executive officers in financial institutions. Proposed staffing requirements for the first year of operation are set forth in the first-year budget (Appendix 5).

5. Arrange for FINCO to perform the role of the Tranche A Administrative Agent as described in Section 2.03 and other provisions of the draft Administrative Services Agreement for Tranche A (Appendix 6).

6. Arrange for FINCO to perform the role of the Tranche B Administrative Agent described in the section entitled "Tranche B Administration" of the Term Sheet for Tranche B. Note that FINCO's responsibilities as Tranche B Administrative Agent are fewer than those as Tranche A Administrative Agent.

7. Provide ongoing support to FINCO in the form of technical assistance, monitoring, and policy advice. Part of this support may include assisting FINCO in coordinating training programs to be provided by a nongovernmental organization to MMB's and PFI's. It is expected that CPA will provide funds for the training programs under a separate project. The Selected offeror shall not be excluded from participating in the bid, if any, to provide such training programs.

8. Advise on liquidating FINCO following maturity/termination of the Facility and the use of the net proceeds remaining after liquidation to promote the development of financial and entrepreneurial skills in Iraq through grants and training programs.

C. Financial Arrangements

1. Loan Disbursements by FINCO: The Grant Funds will be held in escrow for disbursement under Tranches A and B pursuant to an Escrow Account Agreement among FINCO, OPIC, and the Commercial Banks.

2. FINCO's Operating Expenses: FINCO'S operating expenses shall be funded as follows:

   a. Upon execution of the Tranche A Finance Agreement, up to $1.2 million shall be set aside in a reserve account and provided to FINCO, as needed, for first year operating expenses.

   b. Thereafter, FINCO's operating expenses shall be funded from i) interest income on the balance of the Grant Funds in the escrow account; ii) the fees for performance of Administrative Services under Tranches A and B; iii) any fees received by FINCO from MMB's under Tranche A and from PFI's under Tranche B (including OPIC's pro rata share of any such fees after recovery by OPIC of its start-up expenses); and iv) the amounts received by the Escrow Agent payable to FINCO as described in the sections of the Tranche A and Tranche B Term Sheets entitled "Tranche A Payment Waterfall" and the "Tranche B Payment Waterfall", respectively.

3. Legal and Third Party Expenses:

   a. Legal Expenses for Establishment of FINCO/Closing of Tranches A and B: It is anticipated that OPIC and FINCO will share international legal counsel and local Iraqi legal counsel to establish FINCO and achieve closing

of Tranches A and B of the Facility with appropriate waivers to be executed by OPIC and by the Selected offeror on behalf of FINCO. Such legal expenses shall be paid by OPIC.

b. Post-Closing: Legal expenses and third party costs incurred by FINCO in providing the Administrative Services for each of Tranche A and Tranche B are to be paid by the Escrow Agent first from each of the Tranche A Payment Waterfall and the Tranche B Payment Waterfall.

4. Payments to Selected offeror: The Selected offeror will receive a start-up fee for performing the Services described in Sections B.1. through B.6 (the "Start-Up Fee"), which shall be paid by CPA. The Selected offeror will receive an annual fee to provide the Services identified in Sections B.7. through B.8. (the "Annual Support Fee"). The Annual Support Fee to the selected offeror shall be paid by FINCO.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. Contract ID Code	Page	of Pages
	1	3

2. Amendment/Modification No.	3. Effective Date	4. Requisition/Purchase Req. No.	5. Project No. (if applicable)
A003	Jun 10, 2004	OPIC-LA-04-0077	

6. Issued By	Code PROC	7. Administered By (If other than Item 6)	Code OPIC
Overseas Private Investment Corporation Procurement Section 1100 New York Avenue, NW Washington, DC 20527		Overseas Private Investment Corp. 1100 New York Ave. N.W. Washington, DC 20527	

8. Name and Address of Contractor (*No., Street, County, and Zip Code*)	(X)	9A. Amendment of Solicitation No.
		OPIC-04-R-0008
Counterpart International, Inc. 1200 18th Street Suite 1100 Washington, DC 20036	X	9B. Date (*See Item 11*) May 24, 2004
		10A. Modification of Contract/Order No.
		10B. Date (*See Item 13*)

Code	Facility Code

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

[X] The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers [X] is extended [ ] is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning 1 copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. Accounting and Appropriation Data (*if required*)
IRAQ $

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACT/ORDERS.
IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(x)	A. This change order is issued pursuant to: (*Specify authority*) The changes set forth in item 14 are made in the Contract Order No. in item 10A.
	B. The above numbered Contract/Order is modified to reflect the administrative changes (*such as changes in paying office, appropriation date, etc.*) Set fourth item 14, pursuant to the authority of FAR 43.103 (b)
	C. This supplemental agreement is entered into pursuant to authority of:
	D. Other (*Specify type of modification and authority*)

E. IMPORTANT: Contractor [ ] is not, [ ] is required to sign this document and return copies to the issuing office.

14. Description of Amendment/Modification (*Organized by UCF section headings, including solicitation/contract subject matter where feasible.*)

The solicitation identified in block 9A is hereby amended as follows:

1) The offer due date is extended to Friday, June 18, 2004 at 3:00 pm.

2) Answers to additional questions submitted by potential offerors are included on page 3.

Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. Name and Title of Signer (*Type or Print*)		16A. Name and title of Contracting Officer (*Type or Print*)	
Don Feil, Vice President			
15B. Contractor/Offeror (b)(6)	15C. Date Signed 6/17/2004	16B. United States of America (Signature of Contracting Officer)	16C. Date Signed

NSN 75- 30-105 **STANDARD FORM 30** (REV. 10-83)
PREVIOUS EDITIONS UNUSABLE Prescribed by GSA FAR (48 CFR) 53.243

SCHEDULE

Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
	Establish Non-Profit Finance Agency				
0001	Financial Services to Develop FINCO	1	EA	_____	_____

1. Question: Can FINCO board members be compensated?

Answer: Compensation of board members was not contemplated in the requirement and expense for it is not contained in the first year budget. If offerors include it as a necessary part of their proposal, it will be evaluated and considered.

2. Question: Is the startup fee and year one annual support fee paid concurrently?

Answer: The startup fee will be paid immediately (not in arrears). Offeror's requirement for payment of the annual fee should be indicated in each offeror's proposal.

3. Question: Are salaries inclusive of danger pay?

Answer: Yes. However, if offerors propose alternative salary levels, they will be evaluated and considered.

4. Question: What is meant by an "indicative annual fee"?

Answer: That is an OPIC estimate of what an NGO might charge.

5. Question: Is the budget flexible?

Answer: If offerors feel the budget is not realistic and would like to propose an alternate budget, the alternate budget will be taken into consideration when evaluating the proposal.

6. Question: After year one will FINCO earn money through interest sharing?

Answer: Yes.

7. Question: Is there an annual budget past year one?

Answer: No. OPIC plans to get feedback from offerors concerning this before making a final decision concerning future budgets.

8. Question: At what point does FINCO become self-supporting?

Answer: A timetable has not been set yet. Offerors are encourage to present assessments concerning such a timetable in their proposal.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. Contract ID Code	Page	of Pages
	1	3

2. Amendment/Modification No.	3. Effective Date	4. Requisition/Purchase Req. No.	5. Project No. (if applicable)
A004	Jun 16, 2004	OPIC-LA-04-0077	

6. Issued By	Code PROC	7. Administered By (If other than Item 6)	Code OPIC
Overseas Private Investment Corporation Procurement Section 1100 New York Avenue, NW Washington, DC 20527		Overseas Private Investment Corp. 1100 New York Ave. N.W. Washington, DC 20527	

8. Name and Address of Contractor (*No., Street, County, and Zip Code*)	(X)	9A. Amendment of Solicitation No.
		OPIC-04-R-0008
Counterpart International, Inc. 1200 18th Street Suite 1100 Washington, DC 20036	X	9B. Date (*See Item 11*) May 24, 2004
		10A. Modification of Contract/Order No.
		10B. Date (*See Item 13*)

Code	Facility Code

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

[X] The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers [ ] is extended [X] is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning 1 copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. Accounting and Appropriation Data (*if required*)
IRAQ $

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACT/ORDERS.
IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(x)	A. This change order is issued pursuant to: (*Specify authority*) The changes set forth in item 14 are made in the Contract Order No. in item 10A.
	B. The above numbered Contract/Order is modified to reflect the administrative changes (*such as changes in paying office, appropriation date, etc.*) Set fourth item 14, pursuant to the authority of FAR 43.103 (b)
	C. This supplemental agreement is entered into pursuant to authority of:
	D. Other (*Specify type of modification and authority*)

E. IMPORTANT: Contractor [ ] is not, [ ] is required to sign this document and return copies to the issuing office.

14. Description of Amendment/Modification (*Organized by UCF section headings, including solicitation/contract subject matter where feasible.*)

The solicitation identified in block 9A is hereby amended as follows:

1) Answers to additional questions submitted by potential offerors are included on page 3.

Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. Name and Title of Signer (*Type or Print*)		16A. Name and title of Contracting Officer (*Type or Print*)	
Don Feil, Vice President			
15B. Contractor/Offeror (b)(6)	15C. Date Signed 6/17/2004	16B. United States of America (Signature of Contracting Officer)	16C. Date Signed

NSN 7 30-105 **STANDARD FORM 30** (REV. 10-83)
PREVIOUS EDITIONS UNUSABLE Prescribed by GSA FAR (48 CFR) 53.243

SCHEDULE

Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
	Establish Non-Profit Finance Agency				
0001	Financial Services to Develop FINCO	1	EA		

1. Question: The budget states the yearly life insurance calculation for the General Manager is $10,000, while the total life insurance expense for the General Manager is $120,000 per year. What is the correct amount?

   Answer: The variable for General Manager life insurance should be "Month" not "Year". Therefore, the budget estimate for this figure should be $10,000 per month with a yearly total of $120,000. This is cash set aside for self-insurance on the assumption that commercial life insurance may not be available.

2. Question: Local tax is listed as 15% in the budget. What is the 15% based on?

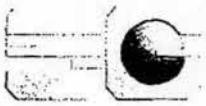
   Answer: This figure represents local income tax and is estimated at 15% of salary.

3. Question: Where is the allowance for Fringe Benefits?

   Answer: Estimated salaries are inclusive of Fringe Benefits. If more is required, use the Contingencies item.

Annex 9

Letter of Support — Sandi Group



THE SANDI GROUP

June 14, 2004

(b)(6)

Vice President
Counterpart International, Inc.
1200 – 18th Street, N.W.
Washington, DC 20036

RE: FINCO Iraq – OPIC-04-R-0008

Dear (b)(6)

The Sandi Group is pleased to offer our services in Iraq in helping Counterpart International to setup their lending facility and provide logistic support, security services, bank staffing expertise, and more.

We look forward to working with your organization and hope we can expand our relationship in the near future.

Best Regards,

(b)(6)

U.S.A. 1733 Connecticut Avenue NW, Washington, DC 20009 U.S.A. ● Telephone: 202-483-5900 ● Facsimile: 202-483-9710 ● www.thesandigroup.com
IRAQ Iraq - Baghdad, Almasbah - Dis. Babilon, Sec. 929 – St. 10. Bldg. 16(54/356) ● MCI: 914-360-5423, Mobile: +964-790-1909116 ● VOIP Tel/Fax: 1.312.669.7369

Individual Evaluations

FACTOR: TECHNICAL

Subfactor: Understanding of and capability to carry out the Services as demonstrated in the Statement of Work.

Strengths	Weaknesses
Standard: Does the Offeror have experience in originating, lending, and monitoring loans of $500,000-$5 million?	
	Size -2
Standard: Does the Offeror have experience in performing comparable financing activities in emerging markets, particularly Iraq?	
Broker	4 mos in Iraq
Standard: Does the work plan reflect that the Offeror has adequately thought through the challenges of working in Iraq?	
	+2

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

Individual Evaluations

FACTOR: TECHNICAL

Subfactor: Commentary supplied relating to the first-year budget and fees to be charged for administrative services for the FINCO.

Strengths	Weaknesses
Standard: Does the commentary demonstrate that the Offeror has experience in a comparable environment?	
Not comparable ew.	-1
Standard: Does the commentary indicate that the Offeror has a well-thought out approach or alternatively, has identified issues that need to be addressed?	
	+2
Standard: Does the commentary indicate that the Offeror understands the number of staff and the experience levels required for FINCO to carry out its mission?	
	+1

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

Individual Evaluations

FACTOR: TECHNICAL

Subfactor: Ability to identify qualified expatriate and local staff for the FINCO.

Strengths	Weaknesses
Standard: Has the Offeror demonstrated through prior experience that it can retain qualified expatriates to work in emerging markets?	
Standard: Has the Offeror demonstrated through prior experience that it can retain qualified local staff for work in emerging markets?	
Standard:	

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

SOUNDNESS OF APPROACH RATING	
Excellent (BLUE)	
Good (GREEN)	
Satisfactory (YELLOW)	✓
Marginal (AMBER)	
Unsatisfactory (RED)	

Proposal Risk		Narrative
High		
Medium	✓	
Low		

Evaluator Signature

INTENSITY LEVELS	
STRENGTHS	**WEAKNESSES**
+ (Minor Strength) Slightly above standards/expectations	- (Minor Weakness) Slightly below standards/expectations
++ (Major Strength) Above standards/expectations	-- (Major Weakness) Below standards/expectations
+++ (Significant Strength) Significantly above standards/expectations	--- (Significant Weakness) Significantly below standards/expectations

OVERALL UNDERSTANDING AND APPROACH RATING SCALE	
RATING	**DEFINITION**
EXCELLENT (BLUE)	Offeror's proposal demonstrates an excellent understanding of requirements and approach that significantly exceeds performance or capability standards. Has exceptional strengths that will significantly benefit the Government. No significant weaknesses exist.
GOOD (GREEN)	Offeror's proposal demonstrates good understanding of requirements and approach that exceeds performance or capability standards. Has one or more strengths that will benefit the Government. Strengths outbalance any weaknesses that exist.
SATISFACTORY (YELLOW)	Offeror's proposal demonstrates an acceptable understanding of requirements and approach that meets performance or capability standards. Acceptable solution. Few or no strengths.
MARGINAL (AMBER)	Offeror's proposal demonstrates shallow understanding or requirements and approach that only marginally meets performance or capability standard necessary for minimal but acceptable contract performance.
UNSATISFACTORY (RED)	Offeror's proposal demonstrates an unsatisfactory understanding of the requirements and approach of the acquisition. Fails to meet performance or capability standards. Requirements can only be met with major changes to the proposal. The proposal has one or more significant weaknesses that will be very difficult to correct or are not correctable.

RISK ASSESSMENT RATING		
HIGH (H)	**MEDIUM (M)**	**LOW (L)**
Likely to cause significant disruption of schedule, increased cost or degradation of performance. Risk may be unacceptable even with special contractor emphasis and close Government monitoring.	Can potentially cause some disruption of schedule, increased cost, or degradation of performance. Special contractor emphasis and close Government monitoring will probably be able to overcome difficulties.	Has little potential to cause disruption of schedule, increased cost or degradation of performance. Normal contractor effort and normal Government monitoring will probably be able to overcome difficulties.

Interlab ~ Coop-Strategies

Individual Evaluations

FACTOR: PAST PERFORMANCE

Subfactor: On-time Delivery

Strengths	Weaknesses
Standard: Did the Offeror meet all required deadlines?	
Standard:	
Standard:	

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

Individual Evaluations

FACTOR: PAST PERFORMANCE

Subfactor: Quality of Services

Strengths	Weaknesses
Standard: How would you rate your overall satisfaction with the work that the Offeror performed?	
Standard:	
Standard:	

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

Individual Evaluations

FACTOR: PAST PERFORMANCE

Subfactor: Customer Service

Strengths	Weaknesses
Standard: Was the Offeror effective in resolving problems as they arose?	
Standard: Did the Offeror anticipate problems and take steps to mitigate or resolve them quickly and effectively?	
Standard: Was the Offeror available/accessible to you?	

Deficiencies (Indicate what aspect of the offeror's proposal is deficient and why):

Clarifications or Additional Explanation Required

Performance Risk		Narrative
Very Low Risk		
Low Risk		
Moderate Risk		
High Risk		
Very High Risk		
Unknown Risk		

Evaluator Signature

INTENSITY LEVELS	
STRENGTHS	**WEAKNESSES**
+ (Minor Strength) Slightly above standards/expectations	- (Minor Weakness) Slightly below standards/expectations
++ (Major Strength) Above standards/expectations	-- (Major Weakness) Below standards/expectations
+++ (Significant Strength) Significantly above standards/expectations	--- (Significant Weakness) Significantly below standards/expectations

PERFORMANCE RISK RATING SCALE	
RATING	**DEFINITION**
VERY LOW RISK	Offeror's past performance record provides essentially no doubt that the offeror will successfully perform the required effort.
LOW RISK	Offeror's past performance record provides little doubt that the offeror will successfully perform the required effort.
MODERATE RISK	Offeror's past performance record provides some doubt that the offeror will successfully perform the required effort.
HIGH RISK	Offeror's past performance record provides substantial doubt that the offeror will successfully perform the required effort.
VERY HIGH RISK	Offeror's past performance record provides extreme doubt that the offeror will successfully perform the required effort.
UNKNOWN RISK	The offeror has no relevant performance record. A thorough search was unable to identify any past performance information.

(b)(6)

From: (b)(6)
Sent: Saturday, June 19, 2004 5:22 AM
To: (b)(6)
Cc: 'Alan Beard'; (b)(6)
Subject: Electronic Version of FINCO Application

Dear M (b)(6)

Attached please find the electronic version of
Interlink Capital Strategies' Proposal to Advise on Establishing
and Provide Support for FINCO, an Iraq Loan Finance Company.

Solicitation Number: OPIC-04-R-0008

The Appendices will be sent separately--as the document is too large to be sent all at once.

If you have any questions, or need any clarification, please feel free to contact us.

Heidi H. Wilde

Interlink Capital Strategies
Tysons Corner - 7700 Leesburg Pike
Suite 201
Falls Church, VA 22043
(b)(6)

INTERLINK

Interlink Capital Strategies' Proposal to Advise on Establishing and Provide Support for FINCO, an Iraq Loan Finance Company

June 18, 2004

Submitted to the
Overseas Private Investment Corporation



Solicitation Number: OPIC-04-R-0008

Interlink Capital Strategies Contact Information

(b)(6)
Managing Director
(b)(6)

(b)(6)
Vice President
(b)(6)

Interlink Capital Strategies Proposal to the Overseas Private Investment Corporation to Advise on Establishing and Provide Support for FINCO, an Iraq Loan Finance Company

Solicitation Number: OPIC-04-R-0008

Due Date: June 18, 2004

The Concept

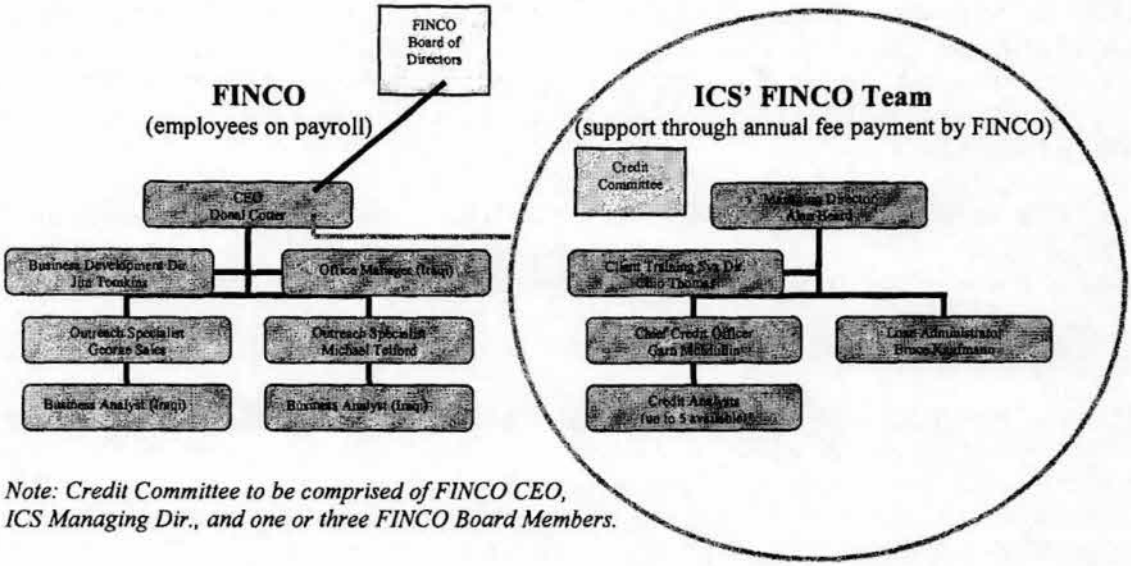
Iraqi small and medium sized enterprises ("SMEs") have little or no access to capital for business expansion and employment generation. Most investment at this time is donor based and any traditional Iraqi lending practices require a form of collateral several times the value of the proposed loan and only offer short-term repayment periods.

Initiatives such as the establishment of an Iraqi Loan Finance Company ("FINCO") to provide financing to small and middle market businesses are critical in rebuilding the Iraqi economy and creating a market oriented economy. Longer-term, cash flow based financing will assist Iraqi SMEs in a similar way to the Small Business Administration in the US marketplace. In addition, this type of facility will act as a catalyst in stimulating the Iraqi private banking system to become more responsive to the financing needs of Iraqi SMEs with good management and strong business plans.

FINCO will provide medium term financing (3-7 years) to creditworthy small and middle market Iraqi businesses, either directly or indirectly through participating Iraqi private sector financial institutions. In the process, FINCO will enhance Iraqi SMEs' and financial institutions' understanding of credit management, credit analysis, and cash flow based borrowing/lending.

The Offer / Executive Summary

Incorporated as a US-based entity under the auspices of Overseas Private Investment Corporation ("OPIC") and the US Government, FINCO will operate in Iraq and outsource certain functions to a US small business, Interlink Capital Strategies ("ICS"), which is the Offeror of this proposal.



Note: Credit Committee to be comprised of FINCO CEO, ICS Managing Dir., and one or three FINCO Board Members.

This will allow FINCO to mobilize quickly and under the current hostile conditions continue to underwrite and manage an OPIC-backed portfolio of approximately 30-70 loans, as well as oversee ancillary local activities such as training, in the most responsive and cost-effective manner possible. FINCO staff will include some expatriates and some Iraqis. Most of the proposed expatriates have been serving in Iraq under US Agency for International Development ("USAID") contracts for the past several months and bring invaluable in-country experience, contacts, and a list of potential borrowers. In addition, ICS has been working on three US-Iraqi joint ventures with companies already well known to OPIC. ICS' FINCO Team will be comprised of professionals with many years of experience in loan origination and underwriting operations in emerging markets, utilizing bilateral, multilateral, as well as traditional commercial and venture capital sources of funding.

FINCO's staff will market the loan fund, target appropriate companies, evaluate their viability, perform due diligence, and create complete credit dossiers to be transmitted for final underwriting to ICS' FINCO Team. Based on the ICS team members' recent experience in underwriting loan credits in Iraq, having a significant amount of the underwriting initially done outside of Iraq will be critical to generating and disbursing funds as quickly as is possible. In conjunction with these US support operations, the Iraq based staff will close the loans and assist in portfolio management, monitoring, and collections. Since many borrowers may significantly benefit from establishing relationships with US companies (e.g., joint ventures or technology supply agreements), and indeed their involvement may be necessary to meet OPIC's credit standards, it will be the job of a FINCO employee (the Business Development Director) to, where appropriate, seek out opportunities that enhance borrowers' business plans and keep US commercial interests engaged in the process.

Fundamental to FINCO's mission, Iraq based staff will work with non-governmental organization ("NGO") partners such as Citizens Democracy Corps ("CDC"), as well as other NGOs and local organizations, to assist potential borrowers in the preparation of business plans and financial forecasts. (ICS has already had extensive discussions with CDC, and one of ICS' Managing Directors sits on the

Board of CDC.) CDC and other NGOs are proposing, through separate contracts with the US Government, to provide technical assistance and training to Iraqi businesses, utilizing business centers in several Iraqi cities. Regardless of which NGO is chosen to provide these services, FINCO would try to use these office locations as a base for marketing the program and conducting due diligence for borrowers located outside of Baghdad.

In addition, FINCO will encourage the establishment of marketing relationships with local Iraqi financial institutions. This will initially be more informal, but ultimately its is envisioned that more formal arrangements will be initiated whereby the local institutions are given the incentive (e.g., referral fees) to provide transaction flow to FINCO. Ultimately, syndications, co-lending and on-lending would evolve from these initial steps.

Although it is envisioned that significant amounts of training will be funded by additional US Government support, which is not part of this proposal, FINCO would be able to provide a number of credit and trade finance training courses, through its own affiliation with the American Export Training Institute ("AETI"), a well-known training program used by many of the largest financial institutions in the US.

In addition to performing most of the underwriting, loan administration, and Administrative Agent duties, ICS' FINCO Team will work with other sources of funding to complement the OPIC funds. Using vendor credit and export credit agencies (ECAs) and other development finance institutions (DFIs) will significantly multiply the total sources of funds available and, in certain cases, provide a more appropriate credit structure. By implementing this process, FINCO will lay a solid foundation for other third party investors to enter Iraq, which will augment this OPIC initiative.

Turnkey Solution

This proposal is presented in light of present realities of business in Iraq—based on ICS team members' experience—and the fact that FINCO will be an organization operating in an extremely hostile environment and charged with closing more transactions annually than OPIC itself traditionally does. Obviously, this will require a sophisticated operation with tough and talented personnel who already have intimate knowledge of how to work in Iraq and with OPIC. Having expatriates in Iraq is extremely expensive, and it is difficult to find people with the right capabilities who are willing to live there for a year. The cost estimates in this proposal are accurate (e.g., an ICS' employee in Iraq confirmed the costs of security, office space, etc. as recently as June 14th). If all aspects of FINCO's business were carried out in Iraq, the cost would be enormous and the possibility of a crippling business disruption would be a constant threat. Outsourcing, at least initially, the loan underwriting and monitoring to ICS' FINCO Team in the US is cost-effective and provides for better maintenance of the loan portfolio, even if the situation in Iraq necessitates the withdrawal of expatriate personnel. The proposed structure is for the first year. Conditions in Iraq and loan demand will dictate the possible reallocation of resources in future years. Or in other words, as Iraq stabilizes and a team of Iraqi personnel are trained, more of the operations can be shifted to in country personnel.

ICS is advantageously positioned to advise and support FINCO in the manner presented in the RFP with a firsthand knowledge of the situation in Iraq. Rather than make loose statements about what could be done, this proposal presents a turnkey solution based on real experience to prudently and efficiently make and monitor loans with professionals already on staff at ICS and its affiliates, adding just two already identified outside consultants, who just completed similar economic development work in Iraq.

Offeror: Interlink Capital Strategies & Affiliates

ICS is part of a ten-year-old consulting firm, Interlink Management Corporation; both companies are US-based small businesses. The Interlink group of companies also includes: Interlink Trade & Investment ("ITI"), a private equity firm, which directly and through its ownership in MACC Private Equities, Inc. (a Small Business Investment Company listed on NASDAQ as "MACC") has invested in almost 60 small to medium sized US based corporations; Interlink Solutions ("IS"), a business development and marketing firm that assists US companies in selling overseas; and Summit Ventures International ("SVI"), a government advocacy firm headed up by a former Director General of the Foreign Commercial Service.

ICS specializes in financing transactions and projects in emerging markets using government programs (i.e., US, European, Japanese, as well as multilateral government agencies) and is located in the Washington, DC metropolitan area. (Worldwide website is at www.i-caps.com.) Because financial markets are typically unable to support sales and direct foreign investment in emerging markets without government involvement, ICS provides critical financial advisory services to mobilize financing in regions outside Western Europe and North America. The type of financial support includes: business development seed money, export working capital, vendor financing, direct foreign investment support (limited recourse debt and preferred equity), insurance, bonding and guarantees. ICS provides financial advisory services to companies, financial institutions, and government agencies.

Companies hire ICS to obtain financing from sources such as US ExIm Bank, Canada's EDC, the UK's ECGD, OPIC, Commonwealth Development Corporation, the US Trade and Development Agency, and the World Bank's International Finance Corporation, among others. Clients currently include Bank One, National City Bank, Zions Bank, Corning, L-3 Communications, Orbital Science Corporation, as well as numerous small to medium sized companies. (ICS is currently working with OPIC on three SME transactions.)

The Interlink group of companies employs a staff of 13 experienced international executives plus support staff, and another ten professionals employed by MACC. This staff currently reviews and prepares business plans, valuations, and acquisition plans, structures transactions, does the financial modeling, and advises clients on raising financing – both debt and equity. In this capacity, ICS currently underwrites transactions for both lenders and most recently for OPIC in the first of its kind agreement with the agency (see Appendix 1, an OPIC press release). However, ICS' value-added goes beyond originating, structuring, underwriting and loan monitoring/workouts: where appropriate, ICS and its principals have a demonstrated track record in attracting strategic partners to a transaction to successfully complete it. Relevant to this FINCO proposal, Interlink has worked in Muslim countries such as Malaysia and Indonesia, as well as the Middle East.

For illustrative purposes, a partial list of existing and recently completed ICS transactions includes:

- $10 million OPIC loan for prefab housing in Mexico – mandated.
- $3-5 million OPIC loan for natural gas transport in Brazil – mandated.
- $5 million receivables line with Zions Bank for an aircraft parts supplier using ExIm Bank credit insurance.
- $3.4 million ExIm Bank working capital guaranteed loan for meat trader funded by Zions Bank.
- Financing of a $500,000 port simulator using ExIm Bank.
- $300,000 ExIm Bank working capital guaranteed loan to a small electronics company funded by Zions Bank.
- $5.2 million ExIm Bank guaranteed loan from National City Bank to fund mining equipment to Chile.
- $4.5 million OPIC loan to regional airline in the Republic of Georgia.
- $35 million OPIC guaranteed credit facility to National City Bank.

During the past several years, principals of Interlink have completed more than 100 transactions using ExIm Bank, OPIC, IFC, TDA, ECGD, EDC, IDB, etc.

ICS' principals have consulted with several US Government Agencies on how their programs can be more responsive to the needs of SMEs. They have provided this advice on both a pro bono basis (e.g., SBA, ITA, OPIC, and ExIm Bank) and fee for service basis (e.g., the IFC and TDA). Indeed, ICS has recently provided its professional input to OPIC for its small business initiatives, having just established the first of its kind packager's arrangement with OPIC.

In the recent announcement, OPIC President and CEO Dr. Peter Watson remarked: "OPIC's partnership with Zions Bank and Interlink will open new opportunities for US small businesses from the western part of the country to invest in dynamic markets overseas...Interlink's involvement will result in a valuable 'force multiplier' effect, extending OPIC's outreach to small businesses in the American west. Given the strong records of both Zions Bank and Interlink, we at OPIC expect this partnership to yield significant benefits to both U.S. small businesses and the developing nations where they invest."

In addition to working with government agencies such as OPIC, some of the ICS team has worked in the government, including ITA, ExIm Bank, OPIC, AID, USTR, IAEA, and IDB. Some of these positions have included the establishment of loan monitoring guidelines for ITA's loan guarantee program, creating uniform financial models and underwriting criteria for SMEs at ExIm Bank, and analyzing OPIC loan documentation and capital market structure to improve the program.

Financial Institutions hire ICS to provide turnkey financial advisory services for international government-backed financing. As stated previously, current clients include: National City Bank, Bank One and Zions Bank. However, the principals have worked under contract for many U.S. financial institutions, including Silicon Valley Bank, Bank of the West, California Bank & Trust, U.S. Bank, Wells Fargo Bank (formerly First Security Bank). One of the ICS' team, Bruce Kaufmann, was a loan officer specializing in government supported export financing at one of Texas' largest banks.

MACC invests in stable businesses operating in well-defined, established industries (e.g., manufacturing, services, technology and communications), with positive EBITDA (earnings before interest, taxes, depreciation and amortization), and earning between $5 million and $100 million in annual revenues. It was licensed in 1959 and went public in 1985, trading on the NASDAQ Small Cap Market. The firm is the parent company of MorAmerica Capital Corporation, the third oldest small business investment company (SBIC) in the United States and one of only a handful of publicly traded private equities firms in the United States, trading on the NASDAQ stock exchange under the ticker "MACC." Its headquarters is in Salt Lake City, and it maintains offices in Cedar Rapids, Iowa, Portland, Oregon and Kansas City, Missouri. MACC seeks to provide an underserved niche in the Utah and U.S. marketplace, investing in a variety of smaller but profitable later stage companies. There are currently over 40 portfolio companies located throughout the U.S. The firm's average investment is between $1 million and $2 million per deal. The overall strategy is one of stable, low-risk growth relative to venture capital firms.

In brief, most of the senior managers at ICS and its affiliates have been in the business of underwriting, originating, and managing loans for small and medium sized businesses for the past 20+ years.

ICS' Strategic Partners

Citizens Development Corps ("CDC") works with businesses, NGOs, business service providers, universities, local and regional governments and the communities that support them to create and implement high-impact programs to build local capacity and promote sustainable development in emerging markets. Training business owners in developing countries is one current initiative.

The American Export Training Institute ("AETI") was co-founded by one of ICS' principals and has become the premier trade finance training service to the US banking industry. AETI's clients include BofA, Bank One, National City Bank, PNC, Zions Bank, among others. Training can be tailored to the specific audience or pre packaged courses can be taught on trade finance in all its permutations. Currently, Thomson Publishing, the world's largest publisher of economic data, is publishing a book written by ICS and AETI on trade finance that will be an easy to understand primer on the subject (scheduled publishing date Q1 of 2005). This will complement existing publications by Thomson that principals have spearheaded and contributed to: *Inside the World's Export Credit Agencies* and *Inside the World's Development Finance Institutions*.

Term financing for all Iraqi SMEs may not be necessary and would not be prudent. There are situations where vendor financing will suffice and with appropriate credit insurance from ExIm Bank, for example, U.S. vendors can extend terms to Iraqi buyers. Based on a long standing relationship with Export Risk Management (ERM), a ten-year-old US insurance brokerage, which recently won ExIm Bank's broker of the year award, ICS can complement the term financing provided by OPIC. (See www.exportrisk.com for more information on ERM.) ERM works with private insurers as well; in January of this year, ERM placed private sector contract insurance in Iraq.

Proposed FINCO/ICS Structure

In the beginning, FINCO will focus heavily on business development and outreach activities, which will start the deal pipeline. Based on recent experience, any offeror whose personnel are new to this activity in Iraq, it will take 90-120 days to begin generating bankable transactions. To put it in perspective, the proposed CEO of FINCO was on a USAID funded team that generated only three closed loans and ten almost closed loans in 120 days. As the number of loan applications and the portfolio of loans grow, personnel will need to be diverted toward underwriting and loan administration. The following emphasizes the initial organization structure; however, by utilizing existing ICS and affiliate personnel, the FINCO's underwriting staff can expand to include five credit analysts without any additional hiring.

FINCO (Iraq Operations)

FINCO's office will be located in Baghdad, with significant operational support given by ICS employees in the US. (Reasonably priced and secure space has been identified in the Iraqi Convention Center.) Initially, FINCO will be staffed by four expatriates and three Iraqis. Accountancy, legal, IT and translation services will be outsourced, as needed.

A significant advantage of the ICS proposal is that most of FINCO's expatriate staff (one ICS employee and two additional consultants) have just completed three-month assignments under BearingPoint/USAID contracts. The other proposed FINCO expatriate is an ICS employee, who was chosen to go to Iraq under a BearingPoint/USAID contract but could not be dispatched due to the hostilities. (It should also be mentioned that one of ICS' FINCO Team, Managing Director Alan Beard, was selected and approved to participate in the same Bearing Point/USAID contract to focus on qualifying and mobilizing sources of commercial financing for Iraq.) This group has real life experience in the difficulties of daily life in Baghdad, yet is committed to remaining to assist with the FINCO

project. They bring an understanding of the inner workings of Iraqi business, the banking environment, and the philosophies and needs of the average Iraqi businessman, as well as knowledge of how the provisional Iraqi government is being formed. Having already made significant in-country contacts, they can very quickly identify and hire the appropriate Iraqi professionals required to sustain FINCO's first year work and beyond. They know what it takes to staff and operate an office and, based on the mistakes of others, know what not to do; some contractors in Iraq ran out of money by spending unwisely.

Two of these ICS Team members have been working specifically on the USAID Iraq Economic Recovery, Reform and Sustained Growth Project, where their responsibilities included: identification of clients with economically viable investment projects; provision of technical assistance to develop detailed business plans, assisting local company management with the preparation of management financial statements; providing analysis on and selection of appropriate financing structures suitable to the client's project and the business; preparation of relevant supporting documentation, and presentation of materials suitable for review by lenders and other credit or loan committees; support through the loan application and approval process, including coordination with lenders and their officers and committees. This is some of the most germane experience available from anyone to the function of FINCO and sets them apart from others in country that merely sat in front of a computer in an office.

Having been involved in the pre-qualifying and packaging of loan documents in Iraq, these people will be able to get FINCO's application pipeline moving with the least delay. In fact, FINCO's proposed CEO continues to receive email requests for financing from familiar entities. He estimates that, with this information and knowledge, there is a book of business that FINCO/ICS can close in 60 days; offerors without it would take an additional 90 days. The proposed FINCO staff and ICS have several transactions already in the pipeline. The present CPA Firm Level Assistance project portfolio of 65 identified Iraqi companies could be easily increased through word of mouth and client referrals from the network of client sourcing established from the previous months in-country. In addition, ICS has been working on three existing US-Iraq joint ventures with companies that are already using OPIC programs: Pacific International Holdings, DiscoveryTel, and Pymm. In addition, ICS is working on an OPIC application for Mena Industries, a company that currently successfully distributes generators, pumps and compressors in Iraq on a COD basis. Finally, the business centers network (proposed to be administered by CDC and other NGOs), American Chamber of Commerce, and ICS team relationships established with the management of the local private banks (especially Credit Bank of Iraq and the Middle East Bank) would be other sources of deal flow.

Firsthand information from our team has shaped the following ICS priorities for FINCO and would be incorporated into FINCO/ICS' work plan to quickly establish a deal pipeline.

- The disbursement of funds to the existing approved portfolio of client companies of $5.6 million would be prioritized. Having the beginning of FINCO operations covered by Iraqi and International press would help dispel a growing sense of apathy that is beginning to surface by what Iraqis perceive as a failure of the US government to deliver a much talked about and long overdue source of middle market funds for Iraqi SMEs (in support of this, the *USA TODAY* article "Cash crunch curbs rebuilding in Iraq" by David J. Lynch is included as Appendix 2).

- FINCO/ICS would address the needs of Iraq in general and not be only a Green Zone initiative. The CPA Firm Level Assistance team received genuine project proposals from northern, southern, and Sunni Triangle regions of the country. The northern region is a particularly good source of near term business for FINCO: the security situation is reasonable and the Kurds have a more pro-American attitude, are more accustomed to doing business with Turkish banks, and are somewhat more westernized in their approach to international financing arrangements than their colleagues in Baghdad or in the South.

- Several sensible, current proposals have come from companies operating in the Fallujah, Karbala, and the Tikrit areas. For example, there is a major sense of optimism surrounding religious tourism in the Karbala area, as this the site of the Shia's most holy shrine. Many proposals for hotel construction to service this market are seeking financing. Research indicates that there are over 100 million Shia's wishing to return on pilgrimage from within Iraq, Iran, India, Pakistan, Afghanistan, and the Gulf. FINCO's financing of deals such as these could create considerable goodwill for the US government.

- The U.S. government has appropriated $18.7 billion in its supplemental budget to spend on infrastructure projects, and many Iraqi subcontractor companies (who might employ large numbers of unemployed Iraqis) have come with various construction-related proposals. Again, there is great press that could come from funding some of these proposals, given the job creation component.

- Examples of other sensible businesses seeking financing include: metal wire producer, dairy products processor, air conditioning manufacturer, home appliance manufacturer, wireless internet service provider, design and build civil engineering group, flour milling company, long-life (UHT) milk processor, water bottler, poultry and egg producer, plastics injection mould manufacturer, bottled oxygen producer, pre-stressed concrete pilings manufacturer, heavy construction plant, and equipment supplier.

The proposed FINCO expatriate staff and their qualifications from recent work experience follows (full resumes are included in Appendix 3:

Donal Cotter, proposed CEO of FINCO – Mr. Cotter worked as a BearingPoint consultant during a four-month period to June 30th for the USAID Iraq Economic Recovery, Reform and Sustained Growth Project. In this capacity he: identified and recruited Iraqi owned business enterprises for participation in the application process to the credit committee of the Coalition Provisional Authority funded Firm Level Assistance Program for medium term financing; and provided technical assistance to local Iraqi business managers, accountants and bookkeepers to present IAS compliant financial statements, financial models, and business plans. Mr. Cotter possesses a thorough understanding of credit lending, investment and financial analysis, and transaction structuring in the context of an "Iraq political and culturally sensitive" environment and was called upon to liaise with local private and state owned banks as potential co-financiers on selected proposals from the client portfolio. Previously, Mr. Cotter served as Accounting and Finance Practice Team Leader for the USAID Kosovo Business Support & Employment Generation Project, where he managed an integrated consulting practice providing accounting system to provide accounting system installations (manual & computerized) to SME client companies, trained client bookkeepers and accountants on basic financial accounting and reporting systems, managing the development and delivery of accounting and taxation training courses for owners of SMEs, NGOs, and staff from the Ministry of Finance in the areas of financial and managerial accounting, the preparation of financial statements, and on IAS / Kosovo Accounting Standards. Mr. Cotter will serve as CEO of FINCO, supervising FINCO's Outreach Specialists and Business Analysts. He will review all loan applications, prior to their submission to FINCO's underwriting group, paying particular attention to company financial statements.

James Tomkins, proposed Business Development Director – Mr. Tomkins recently completed three months of work as BearingPoint consultant Team Leader for the ICT Master Plan in Iraq, where he was responsible for interfacing will all facets of Iraqi business. Previously, Mr. Tomkins focused on developing business in emerging markets around the globe with several technology companies. Mr. Tomkins will be responsible for: stimulating transaction flow both in Iraq and external to the country (push-pull strategy); and maintaining contact between FINCO and local Iraqi banks. Based on

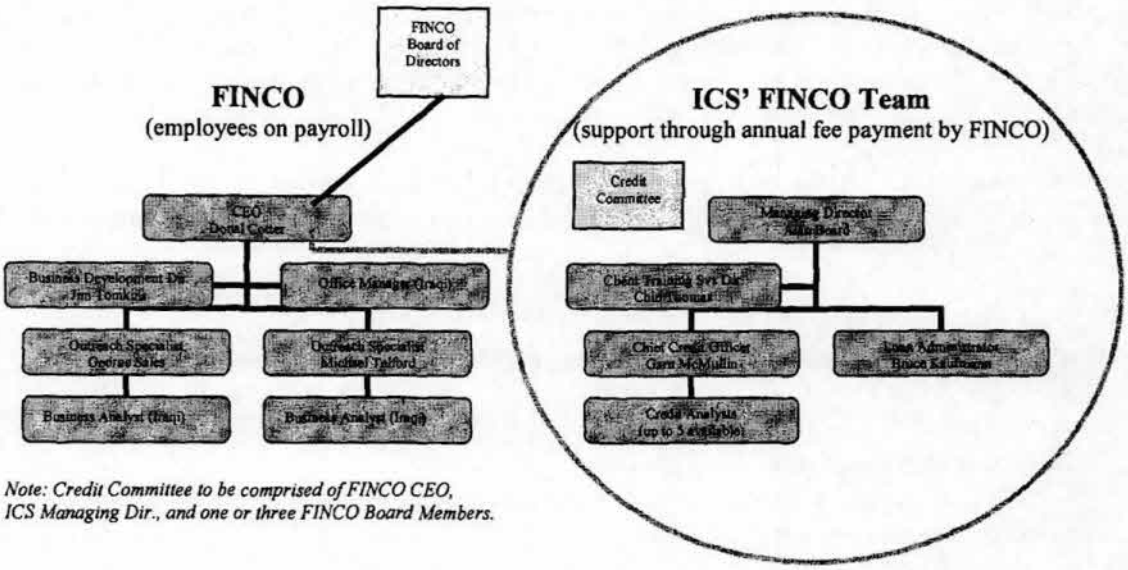
experience, there is a significant amount of work needed to interest investors, technology partners and business partners to go beyond the initial excitement about doing business in Iraq. From an underwriting perspective, linking credible Western partners to Iraq companies will be critical to ensure portfolio quality. Mr. Tomkins brought many of the current opportunities in Iraq to the attention of his ICS colleagues and has, therefore, already been the source of most of the financing clients the firm will introduce to FINCO.

George Sales, proposed Outreach Specialist – Mr. Sales worked as a BearingPoint consultant for a three-month period just ended for the USAID funded ICT Master Plan program on the USAID Iraq Economic Recovery, Reform and Sustained Growth Project. He worked closely with local Iraqi businesses identifying their needs from financing, communications, technical support and training as part of the Assessment, Gap Analysis and sector Demand Projection Phase of the effort, identified means to increase private sector participation in the telecom sector, and maintained the telecommunications Master Plan for the duration of the USAID Contract. Previously, Mr. Sales conducted business and financial analysis of corporate capital expenditures in the telecommunications industry, developed business cases with a focus on corporate strategy and financial analysis of internal projects and corporate alliances, analyzed requests for capital expenditure requests, emphasizing IRR, NPV and the overall viability of projects. In addition, he has previously worked at the World Bank, part of a team that dealt with privatization and enterprise reform (Private Sector Development Department). Mr. Sales will identify and work with promising Iraqi businesses to prepare materials for submission to the FINCO underwriting group.

Michael Telford, proposed Outreach Specialist – Mr. Telford was selected as a BearingPoint consultant to go to Iraq under the USAID Iraq Economic Recovery, Reform and Sustained Growth Project, but due to funding issues, was not dispatched from Washington. Mr. Telford is presently an employee of ICS, where he arranges debt and equity for structured financings utilizing international development finance institutions, traditional commercial sources of capital, guarantees, and grants; prepares business plans and financial models, performs credit analysis based on historical financial data, and advises companies on closing legal documents. Recently, Mr. Telford performed these same functions as the west coast project consultant for a nonprofit focused on medical facility planning and financing. In 1999, he worked at OPIC as an intern to Senior Capital Markets Specialist, where he analyzed OPIC loan documents for structuring information bearing relevance to the pricing of OPIC-guaranteed Certificates of Participation and created a presentation for on the variables affecting OPIC capital markets transactions. Mr. Telford will identify and work with promising Iraqi businesses to prepare business plans and financial models for submission to the FINCO underwriting group.

<u>ICS Support (US Operations)</u>

Given the nature of ICS's existing business and alliances, US-based employees of ICS, affiliates, and strategic partners would bring a considerable breadth and depth of extremely relevant finance experience to the functioning of FINCO. FINCO demands expertise in middle market lending and a knowledge of the business conditions in Iraq; ICS presently possesses both. Therefore, no Start-Up Fee will be necessary to begin US-based support.



Note: Credit Committee to be comprised of FINCO CEO, ICS Managing Dir., and one or three FINCO Board Members.

The above organizational chart demonstrates in a schematic how the FINCO staff and ICS' FINCO Team will work together. US Project Manager, Alan Beard, will work with FINCO's CEO to ensure both staffs work efficiently. Once FINCO is established, with all policies and procedures in place, the pre-qualifying of transactions and packaging of material will move primarily to Iraq.

With the FINCO staff operational, ICS' FINCO Team will concentrate on final packaging (which will include any independent modeling) and credit underwriting using an existing team of analysts, which can be pulled into the project on a demand basis. The Chief Credit Officer, formerly a banker, will manage analysts from MACC and ICS. The Credit Committee will consist of FINCO's CEO, the US Project Manager, and one or three FINCO Board members. (Biographical information on senior members of ICS' FINCO Team is given at the end of this section.)

ICS' partnership with CDC and other NGOs will augment its existing, in country capabilities. NGOs will have field offices in the other cities of Iraq with the necessary office support. FINCO will use these offices to source transactions and set up traveling visits. In those areas where demand warrants it, FINCO would even work from some of these offices.

The ICS team has a well established track record of working with financial institutions here in the U.S. and abroad to generate deal flow and provide incentives to feed its pipeline. Leveraging off this model, FINCO would establish appropriate marketing arrangement with Iraqi financial institutions to market the program. Once an acceptable business relationship is established, it is envisioned that co-lending, syndications and on-lending would occur. Perhaps a risk sharing arrangement similar to those worked out between OPIC and certain US financial institutions (e.g., Wachovia, National City Bank) could be negotiated—with FINCO guaranteeing/funding 75-90% and Iraqi institutions funding the remainder picking up the remainder. Relationships could develop whereby the local bank could be retained to administer the loan for an annual fee.

Although training of Iraqis will be further funded by a separate contract, a FINCO "train the trainer" program for NGO staff on the initial information needed by FINCO will provide a multiplier to the small FINCO staff. Working with CDC and other NGOs, ICS' approach will be to use AETI curriculum and structure to train local business managers on how to use financing, as well as writing business plans and preparing financial projections in order to obtain it. In addition, ICS will assist local business managers in identifying the type and source of financing most appropriate. For example, certain

situations will be better addressed by using trade credit insured by US ExIm Bank. Through ICS' affiliation with Export Risk Management, which is now the owner of AETI, credit insurance could be used to obtain terms to augment the funding OPIC provides. It would be possible for ICS and CDC to also train Iraqi finance professionals to assume the roles of expatriate staff in Iraq through its partnership with AETI.

Loan underwriting is one of the most important support functions performed for FINCO by ICS. FINCO/ICS will establish underwriting policies that will address key criteria, including, but not limited to:

- FINCO's maximum exposure to a particular borrower or industry
- Borrower's minimum financial requirements to be considered eligible for financing
- Types of loans that FINCO will finance and types of loans that are unacceptable to FINCO
- Documentation
- Which documents are required for all transactions
- Which documents can be waived and under what circumstances
- Which documents can never be waived

Additionally, FINCO/ICS will publish a checklist that details which documents must be received by the underwriting staff before a credit evaluation can begin. The underwriting process will not begin until the Outreach Specialist and Business Analyst have provided the underwriting staff with all documents specified on the documentation checklist.

When the underwriting staff receives a complete set of documents, the underwriters will first review the transaction description to ensure the transaction is an acceptable one according to FINCO/ICS's underwriting guidelines. Next, the underwriter will prepare a thorough credit analysis of the transaction, working with the Outreach Specialist and Business Analyst to obtain additional information if necessary. The underwriter will devise a credit structure, which the Outreach Specialist and Business Analyst will discuss with the borrower. If the borrower agrees to the proposed structure of the credit facility, the underwriter will present the loan request to the Credit Committee for approval.

After the Credit Committee approves the transaction, the Loan Administrator will be responsible for assembling and preparing all documentation required to close the financing. The Loan Administrator will interact with legal counsel, the Business Analyst and the Outreach Specialist to obtain executed copies of legal documentation. Once all documentation has been signed and properly filed, funds will be disbursed to the borrower or the borrower's supplier.

The Loan Administrator will have the additional responsibilities of: monitoring FINCO's loan portfolio to ensure that the borrower complies with the terms of the credit agreement, monitoring the timely receipt of all financial and non-financial information required under the terms of the loan agreement, updating the Portfolio Status Report on a quarterly basis or whenever there is a change in the risk profile of any outstanding loan, analyzing quarterly financial statements and annual audited financial statements provided by each project in the portfolio, assisting in the creation and maintenance of a database that includes project financial performance information, issuing quarterly summary reports for each individual project with the necessary information required to monitor and understand the credit profile of the project, conducting continuous review of impairment in investment for each project, making recommendations on a quarterly basis to the Portfolio Supervision Committee on the adequacy level of the allowance for loss reserve for the portfolio, analyzing the reports provided at the shareholder meetings, financial statements, data provided by local reps, back office reports and other relevant data and prepare an Annual Supervision Report, including one page summary documenting the most relevant facts of each project during the previous fiscal year, preparing the recommended allowance for loss

reserves for projects rated in the Doubtful and Loss risk category that require a specific provision, and assessing and reporting projects performance relative to objectives established at the loan funding.

The Loan Administrator will produce a monthly report, to be submitted to OPIC, which details the status of delinquent loans and documentation exceptions, as well as what actions are being taken to correct any deficiencies. Additionally, the Loan Administrator will provide regular reports to OPIC on the loan portfolio status, including the number and amount of total loans and any concentration in the loan portfolio by borrower or industry.

Should a loan become severely past due, or have a documentation exception for more than sixty days, the Chief Credit Officer will engage an individual – who can be a member of FINCO or ICS – to assume responsibility for the collection of the past due balance and the correction of any documentation deficiency.

According to the Term Sheets for Tranche A and B of OPIC's Middle Market Facility for Iraq, FINCO must perform the role of Administrative Agent for the Tranches. The Administrative Agent duties would be handled by FINCO itself, a joint FINCO/ICS effort, and outsourcing to ICS in the following manner:

Tranche A Loans	FINCO (F) ICS (I)	Tranche B Loans
(i) identification and selection of eligible MME's;	F	(i) identification and selection of eligible PFI's;
(ii) deal structuring;	F&I	(ii) deal structuring;
(iii) negotiation of terms and conditions of the investment and legal documentation and relationship management with eligible MME's;	F&I	(iii) negotiation of terms and conditions of the investment and legal documentation and relationship management with eligible PFI's;
(iv) due diligence review of loans to MME's;	F&I	(iv) due diligence review and credit analysis of loans to PFI's; and
(v) confirmation that conditions precedent have been satisfied for disbursement of funds to MME's;	I	(v) confirmation that conditions precedent have been satisfied for disbursement of funds to PFI's.
(vi) process disbursements;	I	
(vii) collect all fees and expenses when due;	F&I	
(viii) in case of a past due payment, notify OPIC within two business days following the scheduled payment date;	I	
(ix) provide monthly reports to OPIC on the Tranche A portfolio, in a format to be agreed to by OPIC;	I	
(x) hire staff and pay for their services for the processing, monitoring, supervision and reporting in respect of the Tranche A Loans;	I	
(xi) engage agents, advisors and consultants in connection with due diligence, appraisal and processing of individual Tranche A Loans;	F&I	
(xii) pursue recoveries, including the development of recovery plans	F&I	

It is critical to identify valid business transactions that qualify for financing in accordance with standard credit underwriting guidelines. FINCO/ICS will engage US-based individuals with expertise and experience in credit analysis and loan portfolio management to assist in evaluating transactions for eligibility. This US-based group (the "Administrative Group") will be responsible for deciding which transactions qualify for financing, obtaining approval for financing, structuring the credit facility and managing the loan once funds have been disbursed.

However, since the proper evaluation of a loan request requires interaction with the borrower, FINCO/ICS will also employ an Iraq-based staff (the "Outreach Group") that will be responsible for identifying potential borrowers and conducting an initial review to determine their eligibility for FINCO/ICS financing. The Outreach Group will base its initial review on guidelines provided by the Administrative Group. If a prospective borrower meets the initial guidelines, the Outreach Group will

assemble all relevant documents – financial statements, collateral information, etc. – and prepare a financing request package for submission to the Administrative Group.

The Administrative Group will be comprised of underwriters and a loan administrator. The underwriters will review the financing request package to ensure it is complete, conduct the credit analysis and loan structure negotiations, and submit the financing request to the credit committee for approval. If necessary, the underwriters will engage outside consultants to assist in evaluating the proposed financing, including engineers, equipment specialists or industry specialists.

After the credit committee approves the transaction, the loan administrator will be responsible for disbursement of funds and monitoring the repayment of the loan. The loan administrator will ensure that all required documentation has been properly executed prior to disbursement of funds. Monthly reporting will also be the ultimate responsibility of the loan administrator, but the Outreach Group will certainly have to provide assistance in communicating with the borrower, verifying that the collateral is being maintained in good condition, and other matters necessary to ensure collection of the debt.

Should a borrower become delinquent in its repayment of the debt, the loan administrator will prepare the required reports to OPIC and executive management on the status of collections. The loan administrator will manage all collection efforts, although it is envisioned that the loan administrator may need to engage outside consultants to assist with the collection effort.

The following ICS personnel will provide ongoing senior support to FINCO in the form of technical assistance, monitoring, and policy advice for underwriting and Administrative Agent duties.

Alan Beard, Managing Director of ICS – Mr. Beard has over 17 years of international finance and business development experience, having secured $9 billion in government grants, equity, guarantees and loans for more than 700 companies. He served as an official in both the Export-Import Bank of the United States and the Department of Commerce's International Trade Administration, where he wrote loan monitoring manuals for the loan portfolio. Mr. Beard has provided portfolio management services to Bank of the West, Silicon Valley Bank, and Zions Bank and provided credit training to large corporations (e.g., HP, Motorola, IBM) as well as numerous SMEs. Mr. Beard co-founded the American Export Training Institute. He is currently Managing Director of ICS, an adjunct professor at Georgetown University, and contracted to write a book with Thomson Publishing on trade finance—having already been an editor and contributor to more than 20 books, including *Inside World's Export Credit Agencies* and *Inside the World's Development Financial Institutions*. He will be part of the Credit Committee and work with OPIC and U.S. based companies. He will also serve as the point for other sources of funding – commercial and public sector.

Chip Thomas, Training Programs Director - Mr. Thomas' is the General Manager of the American Export Training Institute. After his undergraduate degree he spent several years with the Peace Corp. and U.S. Information Agency (USIA) in Colombia. After his graduate degree he spent 20 years in international banking, specializing in trade finance. Most recently he worked at Mellon Bank. In 1995, he left to co-found the American Export Training Institute (AETI). In 1998, AETI became a division of Export Risk Management, a leading independent broker specializing in credit and political risk insurance. AETI has become the foremost resource for international trade transactions in the U.S. It has become the sole trade finance training outsource for many of the U.S. major banks, including Bank One, National City Bank, Bank of America, among others. Major corporations such as AT&T, Chrysler, Exxon, Mack Trucks, Motorola, Oki, Rhone-Poulenc, Sun Microsystems, and Tyco have participated in AETI in-house and bank sponsored seminars. More than 5,000 senior professionals in over 2,800 companies have been trained. Mr. Thomas will lead training programs for FINCO and other entities, like partner financial institutions, where needed.

Garn McMullin, Chief Credit Officer - Mr. McMullin co-founded Interlink Trade and Investment, LLC in 1998. He manages the firm's private equity investments, typically ranging from $50,000 to $250,000, and sits on the boards of several companies. He has complemented ITI's investments by successfully raising additional venture capital for various portfolio companies. Prior to joining ITI, Sport Court, Inc., a Utah-based growth company, recruited Mr. McMullin to become its CFO. During his five-year tenure the company grew at a thirty-five percent compounded annual growth rate and was financially positioned as an attractive acquisition candidate. Declining the invitation to become president of Sport Court, Inc., Mr. McMullin negotiated the exclusive distribution and franchise rights for the Utah, Colorado, and Nevada, built a successful franchise that was subsequently sold. Previously he worked at Deloitte and Touche as a small business consultant where he performed audit, tax, and initial public offering work for growth companies and Wells Fargo Bank (formerly First Security Bank) in the non-performing loan department. He is a Certified Public Accountant (CPA) and will oversee the work of credit analysts performing work on behalf of FINCO. He will make loan approval presentations to the credit committee.

Bruce Kaufmann, Loan Administrator – Bruce Kaufmann has 14 years of banking experience, as a commercial lender to SMEs and manager in Loan Review and Credit Administration. Additionally, he has served as a member of loan committees that reviewed and approved corporate loans. His sector expertise includes distributors, manufacturers and service companies in a variety of industries; he also is an expert in financing export transactions using the guaranty and insurance programs of the ExIm Bank. Some of Mr. Kaufmann's lending capabilities are an extensive knowledge of loan documentation and credit policy, writing lending policies, monitoring loan portfolios for compliance with policies and government agency regulations, and writing computer database programs to streamline the reporting process. As a manager of three professionals in Loan Review, he was responsible for portfolios of Retail, Commercial and International Divisions, as well as non-bank leasing and finance subsidiaries and developed and implemented a loan portfolio audit-training program. Mr. Kaufmann's other banking experience includes managing the collection of delinquent loans. During his tenure, there was a 38% decline in the extremely delinquent assets. Additionally, Mr. Kaufmann has worked with numerous companies to assist with arranging financing and financial management, serving as controller/CFO when appropriate. As Loan Administrator, Mr. Kaufmann will be utilizing his relevant banking experience on a daily basis.

RFP Stated Requirements

I.) Describe experience gained in the past three years relevant to providing services comparable to thos listed in Section B of the Statement of Work (particularly in Iraq) and experience in originating, lendin and monitoring of loans in the range of $500,000 to $5,000,000 to businesses in emerging markets.

&

II.) Provide a work plan describing how the Services will be implemented, including requirements fo selected NGO's board representation in FINCO. The work plan should address the offeror's experienc in providing services comparable to those described in Section B of the Statement of Work (particularl Iraq) and experience in originating, lending and monitoring of loans in the range of $500,000 t $5,000,000 to businesses in emerging markets.

The following presentation addresses these two requirements by responding to the Statement of Work Services individually. ICS proposes to perform the Services described below for a Start-Up Fee of $0 (to cover Services A through F, as intended by the RFP) and an Annual Support Fee of $395,546 (to cover Services G and H, also as intended by the RFP). Given that ICS proposes to perform the work for FINCO with existing personnel and equipment, no Start-Up Fee will be required, but any travel expenses are to be assumed by FINCO. The Annual Fee is to be paid beginning in Year 1. ICS' qualifications are presented below each Service.

A. ***Advise OPIC on establishing a non-profit entity in a US jurisdiction to perform the role of "FINCO".***

Some of the principals of ICS have been involved in the establishment of non-profit entities. On its existing management team, ICS has the capability to do this if necessary.

B. ***Identify candidates for an independent board of directors for FINCO (the "Board") to be appointed by OPIC in consultation with CPA. At least 51% of the directors must be U.S. citizens.***

The following persons have already agreed to advise ICS on the establishment and operation of FINCO and are also willing to be considered by OPIC and CPA to be members of FINCO's Board of Directors. ICS will identify other potential Board members, if this proposal is selected.

Senator Jake Garn - Jake Garn retired on January 3, 1993, from the United States Senate after three terms. He currently serves as Chairman of SVI. He serves on the Boards of Morgan Stanley Funds (New York City), American Association for the Advancement of Science (Washington, DC), National Air & Space Museum (Washington, DC), United Space Alliance (Houston) and United States Space Foundation (Colorado Springs), Headwaters Inc., and others. He is also involved with numerous local private/public sector endeavors that include the Utah Regional Advisory Board of PacifiCorp, the boards of BMW Bank of North America, Escrow Bank USA, Franklin Covey, NuSkin Enterprises, Inc., and Intermountain Health Care. He served in the U.S. Navy as a pilot. He is a retired Brigadier General in the Utah Air National Guard. He is a former insurance executive and served as Mayor of Salt Lake City prior to his election to the United States Senate in 1974. He served six years as Chairman of the Senate Committee on Banking, Housing and Urban Affairs. In November of 1984 Senator Garn was invited by NASA to fly as a payload specialist on flight 51-D of the space shuttle Discovery. During the seven-day mission, he performed various medical tests. In December of 1992, Senator Garn received the very prestigious aviation award, the Wright Brothers Memorial Trophy.

Lew Cramer, Managing Director of Summit Ventures International - Mr. Cramer has worked extensively in the global telecommunications and broadband sectors. His involvement includes serving as Vice President for MediaOne International and U S WEST International, where he was responsible for international government and multilateral financial institution relations and public policy for numerous wireless and broadband investments in over thirty countries worldwide. From an initial capital investment of approximately $2 billion, these international investments were valued at over $15 billion when merged into AT&T in 2000. Previously, Mr. Cramer served as the Director General of the U.S. Foreign Commercial Service, leading the U.S. Government's commercial staff of 1400 employees at over 120 embassies overseas and in 100 offices throughout the United States. His government service in the Reagan and Bush I Administrations also included Assistant Secretary of Commerce for International Trade, Deputy Assistant Secretary of Commerce for Science and Electronics, and White House Fellow with the U.S. Trade Representative. He is Chair of the Global Affairs Council of the American Management Association, a member of the U.S. Department of State's International Communications and Information Policy Advisory Board, a special advisor to the President of the International Chamber of Commerce in Paris, a former Board Member of the U.S. Telecommunications Training Institute and an adjunct professor at Georgetown University.

William C. "Bill" Cummins, First Vice President, Global Trade and Treasury, JP Morgan Chase BankOne - Bill Cummins is a twenty-year veteran of international banking and joined Bank One in 1998 as the Market Manager -- Trade Finance for Louisiana. In 2000, he was promoted to First Vice President for Global Treasury & Trade (Southeastern Market Manager). In 2001, Bill was awarded the top Trade Sales Award for Bank One's Large Corporate Line of Business. From 1996-1998, Bill was Senior Vice President and Director of the AmTrade International Bank in Atlanta (a specialty trade finance bank founded by Lord Michael Sanburg, former Chairman of the Hong Kong and Shanghai Banking

Corporation). From 1982 to 1995, he was group vice president for trade finance with South Trust Bank in Birmingham. Bill is a former member of the Bankers' Association on Foreign Trade and co-founded its Small Business Export Finance Committee. He has served as an expert witness regarding trade finance before several congressional committees and is a frequent lecturer for trade groups, financial institutions and universities. Bill is a published author on trade finance with articles appearing is such periodicals as *The Exporter, RMA Guide to Commercial Lending, Export Today.* He is a member and current treasurer of the Louisiana District Export Council (and former Chairman of the Alabama District Export Council, 1994-96) and serves on the faculty of the LSU Graduate School of Banking; he is a former adjunct professor with Birmingham-Southern University. Bill serves on the Board of Visitors for the College of Business at Loyola University and is the 2001-2002 Chair of the International Trade & Tourism Council of the Louisiana Association of Business and Industry. Beginning in 2003, Bill was elected to the Board of Directors of the World Trade Center of New Orleans and is vice-chair of the WTC Government Affairs Committee. In 1994, Bill was voted in the top ten International Bankers in the USA by *International Business* magazine and in 1993 was named Alabama's SBA Lender of the Year.

George Fowler, Senior Vice President & Manager for International Markets & Financial Institutions, National City Bank - Previously Founder, Chairman & CEO of Globespinner, Inc., an Internet startup company in Wayne, PA, Mr. Fowler worked as the Managing Director of Bank One Corporation in Washington, DC, directing structured trade, project finance, & emerging market equity investment funds. He also served as Senior Vice President & Managing Director of International Financial Institutions, Bank One International Corp. Between 1987-1994 Mr. Fowler managed Philadelphia National Bank/CoreStates Bank in the positions of Regional Manager - Americas Area and Deputy Regional Manager - Asia Pacific Area. Mr. Fowler also served as Manager of International Investments at Home Federal Savings & Loan in San Diego, CA. His various other positions included: Manager of Northern California Trade Services, Manager of Trade Finance in New York, Representative, Bangkok, Thailand, Regional Representative, Singapore, Asia Pacific Area, San Francisco for Wells Fargo Bank. Mr. Fowler was a US Naval Officer, Navy Supply Corps Officer, White House Social Aid and served in the military in Mekong Delta - Vietnam.

Tim Bridgewater, President, Interlink Management Corp. – Mr. Bridgewater founded and serves as President of Interlink Management Corporation, an investment consulting company that advised on over $120 million of private equity investments in industries ranging from building materials and automotive component manufacturing to electronics and software technologies in the U.S. and Asia. He has co-founded five companies including environmental services, bio-technology and multimedia/software technology companies. Mr. Bridgewater has served on various boards including the Sutherland Institute, CM Telecom International, Gunderboom, Inc., LiveTutor.com, American-Thai Foundation, TurboWave Wireless (Director & Interim CEO) among others. Mr. Bridgewater served as a loan officer for Export-Import Bank of the United States. He is active in Republican Party politics and ran for the U.S. Congress in 2002. In addition, Mr. Bridgewater served on the Advisory Committee for the U.S. Department of Commerce and was on the National Finance Committee for Bush for President in 1999-2000.

Prof. Michael R. Czinkota, Georgetown University - Michael Czinkota teaches marketing and international business at Georgetown University. He also served as chairman of the Foundation for International Business Education and Research, in Washington, D.C., and as the chairman of the National Center for Export-Import Studies. He has held professorial appointments at universities in Asia, Australia, Europe, and the Americas. Dr. Czinkota served in the U.S. government during the Reagan and Bush Administrations. As Deputy Assistant Secretary of Commerce he was responsible for trade analysis, support of international trade negotiations and retaliatory actions. He has also been head of the U.S. Delegation to the OECD Industry Committee in Paris and was senior advisor for Export Controls. Dr. Czinkota's background includes twenty years of research and teaching in the academic world. He was listed as one of the three most published contributors to international business research in the world. He is the author of eight books, among them two standard college texts, International

Marketing and International Business, both in their sixth edition. Dr. Czinkota serves on the Global Advisory Board of the American Marketing Association, the Global Council of the American Management Association, and on the Board of Governors of the Academy of Marketing Science. Dr. Czinkota serves on several corporate boards and has worked with corporations such as AT&T, IBM, GE, Nestle, and US WEST. He has advised the U.S. General Accounting Office, the Commerce Department, and the Executive Office of the President on Export Promotion and Trade Policy. He also serves as advisor to the United Nations' and World Trade Organization's Executive Forum on National Export Strategies.

C. Advise FINCO on completing negotiation of the Tranche A Finance Agreement, the Tranche B Framework Agreement (including the form of syndicated loan agreement), the Escrow Account Agreement, the Administrative Services Agreements for each of Tranche A and B, and other related financing documents ("Financing Documents"), all of which must be consistent with the terms set forth in the Term Sheets. Legal counsel has already prepared many of the major Financing Documents.

In the course of performing financial advisory services, ICS employees have advised clients on and negotiated on their behalf numerous Financing Documents, including Finance Agreements, Escrow Agreements, and other related documents. Some examples are provided here.

- AES CAESS – Complete set of IFC A&B Loan documents for a $120 million financing in El Salvador.
- AES Andres – Bridge loan with Banco Popular and Trust Company of the West for $145 million in Dominican Republic.
- PIH – Complete set of OPIC documents for a $4.5 million financing in Republic of Georgia.
- New World Development and Liberty Mutual Insurance -- $25 million debenture with the World Bank for a $75 million equity fund in China.
- Cray Research -- $13.7 million ExIm Bank guaranteed National Westminster Bank long-term loan in Russia.
- Motorola -- $5 million of ExIm Bank insured supplier credits in Mexico, Brazil and Chile.
- Zincacero -- $6.5 million ExIm Bank guaranteed Bank One medium-term transaction in Mexico.
- Various – More than 100 SME transactions for SME exporters using ExIm Bank' working capital guarantee program for banks such as Silicon Valley Bank, U. S. Bank, Bank One, Bank of America, etc.

For technical legal work relating to financing documents, these established international attorneys have agreed to work, when requested, with ICS on this project.

Daniel Callister is an attorney and specialist in International Tax and Corporate Law with emphasis on the Middle East. He has extensive experience providing legal advice to various Middle Eastern governments, including Kuwait and Saudi Arabia, and has represented various banks, Kuwaiti-based investment funds, and investment advisory companies based in the region (including National Bank of Kuwait and the Gulf Bank) regarding investments in Iraq. Mr. Callister helped establish Investcorp—a Bahraini investment bank—and advised it for over 10 years.

Squire, Sanders & Dempsey L.L.P. is a global law firm providing a wide range of legal services, with approximately 700 lawyers in 26 offices worldwide. Squire Sanders has established comprehensive relationships with key resident counsel, where they do not have an office. For example, the Al-Assaf Law Firm in Saudi Arabia (headquartered in Riyadh, with associated offices in Jeddah and Al Khobar) works in affiliation with Squire Sanders on a variety of matters throughout the Middle East. Their clients in the region include local businesses and governmental entities as well as multinational

companies and investors seeking to establish or expand their operations in the Middle East. Their lawyers respect and understand the cultural nuances of doing business in the region and provide assistance in exploring the regulatory, legal and business environment. In Iraq, Squire Sanders has been supporting US government-sponsored efforts to help restructure the Iraqi economy, having already traveled to Iraq and established working relationships with lawyers in Basrah and Baghdad.

D. ***Advise/assist FINCO on:***

1. ***procuring appropriate licenses for FINCO to operate in Iraq***

   Three members of the ICS team have been working in Iraq during the past three months. These persons made numerous contacts in the private and public sectors and are capable of facilitating the attainment of any operating licenses for FINCO. The tasks of establishing FINCO in the US, preparing and approving charter documents, submitting names for interim board, filing applications with the IRS for non-profit status, filing registration application in Iraq, and setting up a bank account in Iraq will take no more than two weeks from award announcement, given the fact that ICS has experienced personnel already in place and those with recent Baghdad experience and contacts.

2. ***developing appropriate high-level credit policies, operating procedures and strategic objectives***

   Two members of the ICS team have previously developed credit policies and financial entity operating procedures. A basic presentation for FINCO has been included above on pages 13-16. Although these are not comprehensive, an entire set can be drafted and finalized for FINCO in less than six weeks, since the ICS team is experienced and ready to start.

   Several members of the ICS team have developed strategic objectives for a variety of organizations operating in emerging markets. This document has previously presented some for FINCO in the areas of lending, business community outreach, mobilization of capital, and training.

3. ***recruit a chief executive officer ("CEO")***

   A highly competent financial executive with recent Iraq middle market lending experience has already been identified for the position of CEO. Donal Cotter's qualifications are presented on page 10.

4. ***hiring of local staff in consultation with the CEO***

   The three ICS team members that just completed time in Iraq know many people who can fill or assist in filling the local positions very quickly. This can be accomplished in less than six weeks from award announcement.

5. ***opening of a FINCO office in Iraq***

   Again, the ICS team members that just finished working in Baghdad have ample contacts and knowledge of the procedures in country to open an office very quickly. This can be accomplished in less than four weeks from award announcement.

E. ***Arrange for FINCO to perform the role of the Tranche A Administrative Agent as described in Section 2.03 and other provisions of the draft Administrative Services Agreement for Tranche A.***

&

F. ***Arrange for FINCO to perform the role of the Tranche B Administrative Agent described in the section entitled "Tranche B Administration" of the Term Sheet for Tranche B. Note that FINCO's responsibilities as Tranche B Administrative Agent are fewer than those as Tranche A Administrative Agent.***

Assignment of these responsibilities was addressed on pages 14-16. These are duties with which ICS team members are very familiar.

G. ***Provide ongoing support to FINCO in the form of technical assistance, monitoring, and policy advice. Part of this support may include assisting FINCO in coordinating training programs to be provided by a nongovernmental organization to MMBs and PFIs. It is expected that funds for the training programs will be provided by CPA under a separate project. The Selected Offeror shall not be excluded from participating in the bid, if any, to provide such training programs.***

This proposal has suggested a very active role for ICS in supporting FINCO; indeed, since the loan underwriting and some of the monitoring functions are assumed to be outsourced to ICS, ICS employees will comprise at least half of the expatriate staff of FINCO/ICS. ICS will be the primary architect (with OPIC's approval) of FINCO's policies and procedures. FINCO will have ICS technical support from a team of between four and nine (depending on need) finance professionals with years of emerging market finance and loan underwriting experience.

Should portfolio liquidations necessitate workout, principals of the ICS' Team have extensive experience in loan monitoring and workouts. Tim Bridgewater was the key claims officer in Latin America during part of his tenure at ExIm Bank working on problem loans primarily in Venezuela and Mexico. Garn McMullin worked in the problem loan department of Wells Fargo (formerly First Security Bank), and Alan Beard has extensive workout experience on SME transactions with the International Trade Administration and later as an outside consultant on ExIm Bank and OPIC transactions.

Training will be important for assisting the business community to access FINCO loans and to allow for FINCO's expatriate staff to be replaced by Iraqis in-country. Training was mentioned on page 13.

H. ***Advise on liquidating FINCO following maturity/termination of the Facility and use the net proceeds remaining after liquidation to promote the development of financial and entrepreneurial skills in Iraq through grants and training programs.***

Given the objectives of FINCO—beyond the repayment of Tranche A and B—to promote the development of financial and entrepreneurial skills in Iraq through grants and training programs, ICS would encourage using net proceeds to form an American NGO staffed by Iraqis. The purpose would be to continue the type of business training proposed to be provided by FINCO Outreach Specialists and partner NGOs like CDC. The technology and business skills gap that exists between Western societies and Iraq is sufficiently large that exposing and educating Iraqis to modern, Western approaches in culturally sensitive manner will be needed for the foreseeable future.

To complement this training by providing a source of funding for well-run Iraqi SMEs, ICS would seek to point to the success of FINCO and separately establish a Middle Eastern-based financial institution dedicated to lending to regionally located SMEs. Funding would be targeted to come from multiple public and private sector sources. Indeed, this new entity may approach OPIC to set up a credit guarantee facility, similar to those established by National City Bank, among others. The new entity would envision credit guarantee facilities from ExIm Bank and other ECAs, as well as DFIs like the IFC.

III.) Comment on the sufficiency of the proposed first-year budget (including staffing) for FINCO. Include in this commentary estimates of the annual administrative fees that FINCO should charge for performance of the Administrative Services provided by FINCO under Tranches A and B. Note that the annual administrative fees must be the same for Tranches A and B for the first 5 years.

ICS has prepared a first year budget for FINCO, based on firsthand knowledge of the costs of doing business in Iraq; it is presented as Appendix 4.

The ICS staffing assumes four expatriates in Iraq for the first year, which is twice the OPIC budget assumption. This decision was arrived at by the ICS team members presently in country, performing the same type of work that FINCO will. In four months, CPA's Firm Level Assistant Program staff was only able to approve three loans, totaling about $5 million. Another ten are close to closing, but this still represents a very slow pace of loan closing.

The Iraq cost estimates come from the efforts of two ICS team members that gathered the information directly from in country sources on June 15, 2004. These are individuals that witnessed the outcomes associated with contractors that underestimated costs and spent money on unnecessary things.

The Annual Support Fee paid by FINCO to ICS is based on the amount of personnel time to be consumed by FINCO support and assumptions about the associated space and equipment costs. The Annual Support Fee includes payment of annual administrative fees associated with Tranches A and B, the duties for which are covered on pages 14-16.

Again, there is no Start-Up Fee associated with this ICS proposal.

The total proposed FINCO budget (including payment of the Annual Support Fee) for Year 1 is $3,466,518. This represents 2.54% of the assumed $136,500,000 facility, which is low for an emerging markets loan fund—especially considering the in-country risks of FINCO.

IV.) Provide the Start-up Fee and the Annual Support Fee required by the bidder to provide the Services.

As stated above, ICS proposes to provide the Services above for a Start-Up Fee of $0 (to cover Services A through F, as intended by the RFP) and an Annual Support Fee of $395,546 (to cover Services G and H, also as intended by the RFP). Given that ICS proposes to perform the work for FINCO with existing personnel and equipment, no Start-Up Fee will be required, but any travel expenses are to be assumed by FINCO. The Annual Fee is to be paid beginning in Year 1.

Below is the timetable contemplated by OPIC in the RFP.

TIMELINE FOR IMPLEMENTATION BY SELECTED NGO OF IRAQ MIDDLE MARKET LENDING FACILITY

TRANCHE A

MILESTONE	WEEKS FROM AWARD
ESTABLISH FINCO IN US; PREPARE AND APPROVE CHARTER DOCUMENTS; APPOINT INTERIM BOARD; FILE APPLICATION WITH IRS FOR NON-PROFIT STATUS	2 WEEKS
FILE REGISTRATION APPLICATION IN IRAQ; SET UP BANK ACCOUNT IN IRAQ	2 WEEKS
SET UP OFFICE IN IRAQ	4 WEEKS
HIRE CEO	4 WEEKS
HIRE STAFF	6 WEEKS
CREDIT POLICIES AND PROCEDURES IN PLACE	6 WEEKS
COMMENCE FULL OPERATIONS	7 WEEKS

With its ability to completely address the Requirements of the Statement of Work with existing staff and already identified consultants, ICS is a turnkey solution and is confident in its ability to meet the above milestones.

V.) This proposal package includes the following completed and signed documents:

A. SF1449 (Appendix 5)

B. all amendments issued (Appendix 6)

C. most current representations and certifications for commercial items (Appendix 7)

D. three references for contracts that are of similar size and complexity (Indicate item contracted for contract number, size/dollar value of contract, completion status of contract, and contact informatio where contract performed. Offerors may also provide information on problems encountered o identified contracts and the offerors corrective actions.)

While this contract is the first of its kind for ICS, its principals have participated in creating and executin similar arrangements with TDA and USAID. In the case of the former a $100+ multi-year contract (contac person David Denny 703-875-4357) was negotiated and administered to evaluate TDA's portfolio by Ala Beard while he was with Delphos International. Alan Beard and Lew Cramer initiated, received approva and worked under a multimillion-dollar USAID contract, sponsored by U S West, to train busines executives in Russia. In addition, principals have contracted with NGO's such as the National Associatio of State Development Agencies to produce materials for USAEP to instruct field officers in Asia on pre qualifying transactions for public sector sources of funding, such as ExIm Bank, TDA, and OPIC.

Currently ICS has medium-term contracts in the mid five figures with the following companies that ar comprehensive in the use of public sector support for overseas transactions:

Corning - Ms. Debra Waggoner (202-682-3142)

White & Case - David Hildebrandt (202-656-3679)
National City Bank – George Fowler (216-222-2950)

E. a completed ACH form must be on file prior to contract award (Appendix 8)

F. registration in Central Contractor Registration at www.ccr.gov completed prior to contract awar (Appendix 9)

List of Appendices

Appendix 1:
OPIC Press Release

Appendix 2:
USA TODAY Article

Appendix 3:
Proposed FINCO Expatriate Staff

Appendix 4:
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Appendix 5:
Standard Form 1449

Appendix 6:
All Amendments Issued (1-4)

Appendix 7:
FAR 52.212-3 Offeror Representations and Certifications
--Commercial Items

Appendix 8:
Completed ACH Form

Appendix 9:
Proof of Registration with Central Contractor Registration

(b)(6)

From: (b)(6)

Sent: Saturday, June 19, 2004 5:27 AM

To: (b)(6)

Subject: FW: Electronic Version of FINCO Application--Appendices 1-4

Dear (b)(6)

Attached please find the electronic version of Appendices 1-4 for Interlink Capital Strategies' Proposal to Advise on Establishing and Provide Support for FINCO, an Iraq Loan Finance Company.

Solicitation Number: OPIC-04-R-0008

Heidi H. Wilde

Interlink Capital Strategies
Tysons Corner - 7700 Leesburg Pike
Suite 201
Falls Church, VA 22043
(b)(6)

Appendix 1

OPIC Press Release

OPIC Press Release

FOR IMMEDIATE RELEASE
Wednesday, May 12, 2004

(Return to Press Release List)

For further information, contact:
Lawrence Spinelli (b)(6)
Timothy Harwood

OPIC PARTNERS WITH ZIONS BANK AND INTERLINK CAPITAL STRATEGIES TO SUPPORT U.S. SMALL BUSINESSES

WASHINGTON, D.C. – The Overseas Private Investment Corporation (OPIC) today entered into a cooperative agreement with Zions First National Bank and a financial consultant, Interlink Capital Strategies, to facilitate efforts by Zions' U.S. small business customers to invest in emerging markets through the support of OPIC financing.

Through the agreement, Interlink will prepare applications for OPIC financing by Zions' small business customers, in return for a small packaging fee. Interlink's involvement will ease the application process and thereby encourage investment overseas by small businesses from the western part of the United States, represented by Zions' customers.

"OPIC's partnership with Zions Bank and Interlink will open new opportunities for U.S. small businesses from the western part of the country to invest in dynamic markets overseas," OPIC President and CEO Dr. Peter Watson said. "Interlink's involvement will result in a valuable 'force multiplier' effect, extending OPIC's outreach to small businesses in the American west. Given the strong records of both Zions Bank and Interlink, we at OPIC expect this partnership to yield significant benefits to both U.S. small businesses and the developing nations where they invest."

Dr. Watson noted that the partnership represented the latest initiative in OPIC's efforts to encourage investment overseas by U.S. small businesses. OPIC established a Small Business Center and entered into a special initiative with the U.S. Small Business Administration in 2002, and created a Small and Medium Enterprise Finance Department last year. OPIC supported 42 small business projects with $479 million in 2003, compared to $269 million for 31 projects in 2002.

"As our market's top SBA lender, Zions Bank is pleased to partner with OPIC to bring small businesses easy strategies for investing in the worldwide marketplace," said Scott Anderson, Zions Bank president and CEO. "We are committed to helping our business clients find ways to expand their companies beyond traditional domestic borders."

Zions Bank, a subsidiary of Zions Bancorporation, operates 133 full-service branches and more than 200 ATMs throughout Utah and Idaho. In addition to a wide range of traditional banking services, Zions offers a comprehensive array of investment, mortgage, and insurance services, and has a network of loan origination offices for small businesses nationwide. The company is also a leader in providing electronic banking services, including electronic municipal bond trading. Founded in 1873, Zions has been serving the communities of the Intermountain West for more than 130 years. Additional information on Zions Bank is available at www.zionsbank.com.

Interlink Capital Strategies specializes in financing transactions and projects in emerging markets using government programs. Because financial markets are typically unable to support sales and direct foreign investment in emerging markets without government involvement, Interlink Capital Strategies provides critical financial advisory services to mobilize financing in regions outside Western Europe and North America. The type of financial support includes: business development seed money, export working capital, vendor financing, direct foreign investment support, insurance, bonding and guarantees.

OPIC was established as an agency of the U.S. government in 1971. It helps U.S. businesses invest overseas, fosters economic development in new and emerging markets, complements the private sector in managing risks associated with foreign direct investment, and supports U.S. foreign policy. Because

OPIC charges market-based fees for its products, it operates on a self-sustaining basis at no net cost to taxpayers.

OPIC's political risk insurance and financing help U.S. businesses of all sizes invest in more than 150 emerging markets and developing nations worldwide. Over the agency's 32-year history, OPIC has supported $150 billion worth of investments that have helped developing countries to generate over 690,000 host-country jobs. OPIC projects have also generated $66 billion in U.S. exports and created more than 257,000 American jobs.

Appendix 2

USA TODAY Article

USA TODAY

Cash crunch curbs rebuilding in Iraq
Jobless rate stuck near 30% as businesses seek capital

by David J. Lynch | Jun 01 '04

BAGHDAD -- Businessman Louay al-Tahan's biggest problem isn't the postwar chaos that often keeps his employees from their jobs, the daily power outages that idle his machines or even the unexploded artillery shell sitting in the rubbish heap alongside his factory.

Al-Tahan's biggest problem is a lack of cash. Despite Iraq's turmoil, he sees a huge opportunity to expand production of plastic bottles and bottling components to meet surging demand. But to do that, he needs $1.8 million to replace his 1970s-era machinery with modern gear. "To renew our factory, we really need to rip out all our equipment," al-Tahan said. "We don't have the liquid cash."

With bank lending almost non-existent and foreign investment in Iraq about as common as a snowstorm, Iraqi businesses are struggling to secure the credit they need for life after Saddam Hussein. Whether these midsize businesses succeed or fail with their job-creating expansions is critical for stability: Iraq's anti-American insurgency is largely made up of unemployed young men. If the economy generated more jobs, extremists couldn't recruit foot soldiers as easily.

In April, al-Tahan, 40, took what he hopes is the first step toward solving his problem by applying for a loan from the U.S.-led Coalition Provisional Authority. With little fanfare, the CPA, which is governing Iraq until the June 30 handover of power to an interim government, has begun accepting applications for a new program designed to provide loans of $500,000 to $5 million for midsize companies.

Coalition officials, who say they recognize the need to jump-start the country's private sector, declined to discuss the program because it has not been formally approved. The coalition separately has disbursed about $7.5 million in "microfinance" credits, typically loans averaging $2,500 for small businesses such as bakeries and grocery stores. An additional $17.5 million is in the pipeline for that effort, a coalition official said.

Those amounts are dwarfed by Iraq's needs. Fourteen months after the toppling of Saddam's statue in Firdos Square, the sidewalks along busy Karrada Street are lined with boxes holding new refrigerators, televisions, microwave ovens and air conditioners. After a generation of deprivation, Iraqis are eagerly acquiring consumer goods.

High unemployment