U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

REFERENCE CONTRACT NO. EUR-0014-C-00-1058-00

ENTERPRISE RESTRUCTURING AND PRIVATIZATION

QUARTERLY PROGRESS REPORT

OCTOBER 31, 1993

Coopers &Lybrand

Contents

SECTION I Status of Current Activities

Summary
Delivery Order Status Chart
Progress of Each Delivery Order

SECTION II Third Quarter, FY 1993 Financial Report

Not included in this volume per USAID contract clause C.3.(c)(3)(B)

SECTON III Proposals/Concepts Submitted

Summary
Proposal Status Chart

SECTION I

Status of Current Activities

I. STATUS OF CURRENT ACTIVITIES

No work was performed on Delivery Orders during the fourth quarter of fiscal year 1993. Delivery Orders 1 - 10 were completed before July 1, 1993. Five new Delivery Orders were signed at the end of September, and work will begin in October. They are as follows:

- Chemko Phase II **(D.O. #11)** implements the work plan formulated in Delivery Order #8. The work includes privatization technical assistance for the Chemko State Enterprise.

- IMPACT - Improving Methodologies of Privatization to Accelerate the Closing of Transactions **(D.O. #12)** continues work begun in Delivery Order #10.

- **D.O. #13** is a project to develop a long-term strategic plan to allow the Brasov POF to achieve its mandate in becoming an effective mutual fund for its shareholders in Romania.

- Latvia Selected Enterprise Privatization **(D.O. #14)** will provide assistance to the Government of Latvia to privatize up to 25 enterprises through sale transactions for hard or local currency, partial sale or lease-to-own arrangements.

- Corporate Finance and Investment Banking Support for PBK Bank **(D.O. #15)** will provide advisory services to assist the Powszechny Bank Kredytowy S.A. of Warsaw in strengthening portfolio management and the establishment of investment banking capabilities.

The chart on page I-2 summarizes new delivery orders awarded this quarter. This is followed by more detailed profiles on the new projects that include information on the scope of work, status, products and deliverables, activities for next quarter and actions pending. A financial report on all delivery orders awarded to date is included in the next section.

Delivery Order Status

Delivery Order Number	Project Name	Country of Performance	Budget	Progress
11	Chemko II	Slovak Republic	$246,506	D.O. was signed on September 13. Work will begin in October.
12	IMPACT	Hungary	$864,553	D.O. was signed on September 29. Work will begin in October.
13	Brasov POF	Romania	$1,140,028	D.O. was signed on September 30. Work will begin in October.
14	Latvia – Selected Enterprise Privatization	Latvia	$904,036	D.O. was signed on September 30. Work will begin in October.
15	PBK Bank	Poland	$3,933,145	D.O. was signed on September 30. Work will begin in October.

Delivery Order No. 11

Chemko State Enterprise Privatization
Phase II

Country of Performance	:	Slovak Republic
Budget	:	$246,506
Team Members & Level of Effort Utilized	:	Woodward, Financial Planner Klein, Financial Planner Cromack, Financial Planner Good, Financial Planner Friday, Industrial Engineer Kovacs, Industrial Engineer Beck, Mkt/Export Promotion Lewandowski, Mkt/Export Promotion Ory, PDQA Specialist Sims, Accountant/Auditor Kadvan, Senior Local National Sottova, Senior Local National Durinakova, Junior Local National
		Total 0 days

Scope:

Privatization Technical Assistance for the Chemko State Enterprise, as outlined in the work plan formulated in Delivery Order # 8, Chemko State Enterprise.

Status:

Delivery Order was signed in Mid-September. Work will begin in early October.

Delivery Order No. 12

Improving Methodologies of Privatization to Accelerate the Closing of Transactions (IMPACT)

Country of Performance	:	Hungary
Budget	:	$864,553
Team Members & Level of Effort Utilized	:	Itil Asmon, Financial Planner Kenneth Eisen, Financial Planner Vincent Morabito, Financial Planner Peter Raymond, Financial Planner Scott Canfield, Financial Planner Beverly Prescott, Financial Planner Stephen Martin, Capital Mkt. Specialist Steven Mark, Capital Mkt. Specialist James Shields, Capital Mkt. Specialist
		Total 0 days

Scope:

The IMPACT Delivery Order is oriented towards developing and implementing new privatization modalities and supporting structures which are of the highest priority to the GOH. This project will result in practical programs ready for implementation and will ensure that USAID's TA has an immediate impact on the acceleration of privatization in Hungary.

Status:

The Delivery Order was signed on September 29. Work will begin next quarter.

Delivery Order No. 13

Brasov POF

Country of Performance : Romania
Budget : $1,140,028

Team Members & Level of Effort Utilized :

Long-Term
R. Hardie, Financial Planner
D. Simionescu, Economist
M. Halmgren-Valdez, Accountant
C. Mocuta, Local National Junior Staff

Short-Term
J. Vigroux, Financial Planner
C. Unwin, Financial Planner
J. Lecerf, Financial Planner
B. Carrie, Financial Planner
J. Gilbert, Financial Planner
T. Ferguson, Financial Planner
R. Rourke, Financial Planner
S. Lee, Financial Planner
E. de Montille, Accountant/Auditor
E. Koenig, Accountant/Auditor
E. Mancini, Accountant/Auditor
J. Levitas, Accountant/Auditor
S. Mark, Mkt. Export Promotion Specialist
M. Smolow, Mkt. Export Promotion Specialist
D. Ghitescu, Local National Senior Staff
E. Radu, Local National Senior Staff
I. Andrei, Local National Senior Staff
N. Ivan, Local National Senior Staff
R. Stoicoviciu, Local National Junior Staff

Total 0 days

Scope:

This project is to develop a long-term strategic plan to allow the Brasov POF to achieve its mandate in becoming an effective mutual fund for its shareholders in Romania.

Status:

The Delivery Order was signed on September 30, 1993. Work will begin next quarter.

Delivery Order No. 14

LATVIA - Privatization of Selected State Enterprises

Country of Performance	:	Latvia
Budget	:	$904,036
Team Members & Level of Effort Utilized	:	B. Carrie, Financial Planner K. Eisen, Financial Planner J. Gilbert, Financial Planner N. Melngailis, Financial Planner R. Knight, Capital Mkt. Specialist C. Mancini, Capital Mkt. Specialist S. Mark, Capital Mkt. Specialist S. Martin, Capital Mkt. Specialist V. Slaidins, Economist L. Krastins, Accountant T. Pilo, Accountant B. Pulins, Accountant F. Klavins, Attorney R. Slaidins, Attorney

Total 0 days

Scope:

To provide assistance to the Government of Latvia to privatize up to 25 enterprises through sale transactions for hard or local currency, partial sale or lease-to-own arrangements. The amount of assistance provided to each enterprise will vary according to its size, organization, technological specifications, suitability for sale and the agreed privatization method.

Status:

This Delivery Order was signed on September 30, 1993. Work will begin next quarter.

Delivery Order No. 15

Corporate Finance and Investment Banking Support for Powszechny Bank Kredytowy (PBK) of Warsaw

Country of Performance : Poland
Budget : $3,933,145

Team Members & Level of Effort Utilized :

M. Bakal, Financial Planner
W. Gminski, Financial Planner
A. Keith, Financial Planner
D. Printy, Financial Planner
M. Cohan, Attorney
G. Feit, Attorney
G. Jacobs, Attorney
M. Sears, Attorney
D. Sloan, Attorney
J. Bright, Industrial Engineer
J. Lewis, Industrial Engineer
C. Shipp, Industrial Engineer
Y. Tao, Industrial Engineer
S. Mark, Mkt. Export Promotion Spec.
E. Oliver, Mkt. Export Promotion Spec.
B. Smolow, Mkt. Export Promotion Spec.
J. Callon, PDQC Specialist
P. Pease, PDQC Specialist
J. Thrasivoulous, PDQC Specialist
S. Mast, Financial Planner
T. Patterson, Financial Planner
M. Yale, Financial Planner
A. Reczek, Financial Planner
P. Stamp, Financial Planner
T. Ferguson, Financial Planner
J. Shields, Financial Planner
A. Celinski, Senior Local National
D. Gawronska-Wojcik, Senior Local Natl.
G. Skrzeszewski, Senior Local National
B. McCall, Financial Planner
P. Hankin, Financial Planner
F. Hung, Financial Planner
M. Singh, Financial Planner
D. Smyth, Financial Planner
P. Vonckx, Financial Planner
D. Fishman, Financial Planner
M. Kirven, Financial Planner
M. Davidson, Financial Planner
S. Formica, Financial Planner
S. Inguanti, Financial Planner
G. Sauer, Financial Planner
J. Foran, Financial Planner
M. Marinovic, Financial Planner
J. Gilbert, Financial Planner
C. Mancini, Financial Planner
S. Martin, Financial Planner
R. Knight, Financial Planner
G. Ahl, Financial Planner
T. Goldsworthy, Financial Planner
I. Lindstrom, Financial Planner
K. Kelly, Financial Planner
M. White, Financial Planner

Total 0 days

Scope:

Provide advisory services to assist the Powszechny Bank Kredytowy (PBK) S.A. of Warsaw in (i) strengthening portfolio management including technical and economic restructuring of client companies based on financial work-out activities currently underway; and, (ii) establishment of investment banking capabilities including project analysis, corporate finance, packaging of transactions, deal generation (e.g. joint ventures), attracting foreign investment, and underwriting. The project will also introduce financial engineering and technical skills through the provision of short-term financial and industry experts. The assistance will be directly aimed at these critical areas of the PBK, the development of which are central to PBK's ability to compete in Polish, European and global markets.

Status:

The Delivery Order was signed on September 30, 1993. All work will begin next quarter.

SECTION III

Proposals/Concepts Submitted

III. PROPOSALS/CONCEPTS SUBMITTED

The status of concepts/proposals submitted or still outstanding this quarter are shown in the chart on page III-3 and are summarized by country below:

Hungary

- **IMPACT** - Project was approved as Delivery Order 12.

- **Redeployment of Financial Assets, Restructuring and Privatization** - Proposal submitted to AID on September 27. Awaiting AID response.

Latvia

- **Privatization of Selected State Enterprises** - Project was approved as Delivery Order 14.

Poland

- **Corporate Finance and Investment Banking Support for PBK Bank, Warsaw** - Proposal was submitted on July 16, and awarded as Delivery Order 15.

- **Corporate Finance and Investment Banking Support for BPH Bank, Krakow** - Proposal was submitted on July 16. The project was awarded to another firm.

- **MOP Corporate Finance Assistance Team** - Proposal was submitted July 19. The project was awarded to another firm.

Romania

- **Assistance to the National Agency for Privatization** - C&L submitted a proposal on July 19, and was awarded the project as Delivery Order 13.

Slovak Republic

- **Assistance to the National Credit Bank** - scope of work will involve consulting and training sessions for the National Credit Bank. Will be proposed on a competitive bid basis.

- **Assistance to the Energy Sector of the Slovak Republic** - scope of work will involve privatization assistance to the Energy Sector.

- **Chemko State Enterprise Privatization, Phase II** - AID approved and signed as Delivery Order 11.

- **Technical Assistance on the Restructuring of Defense Production Enterprises** - C&L submitted a proposal on July 2. The project was awarded to another firm.

Project Concepts Status

Country of Performance	Project Concept Name	Description	Proposed Budget	Date of Initial Submission	Status
Hungary	IMPACT	Continuation of activities under DO #9.	$864,553	07-Jun-93	Delivery Order signed on 30 September. Work will begin in October.
	Redeployment of Financial Assets Restructuring and Privatization	Set up Methodology Unit in the State Property Agency	$2,000,000	27-Sep-93	Proposal submitted September 27. Awaiting AID response.
Latvia	Selected Enterprises	Privatization assistance to selected Latvian state enterprises.	$904,036	07-Apr-93	Delivery Order was signed 30 September. Work will begin next quarter.
Poland	Assistance to Ministry of Privatization	Corporate finance assistance to the MOP.		09-Jul-93	C&L submitted a proposal on 9 July. The project was awarded to another firm.
	PBK Bank	Corporate finance and investment barking support for PBK Bank in Warsaw.	$3,933,145	16-Jul-93	Proposal submitted on 16 July. Delivery Order was signed on 30 September. Work will begin next quarter.
	BPH Bank	Corporate finance and investment barking support for BPH Bank in Krakow.		16-Jul-93	Proposal submitted on 16 July. Project was awarded to another firm.
Romania	Assistance to the National Agency for Privatization	Development of a long-term strategic plan for Brasov POF mutual fund.	$1,140,028	19-Jul-93	Delivery Order was signed on 30 September. Work will begin next quarter.
Slovak Republic	Chemko, Phase II	Implementation of the workplan developed in Chemko Phase I, Delivery Order #8.	$300,000	12-May-92	Delivery Order was signed in mid-September. Work will begin next quarter.
	Defense Conversion	Technical assistance on the restructuring of defense production enterprises.		02-Jul-93	C&L submitted a proposal on 2 July. The project was awarded to another firm.
	National Credit Bank	Consulting and training for the National Credit Bank			Under consideration by AID for possible competitive bid.
	Energy Sector	Assistance to the Energy Sector of the Slovak Republic			Slovak government is deciding priority for this project.