



Economic Policy Reform and Competitiveness Project

THE MONGOLIAN BUSINESS DEVELOPMENT FUND

Submitted to:

The U.S. Agency for International Development/Mongolia

October 2004
Ulaanbaatar



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Title: ***The Mongolian Business Development Fund***
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Project: Mongolia Economic Policy Reform and Competitiveness Project (EPRC)
Contract No. 438-C-00-03-00021-00
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ABBREVIATIONS AND ACRONYMS

BDS	Business Development Services
BDT	Business Development Team
COP	Chief of Party
EPRC	Economic Policy Reform and Competitiveness Project
NGO	Non-government Organization
SBA	Senior Business Advisor
SOPs	Standard operating procedures
TMCF	The Mongolian Competitiveness Fund
TORs	Terms of reference
USAID	United States Agency for International Development

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SECTION I: INTRODUCTION

This document describes the purpose, objectives, and operating procedures of a proposed mechanism to improve the competitiveness of Mongolian businesses, *The Mongolian Business Development Fund* (BDF). The proposed mechanism and a previously submitted companion piece, The Mongolian Competitiveness Fund (TCF), are fully compliant with the achievement of contract objectives and in our technical opinion improve on the original design of the Matching Grant Program (MGP). The characteristics of the proposed funds, compared to the MGP are as follows:

1. The proposed mechanisms are not grants; they are client co-payment schemes where the Contractor retains fiduciary control of the funds being contributed by USAID in any agreement or subcontract
2. Purpose and objectives of the proposed funds are clear, tight, and focused on improving the competitiveness of the Mongolian private sector at the cluster/sector level through The Competitiveness Fund (TCF) or at the business firm level through The Business Development Fund (BDF)
3. The funds are market-driven, responsive to demand, and require client cash contributions or co-payments to third parties as an acid test of client commitment; simply put, if the client is not willing to be at risk neither will the funds
4. Client co-payment requirement of the funds is also designed to leverage project resources; fund contributions act as a catalyst to achieve more with the same amount of resources
5. The funds are commercially structured by design to minimize client rent-seeking and unfair competition with private sector business service providers
6. Procedures and responsiveness of the funds are designed to operate in real business time while preserving Contractor's fiduciary controls, avoiding of conflicts of interest and collusion, and maintaining compliance with U.S. Government and USAID rules and regulations
7. Client eligibility criteria are clear and transparent, with agreements and subcontracts based their consistency with the purpose and objectives of the funds and on willingness of client(s) to co-pay third-party service providers directly upon acceptance of contracted product; the funds will be demand-driven and operate on a first-come, first served basis
8. Proposed operating procedures of the funds have been time-tested and are based on successful implementation experiences of similar USAID-funded projects implemented by Chemonics in other countries: The Black Integrated Commercial Support Network Project (BICSN) in South Africa, and The Economic Policy Enhancement and Productivity Project (PEP) in Honduras

The design of the funds responds fully to contract requirements, reduces the aggregate transaction costs of monitoring client compliance that a Matching Grants Program requires, leverages project funds, maintains compliance with USAID regulations, and preserves the "pass-through" nature of the MGP—attracting only G&A and fee, as per contract terms. Having implemented similar mechanisms in other USAID-funded projects, Chemonics assumes the fiduciary responsibility as per terms specified in Exhibit I-1 for the management and monitoring of the funds. Unlike the MGP, the proposed funds will not require a waiver. A simple contract modification, however, will be needed to do away with the waiver and to delegate authority to Chemonics as a manager of the funds. Such delegation of authority will need to include maximum levels of funds commitment per agreement or fixed-price subcontract as proposed in the terms for the funds under

“Maximum single fund commitment”.

Section II of this document describes the purpose, objectives, and features of the proposed Business Development Fund. Section III describes the operating procedures; Section IV summarizes the features of the two proposed funds and develops the rationale for a proposed contract modification to implement the funds in lieu of the Matching Grant Program.

Annexes A, B, and C present, respectively the sample Confidentiality Agreement to be extended to firms, a proforma fixed-price, product-based subcontract to be used with third-party service providers, and a draft brochure to be used in describing and marketing BDF services to potential business firm clients.

SECTION II: PURPOSE, OBJECTIVES, AND FEATURES OF THE FUND

This section describes the purpose, objectives, and operating procedures of *The Mongolian Business Development Fund* (BDF). Chemonics International Inc., the main contractor implementing the USAID-funded Economic Policy Reform and Competitiveness Project (EPRC) administers the fund.

A. Purpose of the Fund

The purpose of *The Mongolian Business Development Fund* (BDF) is to provide support to commercially viable transactions involving Mongolian business firms with a presence or the potential to compete in the world markets.

B. Objectives of the Fund

Objectives of the Fund are to assist a business firm in:

1. Identifying target markets, distribution channels, buyers, distributors, and agents
2. Supply feasibility analysis and product development for the identified target markets
3. Re-engineering of product lines according to target market requirements
4. Transactions, contract negotiations, and financial structuring.

C. Features of the Fund

C1. Eligible fund expenditures

Provides partial funding of fixed-price, product-based subcontract as set forth in three-party contract among client firm, independent service provider, and Chemonics.

C2. Ineligible fund expenditures

Grants, capital expenditures, loans, share capital, and client(s) recurrent operating costs (direct labor costs such as wages and salaries, indirect labor costs and benefits, rent, utilities, interest payments, maintenance, etc.) are not eligible fund expenditures. Client(s) assume responsibility for these.

C3. Maximum single fund commitment

US\$ 10,000 or equivalent, inclusive of all fees and taxes where applicable, per fixed-price subcontract. Single commitments over this limit will require concurrence from USAID Contracting Officer and CTO.

C4. Maximum duration of single fund commitment

Not to exceed three calendar months from date fixed-price subcontract was signed nor to have a duration beyond Chemonics' EPRC contract end date.

C5. Maximum number of agreements with the same business firm

An eligible firm shall have no more than four cost-sharing contracts with BDF; exceptions to this rule will require written consent from USAID Contracting Officer and CTO.

C6. Client business firm eligibility

Business firms with a presence or the potential to compete in world markets, or provide goods or services to those firms, fully or at least 26% Mongolian owned, Mongolian managed or significantly committed to advance Mongolian management, duly registered in Mongolia and in operation for at least two years, involved in legitimate business pursuits and not otherwise excluded by U.S. Government and USAID regulations are eligible clients of BDF.

C7. Ineligible clients

NGOs and not-for-profit organizations

Any entity whose name appears on the "List of Parties Excluded from Federal Procurement and Non-Procurement Programs"

Any "public international organization"

Any government organization

Any business firm whose country of origin is not Mongolia or the United States

Any business firm affiliated with the Main Contractor or Subcontractors, their directors, officers, and employees

Mongolian business firms involved in illicit activities, not properly constituted and in operation for at least two years

Mongolian business firms without at least 30% of their earnings derived from the sale of goods and services to foreign markets.

C8. Eligible transactions

BDF will consider requests from eligible firms to support transactions that respond to market demand requirements and have a high commercial probability to increase foreign exchange earnings.

C9. Protection of client firm confidentiality

BDF will sign a written confidentiality agreement with the client firm to protect the firm's confidential and proprietary information; only selected and nominated BDF managers will have access to the defined confidential information.

C10. Competition for procurement of services from third- party providers

Chemonics and client business firm will, to the maximum possible extent, obtain competitive bids for the services to be procured from third-party service providers.

C11. Conflict of interest, collusion and non-performance

Chemonics reserves the right to terminate a fixed-price subcontract when in its sole determination it has determined that there is a conflict of interest, collusion, or non-performance by parties to the agreement, including service providers. Chemonics, its officers, and employees will assume no liability for termination of the subcontract under these circumstances.

C12. Management and administration

Chemonics International Inc. in its role as prime contractor for the EPRC Project will act as funds manager and administrator under delegated authority from the Contracting Officer and in compliance with applicable USAID regulations.

C13. Fiduciary responsibility of Chemonics as funds manager

Chemonics International Inc. in its role as prime contractor for the EPRC Project assumes fiduciary responsibility for managing, administering, maintaining records, and reporting according to its established accounting and management systems and in compliance with applicable U.S. Government and USAID regulations.

C14. Liability of Chemonics as funds manager

Chemonics assumes no liability to USAID, client business firms, service providers, or any other entity involved whether directly or indirectly in agreements with BDF, except in cases of demonstrated gross negligence or bad faith in the performance of duties as a funds manager.

C15. Funds availability and termination of subcontracts

USAID reserves the right to terminate operation of the fund at its sole discretion. Neither USAID nor Chemonics, their officers, and employees shall be liable for such termination.

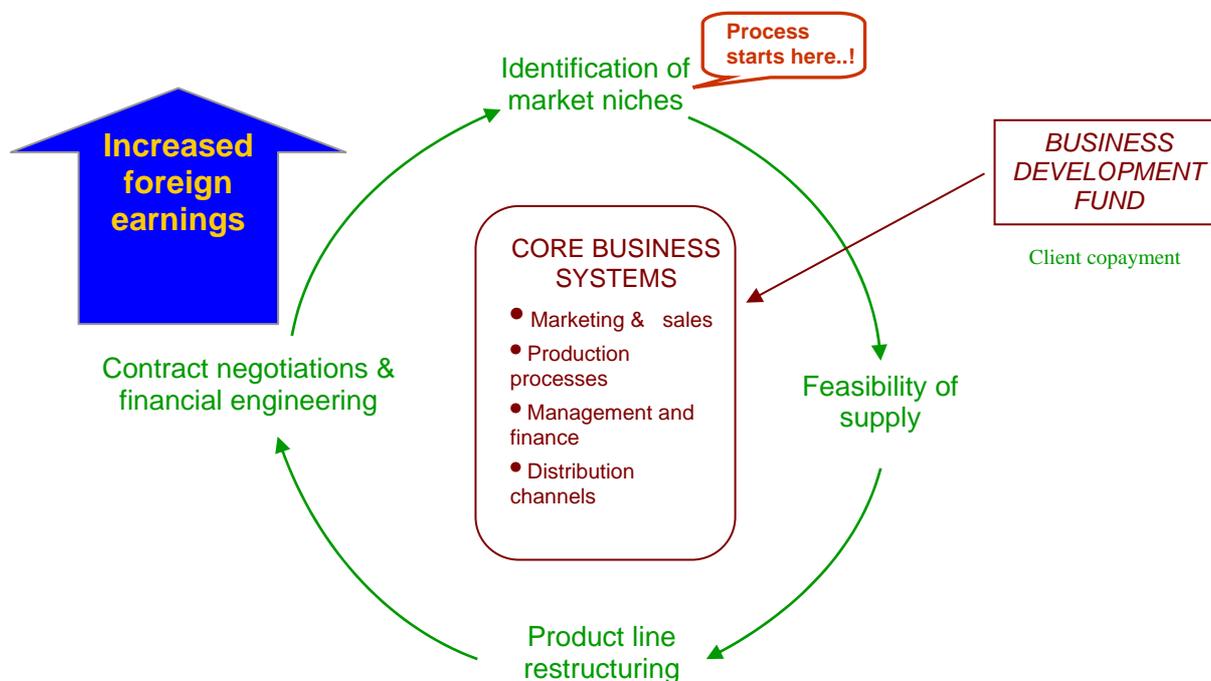
SECTION III: OPERATING PROCEDURES

A. Transaction process flow

The *Mongolian Business Development Fund* (BDF) approach is consistent with its purpose of to provide support to commercially viable transactions involving Mongolian business firms with a presence or the potential to compete in the world markets, as shown in Exhibit III-1, below.

BDF will use a market-driven approach based on demand requirements identified in market niches. The fund will assist client firms with the identification of such market niches, analyzing the feasibility of supplying them, and with potential restructuring of product lines, financial engineering and contract negotiations, as required and agreed upon. Any assistance that BDF may provide will be oriented towards the client firm successfully closing transactions.

Exhibit III-1: Business Development Fund approach to transaction support



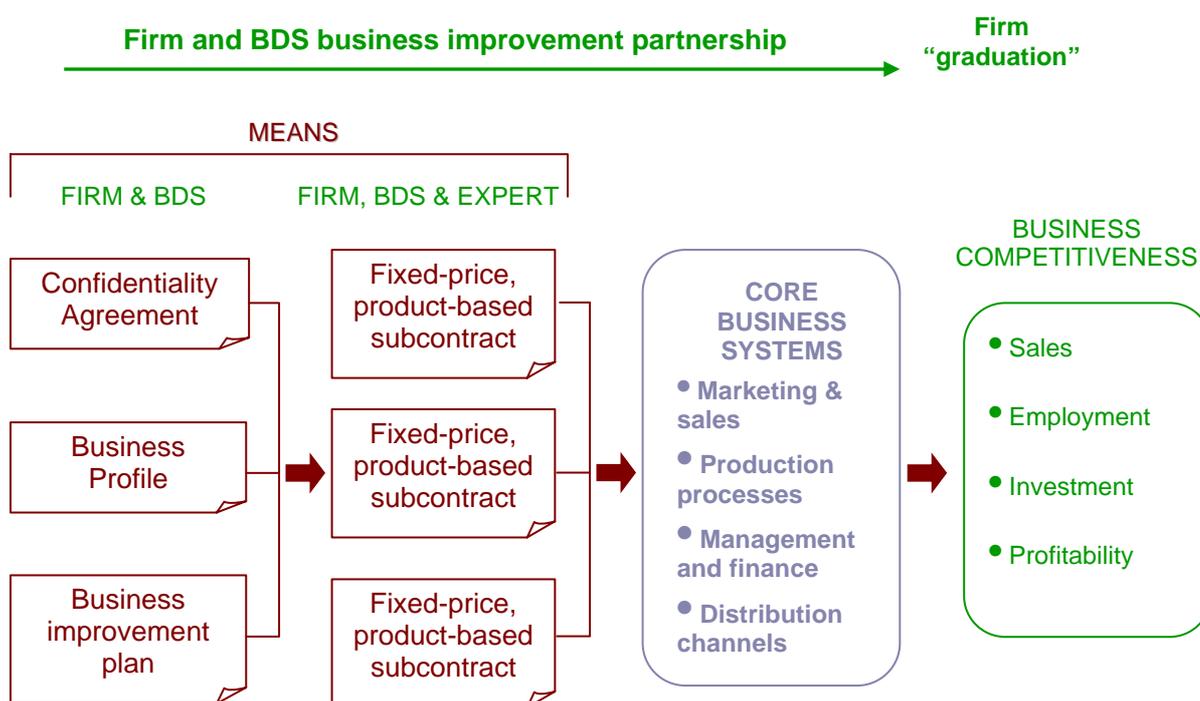
The process of “hands-on” assistance with transactions is also designed to improve the core business systems of the client firm: marketing and sales, production and customer service processes, management and finance and its distribution channels for its products or services. Although transactions are important, the competitiveness of a firm ultimately rests on the efficiency and effectiveness of its core business systems to adapt to changing environments.

BDF will provide transaction support to a client firm through a third-party service provider and as agreed on a written fixed-price product-based subcontract negotiated and executed by the client firm, BDF, and the service provider. After BDF and client firm receipt and acceptance of the product(s) contracted for, BDF and the client firm

will pay their respective shares of the total cost of the contract directly to the service provider.

Exhibit III-2 diagrams the relationship between BDF instruments embodying its standard operating procedures—the means—and results at the firm level: improved business competitiveness. These results can be measured at the firm level in terms of increases in sales, employment, investment, and profitability. Although not necessarily consistent at the firm level or uniformly applicable, these indicators are reasonable proxies of business competitiveness.

Exhibit III-2: Transaction process instruments and results



The process begins with a rapid assessment of the firm’s core business systems and its market position captured in a brief business profile. Signing of a confidentiality agreement extended by BDF to the client firm at this stage is designed to protect client’s proprietary or confidential information. Annex A contains the sample BDF confidentiality agreement.

The next step is the preparation of a business improvement plan focused on responding to identified or potential market niche(s) demand. The client firm and BDF agree on implementation priorities of the plan and jointly define the type of expertise required through the preparation of draft terms of reference (TORs) for a fixed-price, product-based subcontract with a potential third-party service provider. BDF and the client firm then circulate the TORs among prospective service provider to identify and contract for the assignment based on value for money. Negotiations with the service provider, if concluded successfully, are concluded with a signed three party contract to execute the work. The contract details responsibilities of all parties, including client co-payments, as shown in Annex B which contains a sample contract form.

B. BDF administration, monitoring and reporting

BDF will perform administration, monitoring and reporting on two levels using standard operating procedures (SOPs) and forms. The first level of monitoring and reporting is on process and focuses on deal flow or transactions in the pipeline; the second level of reporting is on impact achieved measured by the value of transactions closed or completed.

B1. Process: Deal flow or transaction pipeline reports

These types of reports provide administrative and financial details about client firms, subcontract objectives, subcontractors, and funding status. Exhibit III-3 provides a sample quarterly summary reporting form for BDF clients' information and transactions with the fund. Exhibit III-4 summarizes the status of BDF subcontracts and supplies information on subcontractor, funds committed and disbursed, and client co-payment contributions by quarter. These exhibits are found at the end of this section.

B2. Impact: Type and value of concluded transactions report

Exhibit III-5 shows a sample quarterly summary of impacts at the client firm level. The report form summarizes the number and value of transactions by type that BDF facilitated: value of increased sales, capital restructuring, investment and working capital, project finance, and share capital.

Exhibit III-5: Type and value of concluded transactions

Type of transaction	Number of transactions	Amount of transaction
<i>Sales</i>		
<i>Capital restructuring</i>		
<i>Investment and working capital</i>		
<i>Project finance</i>		
<i>Share capital</i>		
Totals		

Reporting impacts at the client level by using the value of transactions concluded provides a practical and verifiable indicator of the fund effectiveness overtime. BDF success will ultimately be gauged by the extent to which it assists its client firms in closing transactions through which the firm learns to become more competitive.

ANNEX A: CONFIDENTIALITY AGREEMENT

ANNEX A: CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement ("Agreement") is made and effective on [day, month, year] by and between _____ ("Owner") and the Economic Policy Reform and Competitiveness Project (EPRC) financed by the United States Agency for International Development (USAID) represented by Chemonics International Inc. ("Recipient").

WHEREAS in the course of meetings and discussions held between Owner and Recipient concerning business development services and transaction support that Recipient may provide Owner may reveal to Recipient certain confidential information pertaining to Owner's business plans, clients, suppliers, financial and operating data, services, products and product development plans;

WHEREAS Owner wishes to protect certain exclusive rights and avoid non-authorized disclosure of such information;

WHEREAS the parties declare their intention to prevent knowledge by non-authorized third parties of such "confidential information" as defined further on in this Agreement.

NOW, THEREFORE, intending to be legally bound, the parties hereto agree as follows:

1. Definition of Confidential Information

Owner proposes to disclose certain of its confidential and proprietary information (the "Confidential Information") to Recipient. Confidential Information relates to products, processes, services, materials, technology, computer programs, specifications, manuals, business plans, software, marketing plans, business plans, financial information and commercial activities and shall include information relating to research, development, manufacturing, purchasing, accounting, engineering, marketing, merchandising, pricing and selling, including the identities of actual and prospective customers, the identity of key employees, pending bids and proposals, and present and future product lines and programs and notes, data, and records whether in hard copy or electronic form. Confidential Information disclosed orally shall be identified as such within five (5) days of disclosure. Nothing herein shall require Owner to disclose any of its information.

Recipient shall have no obligation under this Agreement with respect to Confidential Information which is or becomes publicly available without breach of this Agreement by Recipient; is rightfully received by Recipient without obligations of confidentiality; or is developed by Recipient without breach of this Agreement.

2. Use of Confidential Information

Recipient shall use Confidential Information provided by Owner solely and exclusively for the purpose of evaluating potential business development assistance and transaction support with interested third parties as authorized by Owner. Recipient shall not use nor cause to use such information to compete directly or indirectly with Owner's business. Recipient undertakes to protect such Confidential Information as if it were his own and exercise due care to prevent its theft, use or copy by its personnel not directly involved in negotiations with parties authorized by Owner.

3. Exclusive rights

All Confidential Information provided by Owner to Recipient shall remain the sole and exclusive property of Owner and Recipient shall return or destroy Confidential Information at the request of Owner. Nothing contained herein shall be construed as granting or conferring any rights by license or otherwise in any Confidential Information.

4. Legally mandated disclosure

At the petition of a government agency acting in a legal capacity Recipient may need to disclose Confidential Information provided by the Owner. Recipient shall provide written notice to Owner of such request to reveal Confidential Information.

5. Term

This Agreement shall be effective for two years from the date of its signature unless terminated earlier and in writing by the parties.

6. Final Agreement

This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

7. No Assignment

Recipient may not assign this Agreement or any interest herein without Owner's express prior written consent.

8. Severability

If any term of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, then this Agreement, including all of the remaining terms, will remain in full force and effect as if such invalid or unenforceable term had never been included.

9. Governing law

This Agreement shall be governed and construed in accordance with the laws of Mongolia.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

CHEMONICS INTERNATIONAL INC., representing the *Economic Policy Reform and Competitiveness Project*, "RECIPIENT":

Name: _____
Address: Chemonics International Inc.
Tavan Bogd Plaza, Second Floor
Eronhii said Amar Street-2
Ulaanbaatar, Mongolia
Telephone: 239-3439
Fax: 239-4188
E-mail address : bharris@eprc-chemonics.biz

Authorized signature of RECIPIENT: _____

Name of OWNER: _____
Address: _____

Telephone: _____
Fax: _____
E-mail address: _____

Authorized signature of OWNER: _____

*File: EPRC Confidentiality Ag 2-Dec-03.doc
Revised: 18-May-04*

**ANNEX B: BUSINESS DEVELOPMENT FUND SERVICES FIXED-
PRICE SUBCONTRACT**

ANNEX B: BUSINESS DEVELOPMENT FUND SERVICES FIXED-PRICE SUBCONTRACT

Chemonics International Inc. (“Chemonics”) as the Main Contractor implementing the *Economic Policy Reform and Competitiveness Project* (EPRC) financed by the *United States Agency for International Development* (USAID) and the subcontractor nominated at the foot of this document (“the subcontractor”) hereby agree that the subcontractor will provide professional services to Chemonics and its client, subject to the terms and conditions as follows:

1. Scope of Work. The scope of work and deliverables for professional services to be rendered (“the services”) and the description of the duties to be performed (“the duties”) by the subcontractor under this subcontract are set out in Annex A which is incorporated into this agreement.

2. Reporting. The subcontractor will report directly to the Business Development Advisor herein designated and duly authorized to represent Chemonics and will render the services under his/her general direction. The Business Development Advisor will be responsible for monitoring the services, appropriateness, and timeliness of deliverables to be performed by the subcontractor under this agreement.

3. Period of Services. The services will be rendered between: _____ and _____. In the event that the subcontractor is unable to start on the date indicated, or complete the services and duties by the date indicated, Chemonics shall be notified forthwith and the latter shall have the right to summary termination of the subcontract on written notice to the subcontractor with forfeiture by the former of any claims against Chemonics.

4. Fixed price and payment. The projected level of effort by labor categories and rates proposed by the subcontractor are documented as Annex B.

4.1 The subcontractor, [*Name of subcontractor*] shall render the services and perform the duties detailed in Annex A for a fixed price, inclusive of any taxes, of [*Price, in numbers, to be paid by Chemonics*] (*Price in words*). This amount is 50% (fifty percent) of the total gross cost, inclusive of any taxes, of (*Price in numbers*) (*Price in words*). The total amount payable by the client, [*Client’s name*] directly to the subcontractor, inclusive of any taxes, is [*Amount in numbers*] (*Amount in words*).

4.2 Upon completion of the deliverables specified in Annex A, the subcontractor may submit an invoice for work completed. The invoice shall be presented to the Business Development Advisor and shall be in the form specified by Chemonics at the time of signing this subcontract. Payment to the subcontractor will be made by *Chemonics* within 30 (thirty) days of approval by and certification of satisfactory completion of the work by the Business Development Advisor in consultation with the client firm.

5. Intellectual Property Rights. *Chemonics* and the client shall have access to all copyrighted material and other intellectual property rights in respect of any data

compilations, research, spreadsheets, graphs, documents, reports, diagrams, designs, work products and software, either existing at the time of, or developed during the period of the subcontract ("the intellectual property"). All documents relating to the intellectual property or otherwise connected with the subcontract, the services or the duties must be returned or delivered to *Chemonics* and the client at the termination of the subcontract. The subcontractor agrees not to publish or make use of any of the intellectual property, or documents relating thereto, without the prior written approval of *Chemonics* and the client. Any material, which is the property of the subcontractor at the commencement of the project, remains such and is not included as part of the Intellectual Property Rights.

6. Waiver of Benefits and Indemnity. The subcontractor waives any additional benefits and agrees to indemnify and hold *Chemonics* and the client harmless for any loss, damage or injury sustained as a result of, or arising from services rendered and duties performed under this services subcontract, including but not limited to any claim for damages, restitution, loss, injury or specific performance instituted by any third party as the result of, or arising from the services rendered or duties performed under this subcontract, or incidental thereto.

7. Termination of services. The services to be performed under this subcontract may be terminated by either party on giving 24-hour (twenty-four) written notice of termination or longer, depending on the nature of the services to be rendered. On termination, the subcontractor shall submit a final invoice for the services and the duties up to the date of termination and which shall be paid by *Chemonics* on the same basis as set out in clause 4. The contractor shall also comply with clause 5.

Subcontractor's Name: _____

Sub-contractor's address:

Subcontractor's telephone & fax:

Subcontractor's email address: _____

Subcontractor's Authorized Signatory: _____

[Name and position title]

Date:

Client's Name: _____

Client's Address:

Client's telephone and fax:

Client's email address:

Client's Authorized Signatory:

[Name and position title]

Date:

Business Development Advisor:

[Name]

Date:

CHEMONICS APPROVALS

Bruce Harris, Business Development Manager

Date:

Fernando Bertoli, Chief of Party, EPRC

Date:

ANNEX C: SCOPE OF WORK

ANNEX C: SCOPE OF WORK

PURPOSE OF FIXED-PRICE SUBCONTRACT

The purpose of this fixed-price subcontract is

OBJECTIVES OF THE SUBCONTRACT

The objectives of this subcontract are:

- 1.
- 2.
- 3.

PRODUCTS TO BE DELIVERED UNDER THIS SUBCONTRACT

At the conclusion of the period during which the services detailed below are provided, the client firm shall have the following products delivered to the satisfaction of the client firm and Chemonics:

- 1.
- 2.
- 3.

DESCRIPTION OF SERVICES TO BE RENDERED

DATES OF DELIVERY OF PRODUCTS

OBSERVATIONS AND SPECIAL REMARKS

BUSINESS DEVELOPMENT ADVISOR SUPERVISING THE SUBCONTRACT:

ANNEX D: SUBCONTRACT BUDGET

ANNEX D: SUBCONTRACT BUDGET

PRODUCT:

Date of delivery:

Name and qualification of proposed personnel	Daily rate	Number of days	Cost (US\$)
--	------------	----------------	-------------

Subtotal:

PRODUCT:

Date of delivery:

Name and qualification of proposed personnel	Daily rate	Number of days	Cost (US\$)
--	------------	----------------	-------------

Subtotal:

OTHER COSTS:

Item	Unit cost	Estimated quantity	Cost (US\$)
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Subtotal:

**Grand
Total**

A. Invoice requirements

No later than the fifth (5th) day of any month following the month in which services are rendered or deliverables received, the subcontractor shall present to *Chemonics* an invoice for services and/or deliverables covering the previous month, or earlier periods in cases where payment has not been claimed. The original shall be in the format approved by *Chemonics* and sent to *Chemonics* in a hard copy.

The subcontractor shall include with each invoice submitted for payment the certification entitled "Subcontractor Certification" (see below). Copies of the subcontractor's documentation in support of any invoice will be made available to *Chemonics* at the time such documentation is requested.

To constitute a proper invoice, the invoice must include the following information and/or attached documentation:

1. Name of business concern and the invoice date.
2. Subcontract number and/or other authorization for delivery of services.
3. Description, price, and quantity of services and/or allowable costs.
4. Payment and shipping terms.
5. Name and (where practicable) title, phone number, and complete mailing address of responsible official to whom payment is to be sent.
6. Other supporting documentation or information as may be required by *Chemonics*.

To assist *Chemonics* in making timely payments, the subcontractor is requested to furnish the following additional information either on the invoice or on an attachment to the invoice:

- (1) Date(s) that property was delivered or services rendered.
- (2) Address where services were rendered.
- (3) Subcontractor's complete banking details or address for mailing payment.
- (4) Subcontractor Certification in the following form:

"The undersigned hereby certifies (i) that the invoice and attachments have been prepared from the books and records of the sub-contractor in accordance with the terms of this subcontract, and to the best of my knowledge and belief, they are correct. The sum claimed under this subcontract is proper and due, the work reflected by the costs above has been performed (except as herewith reported in writing), the quantities and amounts involved are consistent with the requirements of this subcontract. All Chemonics approvals have been obtained through Chemonics, and appropriate refund to Chemonics will be made promptly upon request in the event of disallowance of any claim or part thereof under the terms of this subcontract.

By: _____
Title: _____
Date: _____"

B. Documentation for payment

(1) Claims for payment under this subcontract shall be submitted to the Project Administrator at the following address:

EPRC Project
Chemonics International Inc.
Tavan Bogd Plaza, Second Floor
Eronhii said Amar Street-2
Ulaanbaatar, Mongolia

(2) The subcontractor agrees that all approvals which are required by the provisions of this subcontract shall be preserved and made available as part of the subcontractor's records which are required to be preserved and made available by the clause in the Prime Contract entitled "Examination of Records by Comptroller General" to the same extent as is required of *Chemonics* viz.

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until three years after the final payment under this subcontract or for any shorter period specified in Federal Acquisition Regulations (FAR) Subpart 4.7, have access to and the right to examine any of the subcontractor's directly pertinent books, documents, papers or other records involving transactions related to this subcontract, where purchase orders under the subcontract are in excess of US\$ 10,000 (Ten thousand dollars).

FB:ib

File name:

Date contract generated:

Contract template revision date: 18-May-04

ANNEX E: BUSINESS PROFILE

ANNEX E: BUSINESS PROFILE

Name of Company :

Name of Contact :

Address:

Telephone :

Fax :

E-Mail :

Economic Policy Reform and Competitiveness Project
Tavan Bogd Plaza, 2nd Floor,
Eronhii Said Amar Street,
Sukhbaatar District,
Ulaanbaatar, Mongolia,

Tel: + 976 – 11 - 32 13 75

bharris@chemonics.net

E-mail:

A. Firm Details

A.1 Company registration number _____

A.2 Legal Status

A.3 Address of Registered Office (if different from page 3)

A.4 Key Directors/Partners:

Director/Partner/Owner	Position	% owned

A.5 Number of Employees, F/T.....P/T.....

A.6 Principal Activities of the business.
Product range, distribution channels etc.

A.7 Previous applications for other public donor support (include type of assistance, dates, and amounts offered)
Support from donor agencies such as USAID, GTZ, EU etc

B. Firm history and trading results

B.1 Year of establishment

B.2 History of the business
Include, for example, recent developments. changes in ownership etc.

B.3 Past trading results (in US\$).

	200 (est)	200	200	200	200
Annual Turnover					
Profit before Tax					
Percentage Exports					
Net Equity Value					

B.4 Commentary on past trading results.

Mention factors affecting sales performance, variations in gross margins, overheads finance, costs and net profit.

B.5 Identified Market Opportunities

Future directions of the company, planned product development, new market segments, geographical expansion

C. Declaration

I confirm that all the information provided in this document is, to the best of my knowledge truthful and accurate,

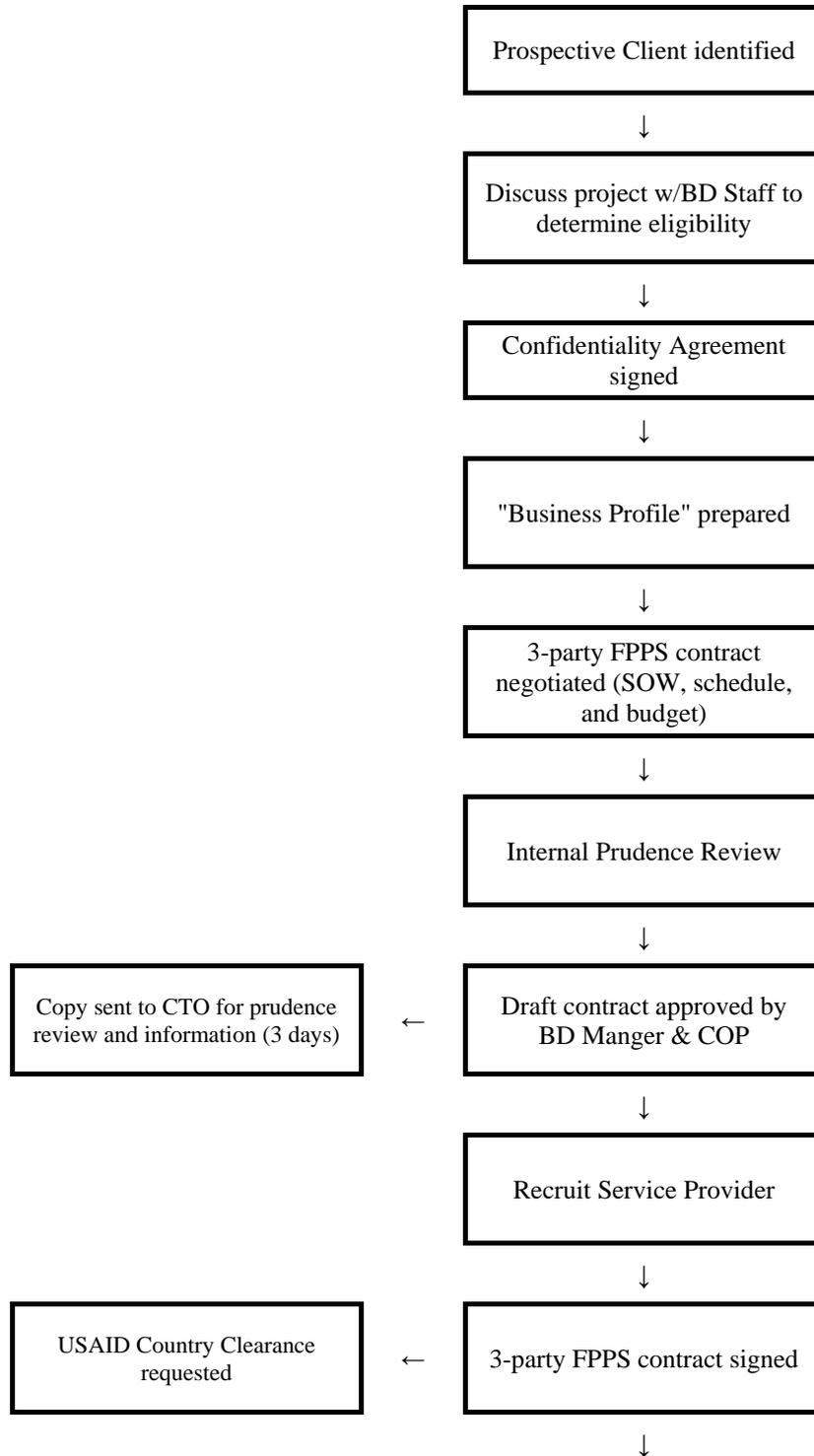
Signed.....

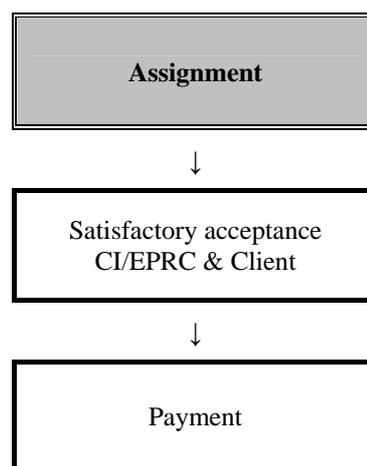
Name (please print).....

On behalf of (group or association)..... Date.....

**ANNEX F: ECONOMIC POLICY ADVICE AND COMPETITIVENESS
BUSINESS DEVELOPMENT FUND PROCEDURE FLOW CHART**

ANNEX F: ECONOMIC POLICY ADVICE AND COMPETITIVENESS BUSINESS DEVELOPMENT FUND PROCEDURE FLOW CHART





Abbreviations:

BD	Business Development Fixed Price Professional Services
FPPS	
COP	Chief of Party Cognizant Technical Officer
CTO	
CI	Chemonics International

Economic Policy Advice and Competitiveness

Business Development Fund

Procedure (see accompanying flow-chart)

1) Prospective Client Identified.

Client identified as a result of publicity, or more often through prior work with that client.

2) Discuss project with BD Staff to determine eligibility.

A member of BD staff will discuss the project with the client, explain the procedures and eligibility criteria and decide with the client whether to proceed with a formal application.

Extract: Section II, # C6

Business firms with a presence or the potential to compete in world markets, or provide goods or services to those firms, fully or at least 26% Mongolian owned, Mongolian managed or significantly committed to advance Mongolian management, duly registered in Mongolia and in operation for at least two years, involved in legitimate business pursuits and not otherwise excluded by U.S. Government and USAID regulations are eligible clients of BDF.

3) Confidentiality Agreement signed.

Prior to any further action or disclosure a confidentiality agreement is signed by the client and by Chemonics as the legal representative of the Business Development Fund in Mongolia.

4) "Business Profile" prepared.

A member of the BD staff will prepare a 'business profile' of the client based on site visits and discussions with ownership and senior management. The profile will include information on the history and development of the firm, current status, ownership, and financial indicators.

5) 3-party FPPS contract negotiated.

A three party Fixed Price Professional Service contract will be negotiated between the fund and the client, clearly defining the scope of work for the project, the timing and duration of the project, the budget and the terms of co-payment. The scope of work will be used as the basis for recruiting the service provider.

6) Internal Prudence Review.

Using a number of intelligence sources BD staff will establish the 'bona-fides' of the ownership and key personnel. Should this review give cause for concern the BD Manager and COP will decide whether to continue the application process.

7) Draft contract approved by BD Manger & COP

The three party FPPS contract is approved by both BD Manager and COP

7a) Copy sent to USAID CTO for prudence review and information (3 days)

A copy of the draft contract is forwarded to the CTO for further prudence review ('anything known') and as advance notice of impending country clearance. Unless notified of any dissent within three days, the application procedure will continue.

8) Recruit Service Provider

The service provider is recruited by the client under advice from BD staff. On request from the client the BD team will assist in the gathering and collation of CVs of potential providers.

9) 3-party FPPS contract signed

On identification of the service provider, the three party FPPS contract is signed, and the start and duration of the assignment agreed.

9a) USAID Country Clearance requested

When the FPPS is signed, EPRC, on behalf of the fund will apply to the USAID CTO for country clearance.

10) ASSIGNMENT

11) Satisfactory acceptance CI/EPRC & Client.

Chemonics Int. representing EPRC and the client will agree the satisfactory completion of the assignment in line with the deliverables and outputs defined in the FPPS, and advise clearance for payment.