Kosovo Business Finance (KBF) Project

Award Fee Self-Assessment Report
Evaluation Periods 1 and 7

USAID Contract No.
167-C-00-01-00106-00

Submitted by:
Deloitte Touche Tohmatsu Emerging Markets

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1.0 SUMMARY OF AWARD FEE SELF ASSESSMENT

This report describes progress in meeting the peformance criteria during Evaluation Period 1 and 7 for the Kosovo Business Finance Project (KBF) as established by USAID Contract No. 167-C-00-01-00106-00, Attachment 1.

The time of review covered under Evaluation Period 1 is six months, from May 10, 2001 to November 10, 2001, but since that date fell on a Saturday, all activities presented in this report are as of close of business November 12, 2001. Evaluation Period 7 did not cover a specified term, but is marked by the licensing and operation of American Bank of Kosovo (ABK).

For reference the Award Fee Plan is attached as Appendix G.

2.0 EVALUATION PERIOD 1 – MANAGEMENT AND LOAN PRODUCTION

Summary of Evaluation Components

A summary of the evaluation criteria and a very brief synopsis of the self-assessment are outlined below and explained in turn in more detailed.

Kosovo Business Finance Fund (Loan Production Unit)

Criteria	Summary Assessment	Maximum Award Amount*
Cost Management	Mid-year actual spend is below budget and costs are being actively managed in the field as from home office.	$17,070
Organization and Management	Contractor has provided responsive and specialized service that has proved instrumental to developing the institutional structure, administration, and requirements for setting up the LPU and the Bank. A complex project management administration has been developed to address the special needs of the project, which have supported the success achieved thus far.	$25,604
Loans Booked and Deposits Mobilized • Volume of Loan Disbursements (40%) • Value of Loan Disbursements (40%) • Delinquent Loan Rate (20%) • Value of Deposits Mobilized (0%)	61 SME loans approved; Loan disbursements exceeded 2 million DM at end of period No delinquencies at end of evaluation period Not applicable	$76,813

* Based on the Award Fee Amount Stated in Attachment 1

Cost Management

Evaluation Criteria: *Cost management, use of project funds, quality of reporting, problems and trends identified, responsiveness to cost control measures.*

The table below shows the estimated financial status of TA funds for both the loan fund and Bank setup at the end of the evaluation period.

	Year 1 Budget	Projected Through 11/15/01	Burn Rate
	US$	US$	
CLIN 0001 **Loan Production Unit** **KBFF TA BUDGET**			
Total Salaries	**$551,661**	**$286,543.19**	52%
Total Fringe	**$61,550**	**$41,413.81**	67%
Total Overhead	**$473,122**	**$253,207.01**	54%
Total Other Direct Costs	**$2,532,069**	**$1,047,925.59**	41%
Subtotal Travel	$110,453	$114,842.74	104%
Subtotal Allowances	$438,073	$106,877.17	24%
Subtotal ODCs	$168,923	$185,845.02	110%
Subtotal Procurement	$238,050	$150,666.47	63%
Subtotal Subcontractor Costs	$1,576,570	$489,694.19	31%
Total Direct Costs	**$3,618,401**	**$1,629,089.58**	45%
General and Administrative	**$289,472**	**$130,327.17**	45%
Grand Total Before Fee	**$3,907,873**	**$1,759,416.75**	45%
Fixed Fee	**$78,157**	**$35,187.94**	45%
TOTAL CLIN 0001 COSTS	**$3,994,449**	**$1,753,522.98**	44%
CLIN 0003 **Bank Capitalization and Start-Up** **ABK TA BUDGET**			
Rabo Bank International Advisory Services	$420,911	$151,847.55	36%
TOTAL CLIN 0003 TA COSTS	**$420,911**	$151,847.55	36%

At an estimated burn rate of approximately 45 % for the LPU and 36 % for the bank, the project spend is within a range of comfort at the end of this evaluation period. For the current evaluation period we are also within budget when examined on an annualized basis. By extension, while project salary costs will ramp up a bit in the second six months to address resource needs of the LPU, we expect that total project costs at year-end will be at or below budget.

There is some material variance in the line item results for subcontractors (31% burn) and travel (110% burn), allowances (24%), and communications. The subcontractor under-spend is due to a re-allocation of costs from subs to salaries and concerns one individual who during the course of the project was engaged directly by Deloitte from one of the subs. The variance in travel expenditure is due to a higher than anticipated cost of flights to and from Pristina. As the bulk of travel expenditures are finished, this variance will grow by much less in the next six months. Allowances are the result of most ex-pats not using them, or requiring less in expenditure than projected. Communications expenditures are higher than estimated because of the scale of interaction between Home Office and the field. The poor telecommunications infrastructure for international calls makes it necessary to rely on higher costing mobile telephones from the field. With the bank and LPU operational, we expect the length of calls to be shorter going forward and thus the level of costs.

While there have been some expenditures, such as insurance, office rent, transactions costs on loan funds and some equipment that have cost more than budgeted, we believe the overall budget results are favorable. These results are in part the result of explicit actions by the project team to manage costs and keep expenditures at bay. Indicative examples of where costs have been well managed, reduced, or avoided include the following:

- Drawing from the skills of the project team, KBF was able to develop a low-cost information system and database for managing and recording loans. This system, which is based on an access database, has similar functions to commercial software with a cost as high as $30,000. The system developed by KBF has been tested and is well used by all staff.

- Use of the DHHS system by Deloitte has helped to keep transaction costs lower – financing fees on funds disbursements can reach up to 2%.

- While office rent for the KBF building was a bit higher than budgeted, the efforts of the team to rapidly build-out the second floor of the ABK building will allow KBF to move into the Bank building and thus lower its rent. This will substantially decrease rental expenses for KBF.

- KBF remained competitive, but also very prudent on setting salaries for local staff. Overall salary costs for local staff is less than budgeted.

- KBF has filled two loan officer positions with lower salaried individuals than originally budgeted.

- KBF has a designated individual to support the COP in monitoring operating expenses. Operating expenses are capped and require approval for expenditures above a certain level.

- Certain subcontractor costs have been managed lower or made unnecessary by the pace of progress on the project.

- Various efforts have been taken by the project team to maintain transaction costs. They are not insignificant, but the costs cannot entirely be avoided because of the correspondent banking arrangements that exist between the US, Frankfurt and Kosovo. Efforts to control transactions costs have involved discussions with Citibank, Commerzbank, MEB Bank, exchange rate shopping to support decisions on how and where funds should be converted to DM, and review of alternatives for disbursing funds with lower costs.

In addition to cost management, we would also like to note that the project has expended a considerable amount of resources on bank development that was not originally part of the LPU budget. Deloitte financed part of the bank start up costs for the period of set up. The working capital charges incurred by D&T for these funds were a cost savings to the project because they are not reimbursable through the contract. Also, the shift of staff to address bank development needs subsidized bank startup costs without materially compromising loan production. This in effect was a cost reducing move because bank capital was preserved.

A comprehensive accounting system and cost-reporting regime has been developed for the project. The results are reported monthly to USAID and evaluated by the COP and project management. While there is always some final adjustments to month end numbers due to lags in invoicing and other, the reports prepare for the project are deemed accurate and well supported.

We are happy to provide further documentation in support of the cost management evaluation of specific line items, or to respond to specific questions on overall approach.

Organization and Management

Evaluation Criteria: *Contractor practices proactive management to identify and anticipate problems prior to adverse impact. Contractor provides organized and detailed alternatives including risk assessments, trade-off analysis between cost, schedule and performance, plan of action and implementation schedule. Solutions are implemented with no impact to estimated cost and schedule. Organizational structure provides for highly qualified personnel assigned with duties, responsibilities, and authority necessary to achieve program goals ahead of schedule and within estimated cost. Lines of communication are well defined, clearly understood, and always facilitate rapid exchanges of information, both technical and contractual, in order to meet program goals.*

The KBFF project is an ambitious and novel project. It has demanded a broad range of firm resources to structure and execute within fairly tight parameters and, given the inherent imprecision of the project rollout, has stress-tested project management in ways not easily foreseen in the RFP. It has required a scale of organization and service that we believe in some respects is unique for USAID contractors. And while there have been both challenges in staffing, and constraints from the local environment, there are a number of salient strengths in our approach that have proved instrumental in yielding positive results. These, we believe, are important measures of effective management and organization. In this respect we would like to bring to USAID's attention the following supporting points:

Project Mobilization: The contract was awarded on May 10, 2001. Within 8 days a project team delegation was on the ground and within 25 days all but one of the initial team was mobilized.

Institutional Set-up: We were instrumental in crafting the KBFF foundation structure that allowed the loan fund to be set up quickly and which provided the vehicle for USAID to own and govern the Bank. We were also able to mobilize the appropriate experience to work with USAID in creating a proper commercial entity for the bank, with a shareholding and management structure, charter and by-laws, board governance, and operating procedures consistent with international standards. We presented this institutional structure to the regulatory authority BPK (Banking and Payments Authority of Kosovo), who granted a non-bank credit institution license to the LPU (June 21, 2001), and a bank operating license to the American Bank of Kosovo (November 8, 2001).

Board Appointees: We have provided individuals to serve on behalf of USAID as appointees on the Board of both the KBFF and the Bank. Notwithstanding the fact that these actions are beyond the normative requirements of D&T professionals or its affiliates, the appointments are organized and maintained to fit USAID requirements.

Funding Arrangements: We have established, organized and managed a number of accounts to channel USAID funds to the Bank and KBFF. We initiated the funding of loans for KBFF through the DHHS letter of credit payment system, which in turn has helped to minimize administrative costs and the customary contractor financing fees of 2%. We have setup a home office reporting structure to handle the ongoing management and maintenance of those accounts.

Bridge Loan and Financing Arrangements: Deloitte financed a bridge loan out of its own funds to expedite the purchase of some equipment and cover some expenses for the setup of ABK. In addition, we have provided a number of alternative approaches to financing and structuring project costs.

Greater Home Office Backstopping and Administration: The administration of the above noted arrangements requires a resource commitment above what is customarily required on USAID contracts. In addition to normal backstopping activities, the Home Office supports the project by handling funds disbursements, preparing regulatory reports to the DHHS, the banking regulatory authority BPK, Citibank and USAID itself, and reconciling commercial accounts. Apart from the sheer volume of process tasks, many are unique to the structure that has been created for the project. This has required additional internal training and it has led to the formation of what might be termed a micro-administration to support the Kosovo project.

Flexibility in Approach: The lack of an institutional roadmap to execute this project has required a considerable amount of flexibility and nimbleness in approach. The team structure has taken a number of evolutionary turns between the bank and the loan production unit in order to allocate resources to the greatest need. Team flexibility has proved instrumental in overcoming a number of barriers to progress that otherwise could have significantly impeded progress, and it has enabled the team to carry out complicated work very economically.

Procurement: The KFB project has been that of two projects in terms of procurement. In the first six months the project team was able to negotiate, build-out, and furnish two separate facilities. In an environment where suitable office space is rare, and where most of the equipment and fixtures needed to run a bank or a loan operation safely is non-existent, much of the procurement and shipment of technical equipment across borders has proved a logistical challenge in and of itself. While there have been challenging situations, we believe the project team has done exceptionally well in this regard. The KBFF building was equipped, wired-up, and staffed in just over a month from initial mobilization. The ABK building was fully built-out and made compliant with the security requirements of the bank regulator BPK. By most standards it is an appealing office space. The team was able to work with architects, uncooperative landlords, security people, IT technicians, building contractors, while also hiring and training local staff, developing operating procedures, contracting with vendors and completing a bank licensing application.

Issue Resolution: The project has faced a few staffing and roll-out issues in the first six months. Such issues, which have led to changes in ex-pat staff and modifications to the work plan, are to be expected in any project, particularly one with broad technical requirements that combine different personalities and backgrounds and that by their very nature carry some unpredictability and imprecision in implementation. However, given the ambitious deadlines and the complicated working environment, we believe the issues faced by the project have been dealt with relatively well in relation to the successes that have been achieved. By and large, the team has done a good job of anticipating and finding solutions to problems that would have a direct impact the critical path of progress. One such example was the rapid adaptation of the bank's accounting system in response the Globus system delays. Others have involved temporary mobilization of staff to different functions and re-configuration of responsibilities between the KBFF and the Bank. Issues of lesser-perceived significance have occasionally taken lower priority to the requirements of setting up and running the LPU and the bank. But nevertheless there is a robust management structure in place to ensure accountabilities are enforced.

Overall Project Management: The licensing and establishment of two financial institutions in rapid sequence, and the operation and eventual integration of those institutions under the terms of the Contract and within USAID policies and procedures, underscores the need for a well organized and enabling project infrastructure. To support these activities we have developed a project management structure designed to reduce administrative burdens on the Project Team, and facilitate uninterrupted progress. This structure comprises a number of elements that we have summarized in our Annual Work plan and have discussed in subsequent progress reports.

Achievement of Other Project Benchmarks: The project has been successful in achieving a number of benchmarks not explicitly part of the Award Evaluation Criteria. These benchmarks range from the execution of training, to the development of credit policies and procedures, to the staffing of the LPU. The vast majority of benchmarks were achieved on time, and where off, were achieved within days of deadline. We incorporate by reference the Monthly Progress Reports from May to October 2000 as a source of specific information on our progress in this regard. A summary of benchmark achievements are included in Appendix A.

Appendices B, C, and D contain organizational and funding structure charts for review.

Loans Booked

Evaluation Criteria: *50 loans booked with a total value of 2,000,000 DM. Delinquencies over 6 months in length 10% or less.*

Volume of Loans Booked

The Credit Operations of the KBF project processed and approved 61 SME loans during the evaluation period, as at November 12, 2001. Of those, 50 loans were approved by USAID as of that date, and were either disbursed or in the process of disbursement. The remaining eleven loans had been approved by KBFF and submitted for approval by USAID.

Of the 61 loans, 19 were referred by KBF's sister project, the Kosovo Business Support (KBS) project. In addition, 4 loans were referred by the USAID funded Cooperative Housing Foundation (CHF) project and 1 loan was referred by the USAID funded International Fertilizer Development Center (IFDC). The KBF project places a high priority on cooperating with other NGO's and processing their clients because having the expertise of another development project supporting borrowers' businesses lowers credit risk exposure to KBFF.

Appendix E, "Loan Approval and Disbursement Schedule", shows detailed information on the status of each loan that has been approved and/or disbursed by the project. In addition, 100 loans are in various stages of application as shown on the attached activities report titled "All KBFF Reports". Loans in process of application are identified with an "Applied for Loan" status.

Appendix F provides further information on the loan portfolio and the estimated employment impact.

Value of Loans Disbursed

The Credit Operations of the KBF project processed and approved DM 4,924,815 in SME loans (61 loans) during the evaluation period. Of those, 32 loans totaling DM 2,178,815 DM had been disbursed as at November 12, 2001. The value of the remaining 29 loans awaiting disbursement was DM 2,746,000 (of which 18 loans for DM 1,950,000 approved by USAID and in the final closing process, and 11 loans for DM 796,000 pending approval by USAID).

Disbursements to borrowers occurred as follows: 573,815 DM during September, 1,245,369 DM during October, and 359,631 DM during the period November 1st through 12th.

Delinquencies

As of November 12th, no loans were in arrears. All borrowers are required to make monthly repayments on the 10th and/or 25th of each month.

Value of Deposits Mobilized

No weight for Evaluation Period 1.

3.0 EVALUATION PERIOD 7 – BANK ESTABLISHMENT

American Bank of Kosovo (Bank)

Targets	**Progress to Date**	**Maximum Award Amount***
Licensed bank in operation within 1 year of award	Bank received license on November 8, 2001, commenced operations on November 12, 2001, with the acceptance of deposit account applications from institutional customers. The doors opened officially on November 19, 2001, approximately six months from award.	$153,626

* Based on the Award Fee Amount Stated in Attachment 1

Licensed Bank in Operation

Evaluation Criteria: *Licensed bank in operation within one year of the contract award.*

ABK received its license on November 8, 2001, approximately six months from the start of the project.

The Bank commenced deposit taking on November 12, 2001 with the collection of account applications from project affiliated entities and institutional customers. It officially opened its doors for retail customers on November 19, 2001.

While the value of deposit mobilization does not appear to an explicit benchmark for this Evaluation Period, it may be noteworthy that as of the date of this report, December 6, 2001, ABK has approximately 4,650,000 DM in deposits in more than 500 accounts.

APPENDICES

Supplemental Documentation

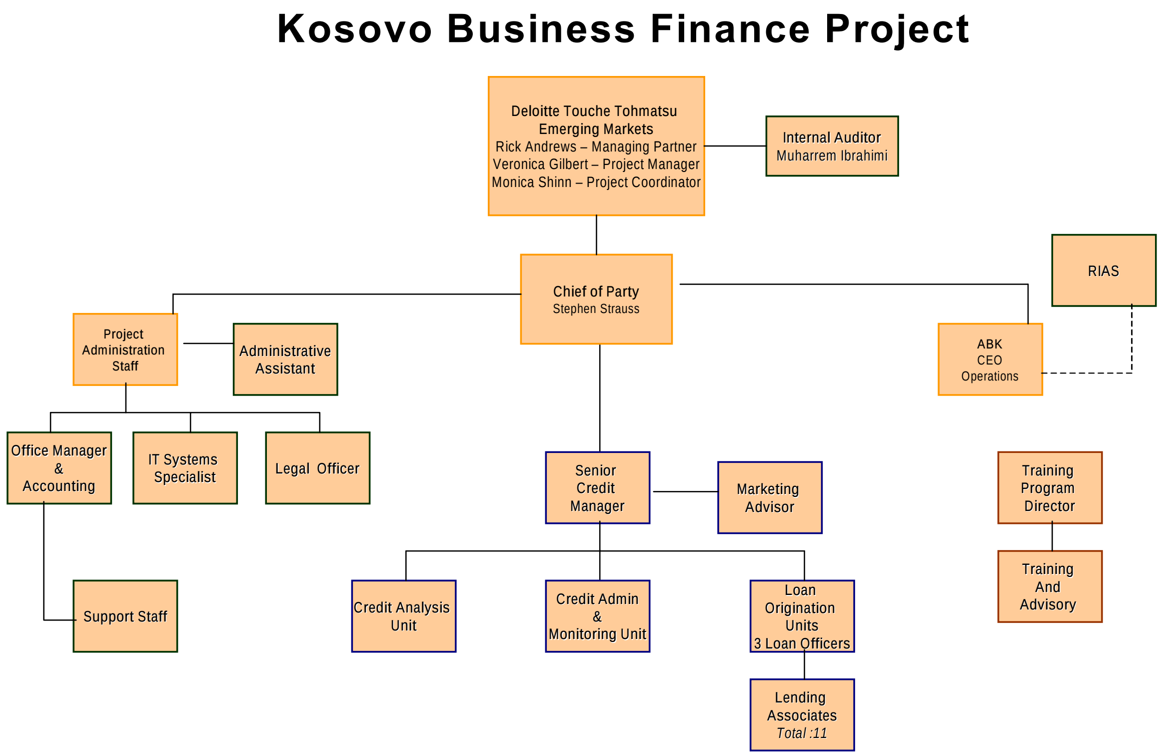
Appendix A
Progress Against Other Benchmarks

The following table illustrates the progress made by the KBFF team through August 31, 2001 towards fulfillment of specific benchmarks set by USAID. All benchmarks set for the first quarter of the project have been met.

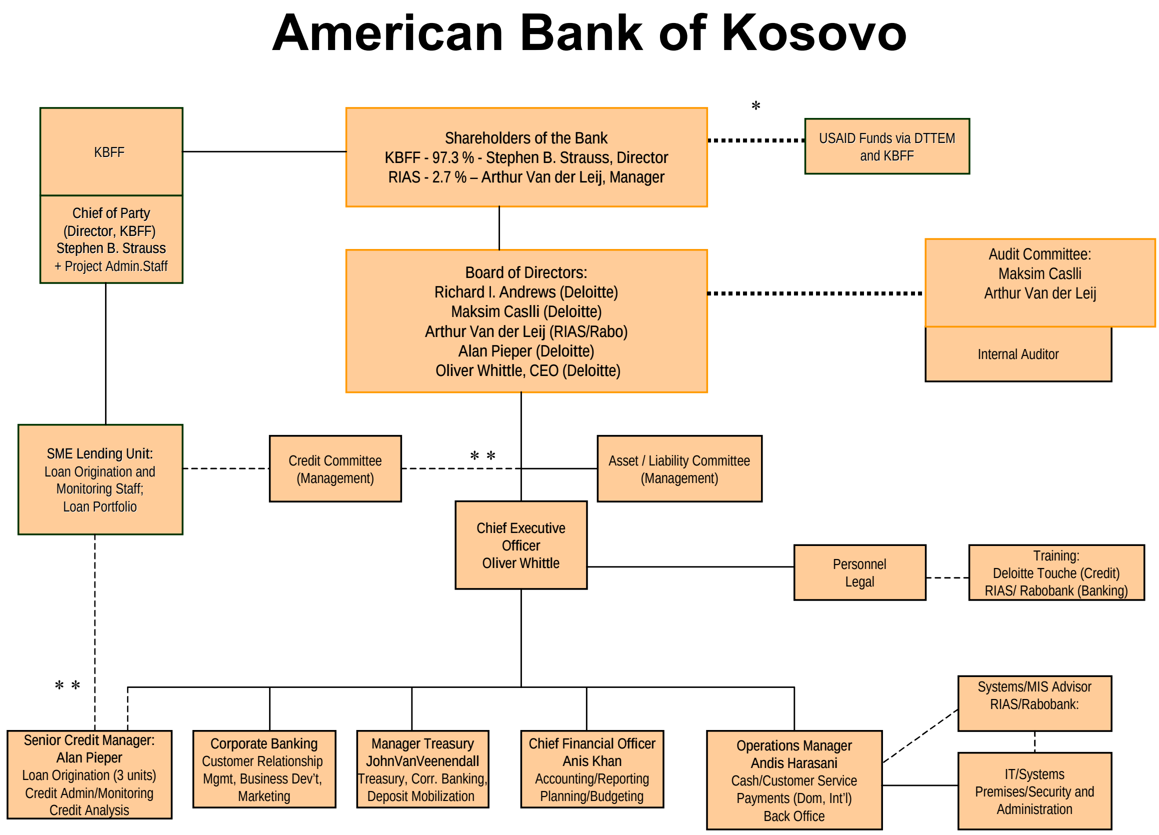
	Completed Benchmarks	Comments
1	***Comprehensive work plan to be approved by USAID***	• The first draft of the work plan was completed and submitted to USAID in June, 2001 • The final draft was approved by USAID in July 2001
2	***Comprehensive set of oversight procedures***	• Deloitte has established several oversight procedures to ensure the smooth operation of the project • The team continues to adapt procedures, as necessary, to ensure the success of the project
3	***Apply for lending license***	• KBFF applied and was granted a lending license in June, 2001
4	***Establish and staff the Loan Unit office***	• The KBF project team hired several Kosovar employees and moved into their offices at Aktash III in June, 2001 • The team will continue to recruit and train employees as needed
5	***Establish a budget and projected revenues***	• A budget was established for the project in June and has been reviewed with the project staff in order to ensure its adequacy • Cost control measures are continuously being evaluated and applied as necessary
6	***Establish framework operating procedures such as will ensure prudent operations***	• Operating procedures were established for KBFF, including lending procedures, loan disbursement procedures, and daily operating procedures
7	***Provide USAID with a comprehensive design for the establishment of a full service banking institution***	• A work plan was submitted to USAID in July, 2001 detailing the operating procedures and work plan for establishing a full service bank institution
8	***Detailed plan describing the proposed fiduciary responsibilities of a commercial banking institution towards USAID after the completion of the initial three year program implementation period***	• An amendment was made to the contract detailing the responsibilities of the Kosovo American Bank in reporting to USAID • A relationship with USAID and Deloitte in the daily operations of the Bank has been established
9	***Complete a database of Kosovar companies with financial data and credit requirements***	• A database has been established by the project staff to include several Kosovar companies eligible for loan funds from KBFF. • The database continues to be expanded based on new contacts made by the lending team
10	***Commence training of Kosovar staff in SME lending practices***	• The lending team has received on-the-job training since the first day of hire • An intensive training session was held for the lending staff in August, 2001, incorporating SME lending procedures • Follow-on training sessions are planned for when the lending associates are a bit more experienced
11	***Draft operational structure, credit policies and procedures, loan follow-up and recovery policies, accounting systems, loan and collateral documentation and oversight and audit functions established Lending Unit to become licensed and formally open Staff fully trained***	• KBFF opened its doors to customers in June, 2001 • Lending procedures have been established and are detailed in the credit manual distributed to staff and used to guide them on lending procedures at KBFF • Staff has received training in Financial Analysis, credit and lending. • The Loan Information System was established as a means to track loans and repayment history
12	***A minimum of 50 business plans and loan applications prepared***	• The staff is well on their way to having 50 loan applications completed

		• As agreed with USAID and the KBS project, the KBFF team does not prepare business plans for its clients

Appendix B
Project and Bank Structure



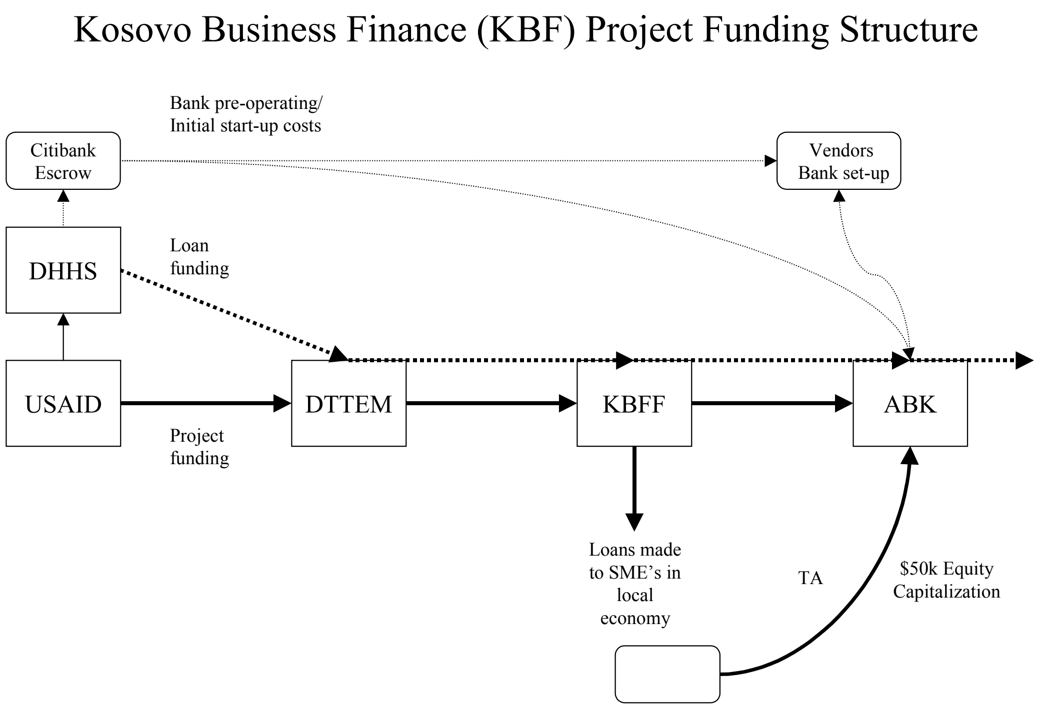
Appendix C
Bank Structure



* Initial capital: DM equivalent of US $ 1,850,000 (of which $ 1.8 million USAID funds via KBFF)

** During initial phase: Senior Credit Officer (Alan Pieper) and the KBF credit staff and credit portfolio remain separate from the Bank. New loans continue to be booked by KBFF, and no loans are booked by the Bank, during that initial phase. Then, at Shareholder request and subject to the bank's Board and BPK approval: (1) KBFF performing loan portfolio will be transferred from KBFF to the Bank as capital in kind, representing a capital increase; (2) subsequent loans will be booked by the Bank; and (3) the SME Lending Unit is integrated into the organization of the Bank, Alan Pieper becomes an Officer of the Bank, all KBF credit staff become Bank staff members, and the Credit Committee is reconstituted as a Bank credit approval body.

Appendix D
Project Funding Structure



Appendix E
Lending Activity

KOSOVO BUSINESS FINANCE FUND
Loan Approval and Disbursement Schedule
as of: Six months review date, November 12, 2001

	Referred By	Loan No.	Company Name	Industry Sector	Loan Term Months	Amount Approved	Amount Disbursed	Date Disbursed	Approval Dates KBFF	USAID
Disbursed or Ready to be Disbursed:										
1		19	Te Hysi	Manufacturing/Furniture	6	233,815	233,815	9/5/01	8/2/01	8/6/01
2		21	Sara	Service/Hotel	24	60,000	60,000	9/13/01	7/5/01	8/2/01
3		22	Apollonia	Trade/Food Distribution	6	90,000	90,000	9/17/01	9/2/01	9/7/01
4	KBS	23	Merkuri	Manufacturing/Electrical	36	400,000	280,000	9/19/01	8/3/01	8/6/01
5		39	RIZA Company	Service/Optical	4	50,000	50,000	9/28/01	8/22/01	8/25/01
6	KBS	18	Exclusive Viva	Manufacturing/Paper Products	36	60,000	60,000	10/3/01	8/2/01	8/2/01
7		150	Egzoni	Manufacturing/Leather Goods	6	64,000	64,000	10/3/01	9/7/01	9/7/01
8	KBS	129	Gacaferri	Manufacturing/Wood Products	6	25,000	0		8/25/01	8/25/01
9	KBS	189	Gacaferri	Manufacturing/Wood Products	8	60,000	60,000	10/19/01	8/25/01	8/25/01
10	KBS	141	Kushtrim Commerce	Production/Food Products	18	40,000	40,000	10/5/01	9/7/01	9/7/01
11		188	Jehona	Manufacturing/Clothing	2	10,000	10,000	10/9/01	9/12/01	9/25/01
12		31	Opel Rakovica	Service/Automotive	4	55,000	55,000	10/19/01	9/7/01	9/7/01
13		3	Luma Commer	Production/Dairy	6	50,000	50,000	10/16/01	9/3/01	10/3/01
14		1	MonteBene	Manufacturing/Apparrel	2	30,000	30,000	10/19/01	9/24/01	10/10/01
15		186	Pepi Impex	Manufacturing/ Mushrooms	2	35,000	35,000	10/19/01	10/5/01	10/12/01
16	KBS	194	EVKO	Production/Food Products	6	40,000	40,000	10/25/01	9/24/01	10/10/01
17		43	Shqiponja	Manufacturing/Apparrel	6	60,000	0		9/28/01	10/10/01
18		172	Trim	Production/Soft Drinks	18	100,000	100,000	10/25/01	9/28/01	10/10/01
19	KBS	232	Mimoza Collection	Manufacturing/ Textile prod.	6	40,000	40,000	10/25/01	10/5/01	10/12/01
20		231	Meja	Manufacturing/ plastic doors	8	20,000	20,000	10/25/01	10/5/01	10/12/01
21		38	Restaurant RIO	Service/Restaurant	12	70,000	70,000	10/25/01	8/22/01	8/25/01
22		91	Apollonia	Manufacturing/Wood Blding	11	130,000	130,000	10/22/01	9/24/01	10/10/01
23	IFDC	207	AC VLERA	Trade/Fertilizer Distribution	5	220,000	220,000	10/23/01	9/24/01	10/10/01
24		45	Alb Petrol	Manufacturing/Plastics	24	300,000	0		9/20/01	10/3/01
25	KBS	228	Savada	Manufacturing/ Detergent prod.	6	30,000	30,000	11/5/01	10/5/01	10/12/01
26		61	Halitaj	Manufacturing/ Meat process.	11	60,000	60,000	10/25/01	10/5/01	10/12/01
27	KBS	128	Bucaj Co.(Alfa)	Service/Grocery Retail	10	90,000	90,000	10/26/01	9/7/01	10/3/01
28		203	Broja Market	Manufacturing/Blankets	6	50,000	0		9/28/01	10/10/01
29	KBS	244	Bast	Manufacturing/ plastic bottles	9	45,000	45,000	11/5/01	10/17/01	10/25/01
30	KBS	153	Agro Albi	Production/food	11	80,000	80,000	11/9/01	10/23/01	10/25/01
31		247	El-Plast	Manuufacturing/Printing	10	20,000	20,000	11/12/01	10/23/01	10/25/01
32		62	Hiti	Manufacturing/ plastic doors	10	116,000	116,000	11/12/01	10/17/01	10/25/01
32	Sub-Total				10.5	2,733,815	2,178,815			
Approved by KBFF/USAID and In-Process of Closing:										
1	KBS	37	INET	Service/Computers	24	135,000	0		8/14/01	8/25/01
2	KBS/KBFF	29	NAJ Bakery	Production/Food	24	80,000	0		8/29/01	10/3/01
3		111	Topanica Impex	Production/Food Products	15	150,000	0		9/3/01	10/3/01
4		101	Infotrade	Service/Computers	5	70,000	0		9/20/01	10/3/01
5		120	Exclusiv	Manufacturing/Pharmacy	6	60,000	0		9/24/01	10/10/01
6	KBS	132	Comel	Manufacturing/ Printing	10	100,000	0		10/5/01	10/12/01
7		224	Alfa IMP-EXP	Production/Furniture	24	150,000	0		10/17/01	10/25/01
8		245	Artjet Co	Production/ Food	10	60,000	0		10/23/01	10/25/01
9		52	Mifa	Manufacturing/Piping	18	150,000	0		9/28/01	10/10/01
10		253	Paradiso	Manufacturing/ marble	12	60,000	0		10/29/01	11/11/01
11		274	Paradiso	Manufacturing/ marble	8	90,000	0		10/29/01	11/11/01
12	KBS	242	Bleta	Production/ Honey	5	15,000	0		10/29/01	11/11/01
13		80	Fruti	Production/ Soft Drinks	6	50,000	0		10/29/01	11/11/01
14		160	Rilindi	Manufacturing/ Wood	6	40,000	0		10/29/01	11/11/01
15		275	Rilindi	Manufacturing/ Wood	8	20,000	0		10/29/01	11/11/01
16		264	Hoxhaj	Manufacturing/ Wood	10	20,000	0		10/30/01	11/11/01
17		250	Pandora	Production/ Pipes	12	120,000	0		10/30/01	11/11/01
18		265	Blendori	Manufacturing/ Wood	10	25,000	0		10/30/01	11/11/01
18	Sub-Total				11.8	1,395,000	0			
Approved by KBFF and awaiting USAID Approval:										
1		180	Art Shop	Production/Photoprint	8	70,000	0		10/17/01	
2	KBS	234	Lab. galen Kondirolli	Production/drugs	12	80,000	0		10/23/01	
3		14	Mobileria Kosova	Manufacturing/ Furniture	6	100,000	0		11/7/01	
4		74	Goni Impex	Manufacturing/ Wood	6	100,000	0		11/7/01	
5		179	Vellezerit Syla	Production/ Wooden Pallets	6	20,000	0		11/7/01	
6		304	Vellezerit Syla	Production/ Wooden Pallets	11	60,000	0		11/7/01	
7	KBS	149	Oti Market	Production/ Concrete	11	150,000	0		11/8/01	
8		225	Teuta Mi	Manuf./Producer Aparrel	6	70,000	0		11/8/01	
9		102	Adra	Production/ Gravel	11	50,000	0		11/9/01	
10	KBS	138	Era	Manufacturing/ Glass	8	66,000	0		11/8/01	
11	KBS	24	Meha Commerce	Production/ Bleach, Vinegar	6	30,000	0		11/8/01	
11	Sub-Total				8.3	796,000				
61	**TOTAL**					**4,924,815**				

Expected Disbursement Schedule:

Total for September	**573,815**	Actual
Total for October	**1,245,369**	Actual
Week of November 5	359,631	Actual
Week of November 12	136,000	
Rest of November	**2,610,000**	Projected
Grand Total	**4,924,815**	

Appendix F
Supplemental Information on Lending Activity, Employment Generation, and Staff Development

KBF's lending priority is to finance businesses engaged in labor-intensive manufacturing and production activities. Of the 61 loan applications that were approved by the project, 85.2% are in the manufacturing/production industry sector, 11.5% in the service industry sector and 3.3% are engaged in trade. One of the two trade loans was made at the request of IFDC and pre-approved by USAID in order to finance the import of fertilizer to be used by farmers during the fall wheat planting. A detail breakdown of the KBFF loan portfolio by industry sector is shown on the attached report, "Industry Concentration Report".

One of the questions that KBF lending staff asks applicants during the loan application process is, "How many people do you expect to hire if KBFF approves your financing request?" This number is difficult to verify, but lending staff and KBF credit management reviews the number and type of jobs being created to determine if the response is reasonable given the activities of the business and nature of the financing purpose. Still, at best, this statistic is a ballpark estimate. Most of the time the loan applicant is not exactly sure of the number of additional people that will be employed because it is dependent on the actual increase in business sales. Based on responses from the 61 approved loan applicants, KBFF financing will result in the creation of 494 new jobs; 1 job for each 9,969 DM of loan volume. A detail listing of jobs created for each approved loan applicant is shown in the attached "Employment Generation Report".

Training local employees in SME lending practices.

Hiring local lending staff that posses the potential to become future Loan Officers as been a challenge. On average, 8 job applicants are interviewed to result in the hiring of one local Lending Associate. As of November 12, there were 11 local employees working in loan origination and 4 local employees working in credit administration.

The credit staff receives both formal credit training and on-the-job skill development training. The attached "Training Schedule Report" provides details about the 8 formal credit training courses that have been conducted since the project's inception through November 12th. On going job training occurs each work day since local employees work directly with either a Loan Officer or the Senior Credit Manager in the activities of originating, disbursing and monitoring KBFF's loan portfolio.

KBF's employee development program is expected to result in two local employees being promoted to the position of Junior Loan Officer within the next 6 months. The Junior Loan Officer is a management position that will supervise the work of 2 Lending Associates.

Credit operating procedures.

A draft Credit Manual covering the basics of credit operating policies and procedures was issued on August 10. Since then, credit policies and procedures have been updated as necessary to clarify all phases of credit operations. In addition, improvements have been made in standardizing the Loan Recommendation Form and supporting credit documents that are provided to USAID for each loan that is approved by the KBF project. The KBF project has and will continue to refine credit operating procedures that promote sound lending standards and fulfill USAID's lending objectives.

Legal lending document (e.g. loan agreements) are filed and maintained by the KBF project Legal Officer. Copies of all loan documents are maintained in hardcopy form by Credit Administration and loan documents produced on computers are maintained electronically on KBF's server. The electronic files are backed-up each Friday.

KOSOVO BUSINESS FINANCE FUND
Industry Concentration Report

As Of: Six Months Review Date, November 12, 2001

Industry Sector	Amount		# of loans	
		%		%
1. Manufacturing+Production	**4,084,815**	**82.9**	**52**	**85.2**
Wood product	983,815	20.0	13	21.3
Textile/ Aparrel	324,000	6.6	7	11.5
Printing/paper products	250,000	5.1	4	6.6
Detergent/	30,000	0.6	1	1.6
Plastics	751,000	15.2	6	9.8
Pharmaceuticals	140,000	2.8	2	3.3
Soft Drinks products	150,000	3.0	2	3.3
Food	640,000	13.0	11	18.0
Other	816,000	16.6	6	9.8
2.Trade	**310000**	**6.3**	**2**	**3.3**
Fertilizer distribution	220,000	4.5	1	1.6
Food distribution	90,000	1.8	1	1.6
3.Services	**530000**	**10.8**	**7**	**11.5**
Hotel/Restaurants	130,000	2.6	2	3.3
Professional services	310,000	6.3	4	6.6
Retail	90,000	1.8	1	1.6
Total	**4,924,815**	**100.0**	**61**	**100.0**

KOSOVO BUSINESS FINANCE FUND
Employment Generation Report
As of:Six Months Review Date, November 12, 2001

Loans	Loan No.	Company Name	Jobs Actual	Jobs Created	Total	Loan Amount	Loan amt per.work.place
1	19	Te Hysi	20	12	32	233,815	19,485
2	21	Sara	25	11	36	60,000	5,455
3	22	Apollonia	10	0	10	90,000	-
4	23	Merkuri	6	21	27	400,000	19,048
5	39	RIZA Company	10	5	15	50,000	10,000
6	18	Exclusive-Viva	7	6	13	60,000	10,000
7	37	INET	13	20	33	135,000	6,750
8	38	Restaurant RIO	32	10	42	70,000	7,000
9	29	NAJ Bakery	8	5	13	80,000	16,000
10	129	Gacaferri	48	32	80	60,000	1,875
11	189	Gacaferri	48	32	80	25,000	781
12	101	Infotrade	22	28	50	70,000	2,500
13	31	Opel Rakovica	8	2	10	55,000	27,500
14	141	Kushtrim Commerce	9	6	15	40,000	6,667
15	150	Egzoni	10	6	16	64,000	10,667
16	188	Jehona	30	30	30	10,000	333
17	3	Luma Commerce	28	12	40	50,000	4,167
18	111	Topanica Impex	8	20	28	150,000	7,500
19	128	Bucaj Co.(Alfa)	32	10	42	90,000	9,000
20	120	Exclusiv	7	6	13	60,000	10,000
21	45	Alb Petrol	25	10	35	300,000	30,000
22	194	EVKO	11	8	19	40,000	5,000
23	91	Apollonia2	21	7	28	130,000	18,571
24	207	AC VLERA	3	6	9	220,000	36,667
25	1	MonteBene	7	0	7	30,000	-
26	203	Broja Market	30	5	35	50,000	10,000
27	43	Shqiponja	17	4	21	60,000	15,000
28	172	Trim	0	23	23	100,000	4,348
29	52	Mifa	4	19	23	150,000	7,895
30	132	Comel	30	10	40	100,000	10,000
31	228	Savada	10	10	20	30,000	3,000
32	61	Halitaj	6	3	9	60,000	20,000
33	232	Mimoza Collection	21	2	23	40,000	20,000
34	186	Pepi Impex	12	0	12	35,000	-
35	231	Meja	3	3	6	20,000	6,667
36	62	Hiti	6	18	24	116,000	6,444
37	244	Bast	8	4	12	45,000	11,250
38	224	Alfa IMP-EXP	13	5	18	150,000	30,000
39	180	Art Shop	13	3	16	70,000	23,333
40	245	Artjet Co	7	3	11	60,000	20,000
41	153	Agroalbi	48	8	56	80,000	10,000
42	234	Lab. galen Kondirolli	8	5	13	80,000	16,000
43	253	Paradiso	15	5	20	60,000	12,000
44	274	Paradiso	15	0	15	90,000	-
45	242	Bleta	4	1	5	15,000	15,000
46	80	Fruti	15	8	23	50,000	6,250
47	160	Rilindi	4	0	4	40,000	-
48	275	Rilindi	4	4	8	20,000	5,000
49	264	Hoxhaj	5	2	7	20,000	10,000
50	250	Pandora	28	80	108	120,000	1,500
51	265	Blendori	4	3	7	25,000	8,333
52	247	El-Plast	5	0	5	20,000	-
53	253	Mobileria Kosova	7	5	12	100,000	20,000
54	274	Goni Impex	20	3	23	100,000	33,333
55	242	Vellezerit Syla	4	1	5	20,000	20,000
56	80	Vellezerit Syla	15	8	23	60,000	7,500
57	160	Oti Market	30	6	36	150,000	25,000
58	275	Teuta Mi	10	5	15	70,000	14,000
59	264	Adra	5	2	7	50,000	25,000
60	250	Era	5	6	11	66,000	11,000
61	265	Meha Commerce	12	3	15	30,000	10,000
61		**Total**	**809**	**494**	**1,303**	**4,924,815**	**9,969**

Appendix G
Award-Fee Plan
For
Kosovo Business Finance

Contract No. 167-C-00-01-00167-00

Table of Contents

Annexes

Award-Fee Plan

1.0 -- Introduction

This award-fee plan is the basis for the Kosovo Business Finance evaluation of the contractor's performance and for presenting an assessment of that performance to the Fee Determining Official (FDO). It describes specific criteria and procedures used to assess the contractor's performance and to determine the amount of award fee earned. Actual award-fee determinations and the methodology for determining award fee are unilateral decisions made solely at the discretion of the Government.

The award fee will be provided to the contractor through a letter signed by the FDO and given to the contractor for attachment to its voucher requesting payment of the award fee. It is in addition to the cost reimbursement and fixed fee provisions of the contract. The award fee earned and payable will be determined by the FDO based upon review of the contractor's performance against the criteria set forth in this plan. The FDO may unilaterally change this plan prior to the beginning of an evaluation period. The contractor will be notified of changes to the plan by the Contracting Officer, in writing, before the start of the affected evaluation period. Changes to this plan that are applicable to a current evaluation period will be incorporated by mutual consent of both parties.

2.0 -- Organization

The award-fee organization consists of the Fee Determining Official (FDO); an Award Fee Review Board (AFRB) which consists of a chairperson, the contracting officer, recorder, other functional area participants, and advisor members. The FDO and AFRB members are as follows:

Members

Fee Determining Official: USAID/Kosovo and Montenegro Mission Director

Award Fee Review Board Members:

Award Fee Review Board Chairperson: Cognizant Technical Officer
Contracting Officer: RCO Budapest
Functional Area Specialist: USAID/Kosovo and Montenegro
Recorder: Project Management Assistant

Note: The Chairman may use non-voting members to assist the Board in performing its functions at any time.

3.0 -- Responsibilities

a. ***Fee Determining Official***. The FDO approves the award-fee plan and any significant changes. The FDO reviews the recommendation(s) of the AFRB, considers all pertinent data, and determines the earned award-fee amount for each evaluation period.

b. ***Award Fee Review Board***. AFRB members evaluate the contractor's performance, consider all information from pertinent sources, prepare interim performance reports, and arrive at an earned award-fee recommendation to be presented to the FDO. The AFRB may also recommend changes to this plan.

c. ***AFRB Recorder***. The AFRB recorder is responsible for coordinating the administrative actions required by the AFRB and the FDO, including:

(l) receipt, processing and distribution of evaluation reports from all required sources;

(2) scheduling and assisting with internal evaluation milestones, such as briefings; and

(3) accomplishing other actions required to ensure the smooth operation of the award fee.

d. ***Contracting Officer (CO)***. The CO is the liaison between contractor and Government personnel.

4.0 -- Award-Fee Processes

a. ***Available*** Award-Fee Amount. The available award fee for each evaluation period is shown in Annex 1. The award fee earned will be paid based on the contractor's performance during each evaluation period.

b. ***Evaluation Criteria***. If the CO does not give specific notice in writing to the contractor of any change to the evaluation criteria prior to the start of a new evaluation period, then the same criteria listed for the preceding period will be used in the subsequent award-fee evaluation period. Any changes to evaluation criteria will be made by revising Annex 2 and notifying the contractor.

c. ***Interim Evaluation Process***. The AFRB Recorder notifies each AFRB member ten calendar days before the midpoint of the evaluation period. The AFRB notifies the contractor (oral or written) of the strength and weaknesses for the current evaluation period. The CO may also issue letters at any other time when it is deemed necessary to highlight areas of Government concern.

d. ***End-of-Period Evaluations***. The AFRB Recorder notifies each AFRB member and ten calendar days before the end of the evaluation period. The AFRB prepares its evaluation report and recommendation of earned award fee. The AFRB briefs the evaluation report and recommendation to the FDO. At this time, the AFRB may also recommend any significant changes to the award-fee plan for FDO approval. The FDO determines the overall grade and earned award-fee amount for the evaluation period within 45 calendar days after each evaluation period. The FDO letter informs the contractor of the earned award-fee amount.

e. ***Contractor's Self-Assessment***. When the contractor chooses to submit a self-evaluation, it must be submitted to the CO within five working days after the end of the evaluation period. This written assessment of the contractor's performance throughout the evaluation period may also contain any information that may be reasonably expected to assist the AFRB in evaluating the contractor's performance.

5.0 -- Award-Fee Plan Change Procedure

All significant changes are approved by the FDO; the AFRB Chairperson approves other changes. Examples of significant changes include changing evaluation criteria, adjusting weights to redirect contractor's emphasis to areas needing improvement, and revising the distribution of the award-fee dollars. The contractor may recommend changes to the CO no later than ten days prior to the beginning of the new evaluation period. After approval, the CO shall notify the contractor in writing of any change(s). Unilateral changes may be made to the award-fee plan if the contractor is provided written notification by the contracting officer before the start of the upcoming evaluation period. Changes effecting the current evaluation period must be by mutual agreement of both parties.

6.0 -- Contract Termination

If the contract is terminated for the convenience of the Government after the start of an award-fee evaluation period, the award fee deemed earned for that period shall be determined by the FDO using the normal award-fee evaluation process. After termination for convenience, the remaining award-fee amounts allocated to all subsequent award-fee evaluation periods cannot be earned by the contractor and, therefore, shall not be paid.

2 Annexes
1. Award-Fee Allocation by Evaluation Periods
2. Evaluation Criteria

Annex 1 -- Award-Fee Allocation by Evaluation Periods

The award fee earned by the contractor will be determined at the completion of evaluation periods shown below. The percentage and dollars shown corresponding to each period is the maximum available-award-fee amount that can be earned during that particular period.

Evaluation Period *	From	To	Available Award Fee **
1	Date of Award (DOA)	6 Months Thereafter	$119,487
2	DOA + 6 Months	12 Months Thereafter	$119,486

3	DOA + 12 Months	18 Months Thereafter	$119,487
4	DOA + 18 Months	24 Months Thereafter	$119,486
5	DOA + 24 Months	30 Months Thereafter	$119,487
6	DOA + 30 Months	36 Months Thereafter	$119,486
		Total	$716,919

Evaluation Period *	Milestone	Expected Completion Date	Available Award Fee **
7	Licensed Bank in Operation	Unknown	$153,626
8	Share of Foreign Bank Equity	DOA + 12 Months Thereafter	$46,088
9	Share of Foreign Bank Equity	DOA + 24 Months Thereafter	$46,087
10	Share of Foreign Bank Equity	DOA + 36 Months Thereafter	$61,450
			$307,251

***** The Government may unilaterally revise the distribution of the remaining award-fee dollars among subsequent periods. The contractor will be notified of such changes, if any, in writing by the CO before the relevant period is started and the award-fee plan will be modified accordingly. Subsequent to the commencement of a period, changes may only be made by mutual agreement of the parties.***

***** Will be computed in and expressed in dollars at conclusion of negotiations (for sole source) or in proposal and Final Price Revision (for competition) using percentage shown.***

Annex 2 -- Evaluation Criteria
Grades:
Unsatisfactory Performance: Contractor's performance of most contract tasks is inadequate and inconsistent. Inadequate results. Quality, responsiveness, and timeliness in many areas require attention and action. Corrective actions have not been taken or are ineffective. ***Overall unsatisfactory performance shall not earn an award fee. Range of Performance Points: Less than 70.***

Satisfactory Performance: Contractor's performance of most contract tasks is adequate with some tangible benefits to the Government due to contractor's effort or initiative. Effective performance, responsive to contract requirements, and adequate results. Although there are areas of good or better performance, these are more or less offset by lower-rated performance in other areas. ***Range of Performance Points: 70 – 79.***

Very Good Performance: Contractor's performance of most contract tasks is consistently above standard and provides significant tangible and intangible benefits to the Government . Very effective performance, fully responsive to contract requirements, and more than adequate results. Although some areas may require improvement; these areas are minor and are more than offset by better performance in other areas. Few, if any, recurring problems have been noted, and contractor takes satisfactory corrective action. ***Range of Performance Points: 80 – 89.***

Excellent Performance: Contractor's performance of virtually all contract tasks is consistently noteworthy and provides numerous significant, tangible or intangible, benefits to the Government. The few areas for improvement are all minor. There are no recurring problems. Contractor's management initiates effective corrective action whenever needed. ***Range of Performance Points: 90 – 100.***

Weighted Performance points will be converted into percentages of available award fee, where each point between 70 and 99 is worth 2% of the available award fee beginning with 40%, as follows: Weighted Performance Points of 70 will equate to 40% of Available Award Fee. Thereafter, the Available Award Fee earned shall increase by 2% for each increase in weighted performance points.

Cost Management

Assigned Weight 10%

Applicable to Evaluation Periods 1 through 6.

Unsatisfactory – Provides some measures for controlling staff costs and controls some subcontracting cost performance to meet program objectives.

Satisfactory -- Provides measures for controlling all costs at estimated costs. Controls subcontractor cost performance to meet program objectives. Funds and resources are generally used in a cost-effective manner in pursuing program goals. No major resource management problems are apparent. Financial reporting is accurate. Provides adequate visibility into cost performance. Problems and/or trends are usually addressed. When provided, analyses of problems and trends are adequate.

Very Good -- Provides measures for controlling all costs below contract estimated costs. Considers logistic and long-term costs. Funds and resources are always used in a cost-effective manner. No resource management problems. Financial reporting is clear and adequate. Provides very good day-to-day visibility into cost performance. Problems and/or trends are addressed thoroughly and analyses provide recommendations for solutions and/or corrective action plans.

Excellent -- Reductions in costs to the Government below contract estimated costs are noteworthy. Provides detailed cost analysis in recommendations for resolution to problems identified. Funds and resources are optimally used to provide the maximum benefit for the funds and resources available. Documented savings are apparent. Financial reporting is clear, accurate, and pro-active. Responsive to cost-control measures. Problems and/or trends are not only addressed thoroughly, but the contractor's recommendations and/or corrective action plans are implemented and are effective.

Organization and Management

Assigned Weight 15%

Applicable to Evaluation Periods 1 through 6.

Unsatisfactory – Fails to identify problems timely. Solutions, when and if implemented, have a negative impact on cost and schedule. Organizational structure fails to assign qualified personnel with duties, responsibilities and authority to achieve project goals. Lines of communication fail to facilitate timely exchange of information, both technical and contractual, in order to meet program goals.

Satisfactory – Most problems are identified by the contractor timely. Contractor provides sufficient information on alternate solutions. Solutions are implemented with limited adverse impact to estimated cost and schedule. Organizational structure provides for qualified personnel assigned with duties, responsibilities, and authority necessary to achieve program goals. Lines of communication facilitate timely exchange of information, both technical and contractual, in order to meet program goals.

Very Good – All problems are identified by the contractor timely. Contractor provides detailed information on alternate solutions. Solutions are implemented with no adverse impact to estimated cost and schedule. Organizational structure provides for highly qualified personnel assigned with duties, responsibilities, and authority necessary to achieve program goals. Lines of communication facilitate timely and effective exchange of information, both technical and contractual, in order to meet and program goals.

Excellent – Contractor practices proactive management to identify and anticipate problems prior to adverse impact. Contractor provides organized and detailed alternatives including risk assessments, trade-off analysis between cost, schedule and performance, plan of action and implementation schedule. Solutions are implemented with no impact to estimated cost and schedule. Organizational structure provides for highly qualified personnel assigned with duties, responsibilities, and authority necessary to achieve program goals ahead of schedule and within estimated cost. Lines of communication are well defined, clearly understood, and always facilitate rapid exchanges of information, both technical and contractual, in order to meet program goals.

Loan Disbursements and Deposits

Assigned Weight 45%

Subfactors:

1. <u>Volume of Loan Disbursements</u>. Assigned Weight 20%. Except for Evaluation Period 1 which is 40%.

Evaluation Period 1:

Unsatisfactory: Fails to meet “satisfactory” standard.
Satisfactory: Greater than or equal to 90% and less than 95% of the Benchmark.
Very Good: Greater than or equal to 95% and less than 100% of the Benchmark.
Excellent: Greater than or equal to 100% of the Benchmark.

Evaluation Period 2:

Unsatisfactory: Fails to meet “satisfactory” standard.
Satisfactory: Greater than or equal to 90% and less than 95% of the Benchmark.

Very Good: Greater than or equal to 95% and less than 100% of the Benchmark.
Excellent: Greater than or equal to 100% of the Benchmark.

Evaluation Period 3 (unless otherwise stated, either unilaterally or by mutual agreement, the Benchmark at the end of evaluation period 3 shall be 50% of the Benchmark identified for Year 2):

Unsatisfactory: Fails to meet "satisfactory" standard.
Satisfactory: Greater than or equal to 90% and less than 95% of the Benchmark.
Very Good: Greater than or equal to 95% and less than 100% of the Benchmark.
Excellent: Greater than or equal to 100% of the Benchmark.

Evaluation Period 4:

Unsatisfactory: Fails to meet "satisfactory" standard.
Satisfactory: Greater than or equal to 90% and less than 95% of the Benchmark.
Very Good: Greater than or equal to 95% and less than 100% of the Benchmark.
Excellent: Greater than or equal to 100% of the Benchmark.

Evaluation Period 5 (unless otherwise stated, either unilaterally or by mutual agreement, the Benchmark at the end of evaluation period 3 shall be 50% of the Benchmark identified for Year 3):

Unsatisfactory: Fails to meet "satisfactory" standard.
Satisfactory: Greater than or equal to 90% and less than 95% of the Benchmark.
Very Good: Greater than or equal to 95% and less than 100% of the Benchmark.
Excellent: Greater than or equal to 100% of the Benchmark.

Evaluation Period 6:

Unsatisfactory: Fails to meet "satisfactory" standard.
Satisfactory: Greater than or equal to 90% and less than 95% of the Benchmark.
Very Good: Greater than or equal to 95% and less than 100% of the Benchmark.
Excellent: Greater than or equal to 100% of the Benchmark.

2. Value of Loan Disbursements. Assigned Weight 20%. Except for Evaluation Period 1 which is 40%.

Evaluation Period 1:

Unsatisfactory: Fails to meet "satisfactory" standard.
Satisfactory: Greater than or equal to 90% and less than 95% of the Benchmark.
Very Good: Greater than or equal to 95% and less than 100% of the Benchmark.
Excellent: Greater than or equal to 100% of the Benchmark.

Evaluation Period 2:

Unsatisfactory: Fails to meet "satisfactory" standard.
Satisfactory: Greater than or equal to 90% and less than 95% of the Benchmark.
Very Good: Greater than or equal to 95% and less than 100% of the Benchmark.
Excellent: Greater than or equal to 100% of the Benchmark.

Evaluation Period 3 (unless otherwise stated, either unilaterally or by mutual agreement, the Benchmark at the end of evaluation period 3 shall be 50% of the Benchmark identified for Year 2):

Unsatisfactory: Fails to meet "satisfactory" standard.
Satisfactory: Greater than or equal to 90% and less than 95% of the Benchmark.
Very Good: Greater than or equal to 95% and less than 100% of the Benchmark.
Excellent: Greater than or equal to 100% of the Benchmark.

Evaluation Period 4:

Unsatisfactory: Fails to meet "satisfactory" standard.
Satisfactory: Greater than or equal to 90% and less than 95% of the Benchmark.
Very Good: Greater than or equal to 95% and less than 100% of the Benchmark.
Excellent: Greater than or equal to 100% of the Benchmark.

Evaluation Period 5 (unless otherwise stated, either unilaterally or by mutual agreement, the Benchmark at the end of evaluation period 5 shall be 50% of the Benchmark identified for Year 3):

Unsatisfactory: Fails to meet "satisfactory" standard.
Satisfactory: Greater than or equal to 90% and less than 95% of the Benchmark.
Very Good: Greater than or equal to 95% and less than 100% of the Benchmark.
Excellent: Greater than or equal to 100% of the Benchmark.

Evaluation Period 6:

Unsatisfactory: Fails to meet "satisfactory" standard.
Satisfactory: Greater than or equal to 90% and less than 95% of the Benchmark.
Very Good: Greater than or equal to 95% and less than 100% of the Benchmark.
Excellent: Greater than or equal to 100% of the Benchmark.

3. Delinquent Loan Rate: More than 60 days overdue – principal or interest. Assigned Weight 30%. Except for Evaluation Period 1 which is 20%.

Measured by the total volume and total value of all loans issued.

Applicable to Evaluation Periods 1 through 6.

Unsatisfactory: Fails to meet "satisfactory" standard.
Satisfactory: Less than or equal to 10%.
Very Good: Less than or equal to 7.5%.
Excellent: Less than or equal to 5%.

4. Value of Deposits Mobilized. Assigned Weight 30%. Except for Evaluation Period 1 which is 0%.

Evaluation Period 1: Not Applicable.

Evaluation Period 2:

Unsatisfactory: Fails to meet "satisfactory" standard.
Satisfactory: Greater than or equal to 90% and less than 95% of the Benchmark.
Very Good: Greater than or equal to 95% and less than 100% of the Benchmark.
Excellent: Greater than or equal to 100% of the Benchmark.

Evaluation Period 3 (unless otherwise provided for in accordance with this plan, the Benchmark at the end of evaluation period 3 shall be 50% of the Benchmark identified for Year 2):

Unsatisfactory: Fails to meet "satisfactory" standard.
Satisfactory: Greater than or equal to 90% and less than 95% of the Benchmark.
Very Good: Greater than or equal to 95% and less than 100% of the Benchmark.
Excellent: Greater than or equal to 100% of the Benchmark.

Evaluation Period 4:

Unsatisfactory: Fails to meet "satisfactory" standard.
Satisfactory: Greater than or equal to 90% and less than 95% of the Benchmark.
Very Good: Greater than or equal to 95% and less than 100% of the Benchmark.
Excellent: Greater than or equal to 100% of the Benchmark.

Evaluation Period 5 (unless otherwise stated, either unilaterally or by mutual agreement, the Benchmark at the end of evaluation period 3 shall be 50% of the Benchmark identified for Year 3):

Unsatisfactory: Fails to meet "satisfactory" standard.
Satisfactory: Greater than or equal to 90% and less than 95% of the Benchmark.
Very Good: Greater than or equal to 95% and less than 100% of the Benchmark.
Excellent: Greater than or equal to 100% of the Benchmark.

Evaluation Period 6:

Unsatisfactory: Fails to meet "satisfactory" standard.
Satisfactory: Greater than or equal to 90% and less than 95% of the Benchmark.
Very Good: Greater than or equal to 95% and less than 100% of the Benchmark.
Excellent: Greater than or equal to 100% of the Benchmark.

Bank
Assigned Weight 30%

Subfactors:

1. Licensed Bank in Operation. Evaluation Period 7. Assigned Weight 50%.

Unsatisfactory: Fails to meet "satisfactory" standard.
Satisfactory: Established within two years of the contract.
Very Good: Established within 18 months of the contract.
Excellent: Established within one year of the contract.

2. Percentage of Total Share Capital in Banking Institution Owned by Reputable Foreign Financial Institution. Assigned Weight 50%.

Evaluation Period 8. Assigned Weight 30%.

Unsatisfactory: Fails to meet "excellent" standard.
Satisfactory: Fails to meet "excellent" standard.
Very Good: Fails to meet "excellent" standard.
Excellent: Greater than or equal to 10% within Year 1 of the Contract.

Evaluation Period 9. Assigned Weight 30%.

Unsatisfactory: Fails to meet "excellent" standard.
Satisfactory: Fails to meet "excellent" standard.
Very Good: Fails to meet "excellent" standard.
Excellent: Greater than or equal to 25% within Year 2 of the Contract.

Evaluation Period 10. Assigned Weight 40%.

Unsatisfactory: Fails to meet "excellent" standard.
Satisfactory: Fails to meet "excellent" standard.
Very Good: Fails to meet "excellent" standard.
Excellent: Greater than 50% within Year 3 of the Contract.

Note: If at any time prior to the completion of the Contract the Contractor attains greater than 50%, then the entire award fee available for this subfactor shall have been earned. This is regardless of whether the targets and goals were met for evaluation periods 8 and 9.