PD-ABI-288

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

MISSION TO PAKISTAN

Cable: USAIDPAK
Telex: 542 [illegible]
Telephone: 824071-79

18 - Sixth Avenue, Ramna 5,
Post Office Box 1028
Islamabad, Pakistan

1 MAY 1993

Mr. F.W. Piechoczek
Chief Executive
First International Investment Bank Ltd.
7th Floor, Shaheen Commercial Complex
Dr. Ziauddin Ahmed Road
P.O. Box No. 1345
Karachi

Subject: Cooperative Agreement No. 391-0494-A-00-3421-00

Dear Mr. Piechoczek:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, and the Federal Grant and Cooperative Agreement Act of 1977, the Agency for International Development (hereinafter referred to as "AID") hereby provides to the First National Investment Bank Ltd. (hereinafter referred to as "Interbank" or "Recipient"), the sum of one million dollars ($1,000,000) to provide support for the establishment of a Private Sector Energy Feasibility Fund, as described in the Schedule of this Cooperative Agreement and in Attachment 2, entitled "Program Description".

This Cooperative Agreement is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning with the effective date and ending July 30, 1994.

This grant is made to the Recipient on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled "Schedule", Attachment 2, entitled "Program Description", and Attachment 3, entitled "Standard Provisions", all of which have been agreed to by your organization.

Please sign the original and each copy of this letter to acknowledge your receipt of this Cooperative Agreement and return the original and all but one copy to the Agreement Officer.

Sincerely,

Michael J. Nicholas
Agreement Officer
Office of Contracts and Commodities
Contracts Division

<u>Attachments</u>:
1. Schedule
2. Program Description
3. Standard Provisions

ACKNOWLEDGED: [illegible]

BY: SHAHID [illegible]

TITLE: EXECUTIVE DIRECTOR

DATE: MAY [illegible]

<u>Fiscal Data</u>

PIO/T No.:	391-0494-3-10058
Appropriation No.:	72-110/11037
Budget Plan Code:	QESO-91-23391-KG13
Total Estimated Amount:	$1,000,000
Total Obligated Amount:	$1,000,000
Technical Office:	O/PEN
Project Officer:	Mian Shahid Ahmad
Paying Office:	O/FM, USAID/Pakistan, Islamabad

Attachment 1

SCHEDULE

A. Purpose of Cooperative Agreement

The purpose of this Cooperative Agreement is to provide support to the Recipient for the establishment of a Private Sector Energy Feasibility Fund to finance feasibility studies on co-generation for U.S. and Pakistani private sector firms as more specifically described in Attachment 2 to this Grant entitled "Program Description".

B. Period of Agreement

The effective date of this Agreement is May 1, 1993. The estimated completion date of this Agreement is July 30, 1994. All activity to be financed by AID, including reports and Recipient Contracted Audit, must be completed before the Agreement completion date in order to be eligible costs.

C. Amount of Agreement and Payment

1. AID hereby obligates the amount of $1,000,000 for purposes of this Agreement.

2. Payments shall be made to the Recipient in Pakistani Rupees at the exchange rate in effect on the date of disbursement in accordance with procedures set forth in Attachment 3 - Standard Provision 3 entitled "Payment - Periodic Advance".

D. Financial Plan

The following is the Agreement Budget. Revisions to this budget shall be made in accordance with the Standard Provision of this Agreement entitled "Revision of Agreement Budget".

Cost Element		Amount
Feasibility study loans		$ 904,000
Fund oversight and management		65,555
Overhead - Provisional		25,445
Recipient Contracted Audit		5,000
	Total	$1,000,000

E. Reporting, Monitoring and Evaluation

1. Financial Reporting

a. Financial reporting shall be in accordance with the

Standard Provision entitled "Payment - Periodic Advance".

b. The original and two copies of all financial reports required in paragraph (a.) above shall be submitted to the Controller, Office of Financial Management, USAID/Pakistan, P.O. Box 1028, Islamabad, Pakistan, and one copy, duly marked "Copy", shall be submitted to the cognizant technical office, USAID/Pakistan.

c. Recipient Contracted Audit. Audits shall be performed in accordance with the Standard Provision entitled "Accounting, Audit and Records". USAID will reimburse Interbank for the actual cost of the Recipient Contracted Audit.

2. Program Reporting

a. An implementation plan shall be prepared and submitted to USAID/Pakistan within 60 days of the acceptance of this Agreement. The plan shall include quantifiable benchmarks and estimated dates for meeting the benchmarks. These benchmarks shall include, at a minimum: (1) the number of proposals received from clients for feasibility studies, (2) the number of feasibility studies completed, (3) the amount of disbursements from the "Special Account", and the number of projects implemented as a result of feasibility studies financed from the "Special Account".

b. The Recipient shall submit to the cognizant technical office, USAID/Pakistan, two copies of (1) a quarterly report on the operation and status of the Private Sector Energy Feasibility Study Fund (including the "Special Account" and, when operational, the "Fund") and (2) a quarterly report on the status of co-generation projects implemented as a result of feasibility studies financed by the "Special Account", as more fully described in the Program Description.

c. The Recipient shall submit two copies of each report required by this Agreement to the Bureau for Program and Policy Coordination, Center for Development Information and Evaluation, Development Information Division (PPC/CDIE/DI). All documents should be mailed to:

PPC/CDIE/DI
ACQUISITION
Room 209, SA-18
Agency for International Development
Washington, D.C. 20523
U.S.A.

All reports forwarded shall include a descriptive title, the author's name(s), agreement number, the project number and title, recipient's name, name of the AID technical office, and the publication or issuance date of the report.

F. Substantial Involvement Understandings

It is understood that AID, through the Cognizant Technical Officer, will be substantially involved during the performance of this Cooperative Agreement, as set forth in the Program Description and as stated below:

1. USAID/Pakistan will approve the draft model loan agreement prior to the disbursement of any loans from the "Special Account" under this Agreement.

2. USAID/Pakistan will review and approve (or disapprove) all client proposals for loan financing from the "Special Account", through the term of the Agreement, or any extension thereto.

3. USAID/Pakistan will approve the marketing brochure which will be submitted within 60 days of execution of this Agreement.

4. USAID/Pakistan will approve the implementation plan (see Section 2.a.) and monitor the benchmarks and progress in general of the Recipient's program.

G. Special Provisions

1. Source and Origin of Goods and Services

The authorized geographic codes for procurement of goods and services financed by AID under this Agreement are 000 (U.S.) and 391 (Pakistan).

2. Technical Office

The cognizant AID technical office is the Office of Private Enterprise and Energy (O/PEN), USAID/Pakistan. The Agreement is funded under the Private Sector Power

Project (391-0494).

3. Applicable Provisions

The following Additional Standard Provisions shall not be applicable to this Cooperative Agreement:

2, 4, 7, 9, 12-15, 17, and 19-21.

4. Taxes

No funds provided by USAID under this Agreement shall be used to finance identifiable local taxes, duties, or other such charges, surcharges or levies, from which AID is exempt under any agreement between the Government of Pakistan and AID.

5. Income Earned

The parties to this Agreement agree that 1) any income earned on fund balances in the "Special Account" shall be credited to USAID/Pakistan, 2) any income earned from loans made from the "Special Account" or the "Fund", including fees, shall be used to capitalize the "Fund", and 3) any income earned from fund balances in the "Fund" shall be used to further capitalize the "Fund".

6. Use of AID Funds

The restrictions on the use of AID funds hereunder set forth in the Standard Provisions of this Agreement are applicable only to expenditures incurred with AID funds provided under this Agreement. The Recipient will account for AID funds in accordance with the Standard Provisions entitled "Allowable Costs" and "Accounting, Audit and Records". For purposes of this Agreement, monies in the "Fund" are not considered AID funds. The Standard Provisions are not applicable to disbursements from the "Fund" or to expenditures incurred with funds provided from non-AID sources (i.e., the client's contribution towards the cost of the feasibility study).

7. Relocation of U.S. Production

Loan funds from the "Special Account" shall not be used for feasibility studies for projects which could induce a business enterprise currently located in the United States to relocate outside the United States if such inducement is likely to reduce the number of employees of such business enterprise in the United States.

8. Pursuant to the Standard Provision entitled "Negotiated Indirect Cost Rates - Provisional", a rate or rates shall be established for each of the Recipient's accounting periods which apply to this Agreement. Pending establishment of revised indirect cost rates for each of the Recipient's accounting periods which apply to this Agreement, provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated rate(s) applied to the bases which are set forth below:

Type	Rate	Base	Period
Overhead	140%	1/	2/

1/ Total salaries, allowances and benefits

2/ Provisional - January 1993 until amended

H. Closeout Procedures

This section prescribes uniform closeout procedures for this Agreement.

1. The following definitions shall apply for the purpose of this section:

   a. Closeout. The closeout of an agreement is the process by which AID determines that all applicable administrative actions and all required work of the agreement have been completed by the Recipient and AID.

   b. Date of Completion. The date of completion is the date on which any work under an agreement is completed or the date on the award document, or any supplement or amendment thereto, on which AID sponsorship ends.

   c. Disallowed Costs. Disallowed costs are those charges to an agreement that AID or its representative determines to be unallowable in accordance with the applicable cost principles contained in the Standard Provision " Allowable Costs", e.g. FAR 31.2 and AIDAR 731.2, or other conditions contained in the agreement.

2. AID closeout procedures include the following requirements:

7

a. Upon request, AID shall make prompt payments to a recipient for allowable reimbursable costs under the agreement being closed out.

b. The Recipient shall immediately refund any balance or unobligated cash that AID has advanced or paid and that is not authorized to be retained by the Recipient for use in other agreements.

c. AID shall obtain from the Recipient within 90 calendar days after the completion date of the Agreement all financial, performance, and other reports required as a condition of the Agreement. AID may grant extensions when requested by the Recipient.

d. The Recipient shall account for any property acquired with AID funds or received from the Government in accordance with Attachment N of OMB Circular A-110 entitled "Property Management Standards".

e. In the event a final audit has not been performed prior to the closeout of the Agreement, AID shall retain the right to recover an appropriate amount after fully considering the recommendations on questioned costs resulting from the final audit.

Attachment 2

PROGRAM DESCRIPTION

PRIVATE SECTOR ENERGY FEASIBILITY FUND

A. OBJECTIVE

The objective of the Private Sector Energy Feasibility Fund to be established by the Recipient under this Agreement is to provide financial support to Pakistani or U.S. private sector firms (or Pakistani-U.S. joint ventures), subsequently referred to as "clients", interested in establishing commercial power-generation projects in Pakistan to sell power to the national power grid for resale to the general public. The investment that these studies will facilitate is expected to contribute significantly to reducing Pakistan's widening energy gap.

B. SUMMARY

The Recipient intends to utilize funds provided under this Agreement to establish a two-part Private Sector Energy Feasibility Fund from which loans will be made to clients with approved projects. Actual capitalization of the Fund will be a two-step process. First, USAID/Pakistan will provide funds to the Recipient which will be deposited in an income earning "Special Account". The income earned from this account will be paid to USAID/Pakistan. The Recipient will disburse loans to clients from the "Special Account". Secondly, loan repayments, including income earned on the loans and any fees charged to the clients, will capitalize a "Fund" which will be available for re-lending at market rates for similar projects. All repayments of principal, as well as all interest or profit earned and fees charged, on loans made from the "Fund" will be redeposited in the "Fund", thereby establishing a revolving loan fund. Interbank will maintain the "Fund" in a separate income earning account at market rates and income earned from this account will be used to further capitalize the "Fund". The "Fund" will remain with Interbank in support of feasibility studies for private sector investors in co-generation projects. The Recipient intends to make and manage all loans from both the "Special Account" and from the "Fund" in accordance with standard commercial banking standards and practices.

C. OPERATION OF THE FUND

The Recipient plans to use its technical expertise and financial oversight in marketing and managing the Private Sector Energy Feasibility Study Fund.

The Recipient will forecast quarterly usage, giving details of projects that it is considering for loans. It is expected that projects will include new plant construction or plant expansion which include power generation. These could include textile mills, sugar crushing mills, oil mills, etc. From its list of loan requests, but not necessarily limited to it, the Recipient will develop, with clients, detailed loan proposals for feasibility studies for projects to be submitted to USAID/Pakistan for review and approval. After USAID/Pakistan approval, the Recipient will enter into separate loan agreements with the clients. The Recipient, using funds from the "Special Account", will finance up to fifty percent of the cost of the feasibility study. The client will finance the balance of the study.

D. MARKETING PLAN

The Recipient's marketing plan will concentrate on demonstrating to local industrialists the advantages of setting up in-house power plants to meet the power requirements of their operations and to sell excess power to the national power grid. The main advantages are as follows:

1. The industrial sector in Pakistan has been suffering from chronic power shortages and frequent load shedding, resulting in loss of production and, consequently, of income. An in-house power plant will ensure electric supply that is uninterrupted, constant in rating, and available throughout the year.

2. The cost of electricity has been increasing annually which has a negative impact on the profitability of the industrial sector. The industrial consumers of electricity have, in fact, had to subsidize the domestic and agricultural consumers. An in-house power plant will enable a factory or mill to exercise better control over the cost of the electricity it uses.

3. Electricity generated by the in-house plant over and above requirements can be sold to the Water and Power Development Authority (WAPDA) or the Karachi Electric Supply Corporation (KESC) for ultimate sale to the general public. Purchase of excess electricity, at a remuneration price, will be guaranteed by a power purchase agreement between WAPDA/KESC and the factory or mill, resulting in a source of additional profit.

4. The rate of return on investment in in-house power plants has been found to be very attractive. The pay-back period is usually less than five years. (For sugar mills, who can use bagasse as the primary source of fuel, the pay-back period could be as short as two years.)

The idea of setting up in-house power plants and selling excess electricity to WAPDA/KESC will be of interest to all industries that are heavy consumers of electric power. The Recipient's marketing program will therefore focus on (but not be limited to) large units in the following industries: textile, sugar, paper and board, automotive, engineering, cement, fertilizer, chemical, ceramics and foodstuffs. It is anticipated that the size of most in-house power plants will be in the range of 10-20 MW.

E. PROMOTIONAL PROGRAM

The Recipient intends to promote the Private Sector Energy Feasibility Fund in two ways:

1. The program will be advertised in major Pakistani newspapers quarterly.

2. The Recipient plans to prepare a brochure for target clients, describing the Private Sector Energy Feasibility Fund, the advantages of an in-house power plant, the incentives offered by the Pakistani government, the facilities offered by WAPDA/KESC to co-generation plants, and providing examples of some co-generation plants under implementation or already in operation. A draft of this brochure will be submitted to USAID/Pakistan for comments within 60 days of execution of this Agreement.

Brochures will be sent to companies on the Recipient's list of target clients as well as to those firms which contact the Recipient directly. Thereafter, separate meetings will be arranged with clients and the salient features of the program will be explained in detail and, should clients be sufficiently interested, they will be advised to prepare a project concept study and a budget for conducting the proposed feasibility study. At the client's request, the Recipient will provide a list of engineering consultants who have prior experience in conducting feasibility studies for in-house power plants and co-generation schemes.

F. CRITERIA AND PROCEDURES

1. BORROWERS

a. Loans may be made from the "Special Account" only to Pakistani, U.S., or Pakistani-U.S. joint ventures who propose a project which is subsequently approved.

b. Clients seeking loans from the "Special Account" must present a project concept study and have the resources available to contribute at least 50 percent of the total estimated cost of the study as their contribution. The maximum loan amount from the "Special Account" is $100,000 unless the client is able to justify a higher amount for larger projects and the Recipient and USAID/Pakistan concur on a case-by case basis. Clients must also be able to demonstrate ability to obtain financing for future implementation of the project in order to qualify for loans from the "Special Account".

c. Clients' projects must be ones that will be owned and operated as commercial ventures, with at least fifty-one percent private sector ownership in order to qualify for loans from the "Special Account".

d. Clients must be financially sound and present recently audited balance sheets and bank references attesting to credit worthiness.

e. For each loan request from the "Special Account", clients will prepare a budget as per Annex I. The budget should indicate clearly which line items will be covered by the client's own resources and which line items will require support from the "Special Account". Funds provided by AID will only finance those budget line items which are discrete activities and can be clearly identified before the feasibility study begins (e.g., pro forma invoices for technical or engineering services, analytical procedures, laboratory work and similar services). Interbank will indicate to USAID/Pakistan which budget line items of a client's proposal will be financed by a loan from the "Special Account" and which line items will financed by the client. The loan agreement between Interbank and the client will specify these same budget line items.

f. Clients' applications for financing will be reviewed by the Recipient's technical staff and loan committee in accordance with standard practice. Upon request, technical assistance may be provided by USAID/Pakistan to assist in review of a client's application for a loan from the "Special Account".

g. Feasibility studies financed by the "Special Account" must be completed within six months from the date of signing the loan agreement.

2. RECIPIENT

a. The Recipient plans to develop a solicitation and marketing program to advertise availability of the

Private Sector Energy Feasibility Fund to potential investors.

b. The Recipient will not recommend clients who, in the ordinary course of business, it would not consider financing with its own funds.

c. After review and approval of the client's application for loans from the "Special Account", the Recipient will forward the proposal to USAID/Pakistan with a memorandum discussing the suitability of the proposal for a loan and recommending appropriate action. USAID/Pakistan will approve (or disapprove) funding of the proposal and will also verify the line items eligible for financing from the "Special Account".

d. After USAID/Pakistan has approved the proposal, the Recipient will sign a loan agreement with the client. USAID/Pakistan will not be a party to the loan agreement. Prior to making any loans from the "Special Account", the Recipient will submit a basic format for the loan agreement to USAID/Pakistan for approval.

e. The client will repay the loan and interest or profit at rates mutually agreed upon between Interbank and the client in the loan agreement. The rate charged on loans from the "Special Account" and the "Fund" should not exceed 3 percent over the rate of profit earned by the monies in the "Special Account" or "Fund" with the understanding that the rate charged on loans will in no case be less than the rate of profit earned by the monies in the "Special Account" or "Fund". Central excise duty and any other taxes, impositions or levies imposed by the Government of Pakistan will be paid by the client separately, at the applicable rates.

f. Loans will be secured in a manner acceptable to the Recipient, i.e., by a bank guarantee, by a lien over cash deposits or marketable securities, or by a charge over the clients' assets.

g. The Recipient will submit one copy of all proposals, studies, reports, and analyses to USAID/Pakistan. USAID/Pakistan will maintain their confidentiality.

h. Upon completion of the feasibility study, the client will submit the final report to the

Recipient along with its plan for the next steps in project implementation. USAID/Pakistan technical assistance may be made available to the Recipient, on a project-by-project basis, to assist clients in the next steps of project implementation.

i. Subsequent to completion of the feasibility study, clients will also submit to the Recipient all expenditure documents for liquidation and reconciliation of loans. At this time, the Recipient will verify all expenditures and determine the total cost of the study and the proper distribution of qualifying costs between the client and the "Special Account". This will also constitute the determination of the final amount of the loan that the client must repay.

j. All repayments of principal and interest or profit on loans made from the "Special Account", as well as any fees charged to clients, will be used to capitalize the revolving Private Sector Energy Feasibility Fund ("Fund") established by the Recipient. The "Fund" will be deposited in a separate income earning account at market rates and all income earned will be used to capitalize the "Fund". In addition, all repayments of principal, as well as all interest or profit earned and fees charged, on loans made from the "Fund" will be redeposited into the "Fund". USAID/Pakistan approval of loans from the "Fund" (as opposed to the "Special Account") will not be required. The Recipient intends to continue to utilize the same screening procedures employed as when USAID/Pakistan approval was required and will continue to exercise the necessary care and caution to ensure the integrity and continuity of the "Fund".

k. USAID/Pakistan will reimburse Interbank for its managerial and financial oversight services during the period of this Agreement, or until the amount shown in the "Feasibility study loans" cost element of Section D., "Financial Plan", of the Agreement Schedule is entirely disbursed from the "Special Account", whichever occurs first. Interbank is allowed to claim actual managerial and oversight expenses, not to exceed $91,000 in accordance with the cost elements entitled "Fund oversight and management" and "Overhead" in Section D., "Financial Plan", of the Schedule. It is agreed that Interbank may recover the costs of managing the "Fund" from "Fund" resources; however, in no case shall Interbank recover in excess of 3 percent per annum of loan disbursements for management and financial services during the life of the "Fund".

G. METHOD OF DISBURSEMENT

To initiate the flow of funds, the Recipient will submit to USAID/Pakistan a voucher on Form 1034 and a Federal Cash Status Report in accordance with the Standard Provision entitled "Payment - Periodic Advance" and a "cash needs request". The cash needs request will consist of a memorandum describing the feasibility studies that the Recipient is considering for support in the next quarter. This request should include for each proposal the name of the client, the name and nature of the proposed investment, the estimated budget, and the amount to be financed by the "Special Account", along with a brief description of the work proposed for financing.

Upon approval of this request, USAID/Pakistan will advance the projected cash requirements for a 30-day period to the Recipient. The Recipient will deposit these funds in a segregated, income-earning "Special Account" from which disbursements to clients will be made.

After the initial advance of funds, the Recipient will liquidate previous advances and request new advances each month in accordance with the Standard Provision "Payment - Periodic Advance". In addition to the requirements of this provision, the Recipient will also submit a "cash needs request" memorandum for all new advances.

The Recipient will not be restricted to the quarterly potential client list should other opportunities develop. However, for each separate proposal, prior to any disbursement from the "Special Account", the Recipient will submit to USAID/Pakistan a scope of work, budget and schedule of activities. Upon USAID/Pakistan approval, the Recipient will enter into a loan agreement with the client as outlined above.

The Recipient is responsible for all disbursements made to the client, whether these be advances or reimbursements for previous expenditures. All disbursements to the client must be substantiated by expenditure documents which the Recipient is responsible for verifying.

The Recipient will make final disbursement to the client only after the work has been completed to its satisfaction. The Recipient may request USAID/Pakistan technical assistance in evaluating the results but the Recipient will make the final determination as to satisfactory completion. The Recipient will maintain all invoices and other payment documents pertinent to the implementation of these feasibility studies.

H. USAID INVOLVEMENT

USAID/Pakistan involvement will include: (1) approval of the draft loan agreement format and (2) final approval of client proposals for loan financing during the life of this Agreement. In addition, at the Recipient's request, USAID/Pakistan may provide technical assistance before loan approval and for project implementation.

I. LIQUIDATION OF THE FUND

In the event that (a) the "Fund" reaches a monetary level too low to be economically viable; (b) no loans are made from the "Fund" in a one-year period; (c) the Recipient no longer wishes to be involved in operating the "Fund"; (d) the Recipient ceases operation; or (e) other, similar circumstance whereby operation of the "Fund" ceases, then the Recipient will return the remaining balance of the "Fund" to the U.S. Government. The Recipient shall collect, or arrange for collection of, any outstanding loans. In the event arrangement for the collection of outstanding loans is necessary, the Recipient shall make payments to the U.S. Government of principal and interest or profit repayments on a quarterly basis.

J. PROGRAM REPORTING

1. The Recipient intends to report quarterly to USAID/Pakistan on the operation and status of the Private Sector Energy Feasibility Fund (including the "Special Account" and, when operational, the "Fund"). In addition to reporting on progress meeting defined benchmarks (see Section E.2.a. of the "Schedule"), this report should indicate the number and amount of loans approved for feasibility studies, the amount of money loaned to clients for feasibility studies, the estimated amount of the loan still to be disbursed to clients, the loan repayments made to date, and the operating balances of the "Special Account" and "Fund". The purpose of this report is to monitor the operation of the Fund, its success or lack thereof, rather than individual financial transactions undertaken by clients.

2. The Recipient plans to report quarterly to USAID/Pakistan on the status of the projects themselves. Based upon its monitoring of post-feasibility study activity, the Recipient will report on progress in meeting defined benchmarks and will describe clearly and in detail all investment and implementation actions that have been taken by the clients subsequent to the completion of feasibility studies. Of particular interest to

USAID/Pakistan is the degree to which the feasibility studies have facilitated, or were conducive to, further investment. The report should describe the status of actual investments made and the progress to date in implementing the projects. Any obstacles or problem areas should be noted, as well as action required.

FORM OF BUDGET AND INSTRUCTIONS

INSTRUCTIONS

Prepare a budget for the feasibility study according to the categories and instructions set forth below and in the form set forth on the next page.

PERSONNEL

Company Personnel: Listed by name and title and daily rate of compensation, the latter consisting of direct pay only and not including employer-paid benefits, such as health and life insurance, pension contribution, or company overhead.

Consultants: Listed by name and skill and daily rate of compensation, the latter including all compensation and benefits and normal office expenses, and determined by the amount the consultants charge the Company for services.

TRAVEL

List each trip by origin, intermediate stops, and destination, by the number, names and position titles of travelers, and by the airline to be taken - Fly America Regulations will apply (Refer to Annex 'A').

PER DIEM

List the number of days for each traveler in each location, and multiply times the per diem rate for that location not to exceed the rates established by the U.S. Government and available from USAID.

SCIENTIFIC, ENGINEERING, OR MARKETING TESTS

List specific, necessary studies and a detailed breakdown of estimated costs.

REPORT PREPARATION

Includes estimates of computer time, typing, and reproduction costs.

COMMUNICATIONS

Includes estimates of telephone, facsimile, and other costs.

MISCELLANEOUS

This category is for any estimated items not specified above. List the items and estimated cost. Please note source of origin for any commodities purchased must be US or Pakistani.

FORM OF BUDGET

Budget Item	Total Amount Budgeted	Fund's Share
Personnel		
Company Personnel		
Consultants		
Travel		
Per Diem		
Scientific, Engineering or Marketing Tests		
Report Preparation		
Communications		
Miscellaneous		

Consistent with the purposes of the Feasibility Study, the Company is permitted to reallocate expense levels among the categories as needed to prepare the Study provided that no budget category shall be permitted to exceed 15 percent of the original budgeted costs and that the total dollar amount of eligible costs remains the same. Also, in no event shall the Company alter specified unit costs, such as labor rate and economy air fare.