

REQUEST FOR PROPOSALS

**TECHNICAL ASSISTANCE FOR THE GHANA ASSOCIATION OF LEASING
COMPANIES**

LEASING MARKET DEVELOPMENT

Submission Deadline: **4:00 PM**

LOCAL TIME

November 6, 2009

Submission Place: **President
Ghana Association of Leasing Companies (GALCO)
c/o International Finance Corporation (The World Bank Group)
1 Central Link Street, South Legion
P.O. Box CT2638, Cantonments,
Accra, GHANA
Phone: (233) 21 214637**

**SEALED PROPOSALS SHALL BE CLEARLY MARKED AND RECEIVED PRIOR TO THE
TIME AND DATE SPECIFIED ABOVE. PROPOSALS RECEIVED AFTER SAID TIME
AND DATE WILL NOT BE ACCEPTED OR CONSIDERED.**

REQUEST FOR PROPOSALS

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Section 1: INTRODUCTION

The U.S. Trade and Development Agency (USTDA) has provided a grant to the Grantee to create appropriate business models for agricultural leasing in Ghana and educate stakeholders on conducting leasing in rural Ghana. The grant agreement is attached at Annex 4 for reference. The Grantee is soliciting technical proposals from qualified U.S. firms to provide expert consulting services to carry out the Technical assistance.

1.1 BACKGROUND SUMMARY

The TA is designed to overcome many of the obstacles to growth in the agricultural leasing sector and create a leasing market in the farming areas of Ghana. In order to accomplish this, the TA will evaluate the current leasing industry in Ghana, analyzing market demand and supply, develop a business model for leasing companies in Ghana to penetrate the rural market, and educate finance providers and potential leasing customers in the agricultural sectors.

The TA will also inform businesses about leasing to various sectors and the benefits and risks to customers, through four half-day seminars. The first seminar will be in the capital city, Accra, and will cover the urban and rural leasing markets. The seminar will target local stakeholders, including the private sector, the financial industry, industry associations, equipment vendors, government officials, etc., and will introduce participants to the leasing industry and include the findings of the TA. The remaining seminars will be held in three rural cities and will focus on creating public awareness of the leasing industry and how it could be utilized by the agricultural sector.

A background Definitional Mission is provided for reference in Annex 2.

1.2 OBJECTIVE

The objective of the TA is to enhance, promote and strengthen the leasing industry in Ghana (the Host Country) by providing the Ghana Association of Leasing Companies (the Grantee) and its members with the necessary tools to expand leasing operations throughout the Host Country, and to create a leasing market in the rural areas where agriculture accounts for approximately 40% of Gross Domestic Product. In order to maximize the viability of the leasing sector and of rural leasing in particular, other sectors with similar requirements for leasing to that of the agricultural sector will be evaluated. This includes the construction sector, which also has need for short-term heavy equipment use and exists in both rural and urban areas. The Contractor shall also assess potential opportunities in the agricultural services sector and provide market demand data for future implementation. The outcome of the TA will be to facilitate the development of agricultural leasing and provide farmers and small business enterprises enhanced access to leasing. The Contractor shall present the Grantee and other stakeholders with model business plans for the expansion of the agricultural sector, as well as other related sectors including construction, based on projected demand and business opportunities identified during the course of the TA. The Terms of Reference (TOR) for this Technical assistance is attached as Annex 5.

1.3 PROPOSALS TO BE SUBMITTED

Technical proposals are solicited from interested and qualified U.S. firms. The administrative and technical requirements as detailed throughout the Request for Proposals (RFP) will apply. Specific proposal format and content requirements are detailed in Section 3.

COST will not be a factor in the evaluation and therefore, cost proposals should not be submitted; upon detailed evaluation of technical proposals, one firm will be selected for contract negotiations. The amount for the negotiated contract has been established by a USTDA grant of U.S. \$360,000 dollars.

1.4 CONTRACT FUNDED BY USTDA

The negotiated contract will be funded by USTDA in accordance with the terms and conditions of its grant to the Grantee. The contract must include certain USTDA mandatory clauses relating to nationality, taxes, payment, reporting, and other matters. The USTDA nationality requirements and the USTDA mandatory clauses are attached at Annexes 3 and 4 for reference.

Section 2: INSTRUCTIONS TO PROPOSERS

2.1 PROJECT TITLE

The project is called "Leasing Market Development."

2.2 DEFINITIONS

Please note the following definitions of terms as used in this RFP.

The term "Request for Proposals" means this solicitation of a formal technical proposal including qualifications statement.

The term "Offeror" means the U.S. individual, or U.S. firm, including any and all subcontractors, which responds to the RFP and submits a formal proposal and which may or may not be successful in being awarded this procurement.

2.3 DEFINITIONAL MISSION REPORT

USTDA sponsored a Definitional Mission to address technical, financial, sociopolitical, environmental and other aspects of the proposed project. A copy of the Report is attached at Annex 2 for background information only.

2.4 EXAMINATION OF DOCUMENTS

Offerors should carefully examine this RFP. It will be assumed that Offerors have done such inspection and that through examinations, inquiries and investigation they have become familiarized with local conditions and the nature of problems to be solved during the execution of the Technical assistance.

Offerors shall address all items as specified in this RFP. Failure to adhere to this format may disqualify an Offeror from further consideration.

Submission of a proposal shall constitute evidence that the Offeror has made all the above mentioned examinations and investigations, and is free of any uncertainty with respect to conditions which would affect the execution, and completion of the Technical assistance.

2.5 PROJECT FUNDING SOURCE

The Technical assistance will be funded under a grant from USTDA. The total amount of the grant is not to exceed U.S. \$360,000 dollars.

2.6 RESPONSIBILITY FOR COSTS

Offeror shall be fully responsible for all costs incurred in the development and submission of the proposal or any other cost incurred by Offeror prior to issuance of an agreement or contract. Neither USTDA nor the Grantee assumes any contractual obligation as a result of the issuance of this proposal request, the preparation or submission of a proposal by an Offeror, the evaluation of proposals, or final selection.

2.7 TAXES

Offerors should submit proposals which note that in Annex 4, USTDA Mandatory Contract Provisions, USTDA funds are not to be used to pay taxes or duties under the laws of host country, except for incidental taxes of a de minimis nature imposed on local lodging, food, transportation, or airport arrivals and departures.

2.8 CONFIDENTIALITY

The Grantee will use its best efforts to preserve the confidentiality of any business proprietary or confidential information submitted by the Offeror, which is clearly designated as such by the Offeror.

2.9 ECONOMY OF PROPOSALS

Proposal documents should be prepared simply and economically, providing a comprehensive and concise description of the Offeror's capabilities to satisfy the requirements of the RFP. There is no necessity for expensive bindings, colored displays, or other promotional material unless such material is absolutely pertinent to the proposal. Emphasis should be placed on completeness and clarity of content.

2.10 SUBSTANTIVE PROPOSALS

The Offeror shall certify (a) that its proposal is genuine and is not made in the interest of, or on the behalf of, any undisclosed person, firm, or corporation, and is not submitted in conformity with, and agreement of, any undisclosed group, association, organization, or corporation; (b) that it has not directly or indirectly induced or solicited any other Offeror to put in a false proposal; (c) that it has not solicited or induced any other person, firm, or corporation to refrain from submitting a proposal; and (d) that it has not sought by collusion to obtain for himself any advantage over any other Offeror or over the Grantee or USTDA or any employee thereof.

2.11 CONDITIONS REQUIRED FOR PARTICIPATION

Only U.S. firms are eligible to participate in this tender. However, U.S. firms may utilize subcontractors from host country for up to 20 percent of the amount of the USTDA grant. Offerors are encouraged to submit proposals that utilize local labor. USTDA nationality requirements are detailed in Annex 3.

2.12 LANGUAGE OF PROPOSAL

All proposal documents shall be prepared and submitted in English, and only English.

2.13 PROPOSAL SUBMISSION REQUIREMENTS

The **Cover Letter** in the proposal must be addressed to:

Ernest Mintah, President
Ghana Association of Leasing Companies (GALCO)
c/o International Finance Corporation (The World Bank Group)
1 Central Link Street, South Legon
P.O. Box CT2638, Cantonments,
Accra, GHANA

Phone: (233) 21 214637

An Original and eight (8) copies of your proposal must be received at the above address no later than 4:00 PM (Local Time), on November 6, 2009.

Proposals may be either sent by mail, overnight courier, or hand-delivered. Whether the proposal is sent by mail, courier or hand-delivered, the Offeror shall be responsible for actual delivery of the proposal to the above address before the deadline. Any proposal received after the deadline will be returned unopened.

Upon timely receipt, all proposals become the property of the Grantee.

2.14 PACKAGING

Each proposal must be sealed to ensure confidentiality of the information. The proposals should be individually wrapped and sealed, and labeled for content including "original" or "copy number x"; the original and eight (8) copies should be collectively wrapped and sealed, and clearly marked for content.

Neither USTDA nor the Grantee will be responsible for premature opening of proposals not properly labeled.

2.15 AUTHORIZED SIGNATURE

The proposal must contain the signature of a duly authorized officer or agent of the Offeror empowered with the right to bind the Offeror.

2.16 EFFECTIVE PERIOD OF PROPOSAL

The proposal shall be binding upon the Offeror for sixty (60) days after the proposal due date, and Offeror may withdraw or modify this proposal at any time prior to the due date upon written request, signed in the same manner and by the same person who signed the original proposal.

2.17 EXCEPTIONS

Firms agree by their response to the RFP announcement to abide by the procedures set forth therein. Material modifications in the TOR or responsibilities of the parties will not be accepted.

Any exceptions in the proposal shall be clearly identified, and shall include the scope of such exception, and its impact, on the procurement. The Grantee shall make final determination as to the responsiveness of such exceptions and their acceptability.

2.18 OFFEROR QUALIFICATIONS

As provided in Section 3, Offerors shall submit evidence that they have relevant past experience and have previously delivered advisory and Technical assistance services similar to those required in the TOR.

2.19 RIGHT TO REJECT PROPOSALS

The Grantee reserves the right to reject any and all proposals and to accept or reject any or all of the items in the proposal, and to award the contract in whole or in part if it is deemed in the best interest of the Grantee.

2.20 PRIME CONTRACTOR RESPONSIBILITY

Offerors have the option of subcontracting parts of the services they propose. The Offeror's proposal must include a description of any anticipated subcontracting arrangements, including the name, address, and qualifications of consultants and subcontractors. USTDA nationality provisions are set forth in detail in Annex 3. The successful Offeror shall cause appropriate provisions of its contract, including all mandatory USTDA clauses, to be inserted in all subcontracts ensuing to ensure fulfillment of all contractual provisions by subcontractors.

2.21 AWARD

An award resulting from this RFP shall be made to the best qualified Offeror, taking into consideration the evaluation factors set forth herein; however, the right is reserved to reject any

and all proposals received and, in all cases, the Grantee will be the judge as to whether a proposal has or has not satisfactorily met the requirements of this RFP.

2.22 COMPLETE SERVICES

The successful Offeror shall be required to (a) furnish all supplies, supervision, transportation, and other execution accessories, services, and facilities; (b) provide and perform all necessary labor; and (c) in accordance with good technical practice, with due diligence, and in accordance with the requirements, stipulations, provisions and conditions of this RFP and the resultant contract, execute and complete all specified work to the satisfaction of the Grantee.

2.23 INVOICING AND PAYMENT

Deliverables under the contract shall be delivered on a schedule to be agreed upon in a contract with the Grantee. The Contractor may submit invoices to the designated Grantee Project Director in accordance with a schedule to be negotiated and included in the contract. Upon approval of each invoice, the Grantee will forward the invoice to USTDA which will process payment to the Contractor. All payments by USTDA under the Grant Agreement will be made in U.S. currency.

Section 3: PROPOSAL FORMAT AND CONTENT

To expedite proposal review and evaluation, and to assure that each proposal receives the same orderly review, all proposals must follow the format described in this section.

Proposal sections and pages shall be appropriately numbered and the proposal shall include a Table of Contents. Offerors are encouraged to submit concise and clear responses to the RFP. Proposals shall contain all elements of information requested without exception. Instructions regarding the required scope and content are given in this section. The Grantee reserves the right to include any part of the selected proposal in the final contract.

The proposal shall consist of a technical proposal only. No cost proposal is required as the value of the USDA grant is established at U.S. \$360,000 dollars.

Offerors shall submit one (1) original and eight (8) copies of the proposal. Proposals received by fax cannot be accepted.

The following sections and content are required for each proposal:

- Transmittal Letter,
- Cover/Title Page,
- Table of Contents,
- Introduction and Executive Summary,
- Company Information,
- Organizational Structure, Management Plan, and Key Personnel,
- Technical Approach and Work Plan,
- Experience and Qualifications, and
- Miscellaneous.

Detailed requirements and directions for the preparation of each section are presented below.

3.1 SECTION 1: INTRODUCTION AND EXECUTIVE SUMMARY

An Executive Summary should be prepared describing the major facts or features of the proposal, including any conclusions, assumptions, and generalized recommendations the Offeror desires to make. Offerors are requested to make every effort to limit the length of the Executive Summary to no more than five (5) pages.

3.2 SECTION 2: COMPANY INFORMATION

3.2.1 Company Profile

Provide the information listed below relative to the Offeror's firm. If the Offeror is proposing to subcontract some of the proposed work to another firm(s), the information below must be provided for each subcontractor.

1. Name of firm and business address (street address only), including telephone and fax numbers.
2. Year established (include predecessor companies and year(s) established, if appropriate).
3. Type of ownership (e.g. public, private or closely held).
4. If private or closely held company, provide list of shareholders and the percentage of their ownership.
5. List of directors and principal officers (President, Chief Executive Officer, Vice-President(s), Secretary and Treasurer).
6. If Offeror is a subsidiary, indicate if Offeror is a wholly-owned or partially-owned subsidiary. Provide the information requested in items 1 through 5 above for the Offeror's parent(s).
7. Project Manager's name, address, telephone number, e-mail address and fax number .

3.2.2 Offeror's Authorized Negotiator

Provide name, title, address, telephone and fax number of the Offeror's authorized negotiator. The person cited shall be empowered to make binding commitments for the Offeror and its subcontractors, if any.

3.2.3 Negotiation Prerequisites

1. Discuss any impact of any current or anticipated commitments which may impact the ability of the Offeror or its subcontractors to complete the Technical assistance as proposed and within the project schedule.
2. Identify any specific information which is needed from the Grantee before commencing contract negotiations.

3.2.4 Offeror's Representations

Offeror shall submit a proposal that contains the following representations (or an explanation as to why any representation cannot be made), made as of the date of the proposal:

1. Offeror is a corporation [*insert applicable type of entity if not a corporation*] duly organized, validly existing and in good standing under the laws of the State of _____. The Offeror has all the requisite corporate power and authority to conduct its business as presently conducted, to submit this proposal, and if selected, to execute and deliver a contract to the Grantee for the performance of the Technical assistance. The Offeror is not debarred, suspended, or to the best of its knowledge or belief, proposed for debarment, or ineligible for the award of contracts by any federal or state governmental agency or authority. The Offeror has included, with this proposal, a certified copy of its Articles of Incorporation, and a certificate of good standing issued by the State of _____.
2. Neither the Offeror nor any of its principal officers have, within the three-year period preceding this RFP, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a federal, state or local government contract or subcontract; violation of federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violating federal or state criminal tax laws, or receiving stolen property.
3. Neither the Offeror, nor any of its principal officers, is presently indicted for, or otherwise criminally or civilly charged with, commission of any of the offenses enumerated in paragraph 2 above.
4. There are no federal or state tax liens pending against the assets, property or business of the Offeror. The Offeror, has not, within the three-year period preceding this RFP, been notified of any delinquent federal or state taxes in an amount that exceeds \$3,000 for which the liability remains unsatisfied. Taxes are considered delinquent if (a) the tax liability has been fully determined, with no pending administrative or judicial appeals; and (b) a taxpayer has failed to pay the tax liability when full payment is due and required.
5. The Offeror has not commenced a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law. The Offeror has not had filed against it an involuntary petition under any bankruptcy, insolvency or similar law.

The selected Offeror shall notify the Grantee and USTDA if any of the representations included in its proposal are no longer true and correct at the time of its entry into a contract with the Grantee.

3.3 SECTION 3: ORGANIZATIONAL STRUCTURE, MANAGEMENT, AND KEY PERSONNEL

Describe the Offeror's proposed project organizational structure. Discuss how the project will be managed including the principal and key staff assignments for this Technical Assistance. Identify the Project Manager who will be the individual responsible for this project. The Project

Manager must have the responsibility and authority to act on behalf of the Offeror in matters related to the proposed Technical Assistance.

Provide a listing of personnel (including subcontractors and consultants) to be engaged in the project, either U.S. or local with the following information for key staff: position in the project; pertinent experience, curriculum vitae; other relevant information. If subcontractors are to be used, the organizational relationship between the firms must be described.

A manpower schedule and the level of effort for the project period, by activities and tasks, as detailed under the Work Plan shall be submitted. A statement confirming the availability of the proposed project manager and key staff over the duration of the project must be included in the proposal.

3.4 SECTION 4: TECHNICAL APPROACH AND WORK PLAN

Describe in detail the proposed technical approach and work plan. Discuss the project requirements as perceived by the Offeror. Include a brief narrative of tasks within each activity series. Begin with the information gathering phase and continue through delivery and approval of all required reports.

Prepare a detailed schedule of performance that describes all activities and tasks within the Technical Work Plan, including periodic reporting or review points, incremental delivery dates, and other project milestones.

Based on the Technical Work Plan, and previous project experience, explain when and where Offeror will require support from the Grantee. Detail the amount of staff time required by the Grantee or participating agencies and any work space or facilities needed to complete the Technical Assistance.

3.5 SECTION 5: EXPERIENCE AND QUALIFICATIONS

Provide a discussion of the Offeror's experience and qualifications which are relevant to the objectives and TOR for the Technical Assistance. If a subcontractor(s) is being used, similar information must be provided for the prime and each subcontractor firm proposed for the project. Relevant experience and qualifications of key staff proposed shall be provided including letters of commitment from the individuals proposed concerning their availability for contract performance.

As many as possible but not more than six (6) relevant and verifiable project references must be provided, including the following information:

- Project name,
- Name and address of client (indicate if joint venture),
- Client contact person (name/ position/ current phone and fax numbers),
- Period of Contract,
- Description of services provided,

Dollar amount of Contract, and
Status and comments.

Offerors are strongly encouraged to include in their experience summary primarily those projects that are similar to or larger in scope than the Technical Assistance as described in this RFP.

Section 4: AWARD CRITERIA

Individual proposals will be initially evaluated by a Procurement Selection Committee of representatives from the Grantee. The Committee will then conduct a final evaluation and completion of ranking of qualified Offerors, and the Grantee shall promptly negotiate a contract with the best qualified Offeror. If a satisfactory contract cannot be negotiated with the best qualified Offeror, negotiations will be formally terminated. Negotiations shall then be undertaken with the second most qualified Offeror and so forth.

The selection of the Contractor will be based on the following criteria:

The following qualifications should be required of the Contractor that would conduct the leasing initiative project TA for GALCO in Ghana.

Leasing Experience: The Offeror should demonstrate a strong leasing background and have completed market assessments, financial analyses, and other assistance projects for leasing companies or entities. The Offeror should be highly familiar with financing mechanisms, including short-term and long-term financing. Previous experience in leasing of agricultural and/or construction equipment is preferable. **(30%)**

Financial Experience: In addition to the specific leasing experience above, the Offeror should demonstrate in-depth knowledge of financial markets, with particular emphasis in banking, microfinancing and accounting and taxation issues that may affect leasing firms. **(15%)**

Market Experience: The Offeror should demonstrate its capacity to conduct market assessments for various industries with its experience in developing business plans and market-oriented strategies. **(25%)**

Regulatory Experience: The Offeror should demonstrate significant experience in regulatory issues, preferably in the review and assessment of legal framework for the leasing market. **(15%)**

Regional Expertise: The Offeror should demonstrate its familiarity with the leasing and/or financial markets in Sub-Saharan Africa. Though not a requirement, it is preferred that the Offeror demonstrates familiarity with the leasing and/or financial markets in Ghana. **(15%)**

PERSONNEL REQUIREMENTS & QUALIFICATION

Senior Financial Manager/Project Director

This individual will be responsible for overseeing the entire TA and will provide the necessary leadership and support to ensure the successful completion of the TA according to the specified TOR. The Senior Financial Manager will act as the Project Manager responsible for directing and managing the TA in its entirety. The Senior Financial Manager will be responsible for establishing the TA's strategies as well as defining the TA's goals and objectives in coordination with other team members and stakeholders.

The individual serving in this capacity will be responsible for directing and supervising the work according to the specified TOR including schedules, meeting coordination, and quality control of all deliverables.

The Senior Financial Manager should have 20+ years of experience in finance with particular expertise in all aspects of leasing. This individual should have experience in finance and operating leasing, ample knowledge of the legal framework for leasing, secondary leasing and sub-leasing, lease agreements, bank and non-bank leasing operations, sources of finances for leasing, international leasing, and accounting and taxation.

Business Development Manager

This individual will be responsible for evaluating and identifying business development opportunities in the leasing industry in Ghana. He/She will identify opportunities for potential partnership between local leasing companies and US investors and suppliers with the intent to stimulate business growth between the two countries. The Business Development Manager will develop the business model for GALCO and the strategies business plans for specific markets where leasing could be used as an alternative source of financing. The Business Development Manager will also be responsible for developing marketing strategies aimed at assisting local leasing companies to lease equipment and machinery in rural Ghana. The individual in this should have at least 20 years in business development with particular experience in all aspects of leasing, business models, strategies, and business plans for SMEs. In addition, the Business Development Manager should have significant experience in marketing at the international level. This individual will work closely with the Senior Market Research Analyst in identifying market demand and supply for the leasing industry in Ghana.

Senior Market Research Analyst

The Senior Market Research Analyst will be responsible for conducting a comprehensive market review for the leasing industry in Ghana, with particular emphasis in the agricultural sector and other sectors in rural Ghana. The Senior Market Research Analyst will be responsible for conducting a thorough analysis of current leasing conditions on the supply and demand sides, as well as forecasting the potential demand and supply for leasing services and equipment in Ghana. The Senior Market Research Analyst will also be responsible for developing a complete assessment of the availability of potential US sources of supply for all major sectors identified by the market analysis. This individual will develop a substantial list of US suppliers of equipment and machinery, advanced technologies, and services that may be available to satisfy the market demand in Ghana.

The individual in this capacity should have a minimum of 15 years of direct experience in conducting market research at the international level. Particular experience with the leasing industry in the international market is extremely important in this case

Credit Lending Manager

The Credit Lending Manager will be responsible for evaluating the leasing operations for bank and non-bank lessors in Ghana. The Credit Lending Manager will be responsible for conducting an overview of the credit-lending sector in Ghana, including the banking sector and non-banking leasing operations. This individual will also review credit lending institutions such as micro finance institutions, semi-formal micro finance institutions, and informal micro finance institutions that provides credit throughout Ghana. The Credit Lending Manager will review the leased assets by leasing provider in Ghana, the criteria use for leasing, regional distribution of leases, lease duration, size of the leases financed in Ghana, type of leasing transactions, as well as restrictions of lease transactions in Ghana. The Credit Lending Manager should have at least 15 years of direct experience in credit lending, particularly in all aspects of leasing. In addition, this individual should have ample knowledge of bank credit lending, microfinance, leasing, as well as have experience and knowledge of the various sources of financing for leasing at the international level.

The individual in this capacity should have ample knowledge of the credit lending practices and operations in the international market.

Economic, Legal and Environmental Personnel

These individuals will be responsible for the successful completion of Task 2 (Legal and Regulatory Review), Task 5 (Developmental Impact), and Task 7 (Environmental Impact) identified in the TOR. Individuals in the various capacities (economic, legal, and environmental) should have a minimum of 10 years of experience.

Note: To qualify for consideration of the proposal, the resumes of the Project Manager and the four Senior Specialists must be submitted in a legally binding form, bearing the individuals' original signatures. No substitution of key professionals will be permitted.

Proposals which do not include all requested information may be considered non-responsive.

Price will not be a factor in contractor selection.

ANNEX 1

Ghana Association of Leasing Companies (GALCO); c/o International Finance Corporation (The World Bank Group) 1 Central Link Street, South Legion, P.O. Box CT2638, Cantonments, Accra, GHANA; Phone: (233) 21 214637

B – Ghana: Technical Assistance for Leasing Market Development

POC John Kusnierek, USTDA, 1000 Wilson Boulevard, Suite 1600, Arlington, VA 22209-3901, Tel: (703) 875-4357, Fax: (703) 875-4009. Technical Assistance for Leasing Market Development. The Grantee invites submission of qualifications and proposal data (collectively referred to as the "Proposal") from interested U.S. firms which are qualified on the basis of experience and capability to enhance, promote, and strengthen the leasing industry in Ghana. This technical assistance activity will assist the Ghana Association of Leasing Companies (GALCO) by providing GALCO and its members with the necessary tools to expand leasing operations throughout Ghana. The funding provided for this technical assistance will facilitate the development of agricultural leasing and provide farmers and small business enterprises enhanced access to leasing. Improvement in this area will assist GALCO to create a leasing market in the rural areas where agriculture accounts for approximately 40% of Gross Domestic Product

A summary of the specific Terms of Reference follows:

1. Project Start-up
2. Legal and Regulatory Review
3. Market Review
4. Development of a Business Plan
5. Host Country Developmental Impacts
6. US Sources of Supply
7. Environmental Preliminary Impact Assessment
8. Final Report

The U.S. firm selected will be paid in U.S. dollars from a \$360,000 grant to the Grantee from the U.S. Trade and Development Agency (USTDA).

A detailed Request for Proposals (RFP), which includes requirements for the Proposal, the Terms of Reference, and a background definitional mission report are available from USTDA, at 1000 Wilson Boulevard, Suite 1600, Arlington, VA 22209-3901. To request the RFP in PDF format, please go to:

<https://www.ustda.gov/USTDA/FedBizOpps/RFP/rfpform.asp>. Requests for a mailed hardcopy version of the RFP may also be faxed to the IRC, USTDA at 703-875-4009. In the fax, please include your firm's name, contact person, address, and telephone number. Some firms have found that RFP materials sent by U.S. mail do not reach them in time for preparation of an adequate response. Firms that want USTDA to use an overnight delivery service should include the name of the delivery service and your firm's account number in the request for the RFP. Firms that want to send a courier to USTDA to retrieve the RFP should allow one hour after faxing the request to USTDA before

scheduling a pick-up. Please note that no telephone requests for the RFP will be honored. Please check your internal fax verification receipt. Because of the large number of RFP requests, USTDA cannot respond to requests for fax verification. Requests for RFPs received before 4:00 PM will be mailed the same day. Requests received after 4:00 PM will be mailed the following day. Please check with your courier and/or mail room before calling USTDA.

Only U.S. firms and individuals may bid on this USTDA financed activity. Interested firms, their subcontractors and employees of all participants must qualify under USTDA's nationality requirements as of the due date for submission of qualifications and proposals and, if selected to carry out the USTDA-financed activity, must continue to meet such requirements throughout the duration of the USTDA-financed activity. All goods and services to be provided by the selected firm shall have their nationality, source and origin in the U.S. or host country. The U.S. firm may use subcontractors from the host country for up to 20 percent of the USTDA grant amount. Details of USTDA's nationality requirements and mandatory contract clauses are also included in the RFP.

Interested U.S. firms should submit their Proposal in English directly to the Grantee by 4:00PM, November 6, 2009 at the above address. Evaluation criteria for the Proposal are included in the RFP. Price will not be a factor in contractor selection, and therefore, cost proposals should NOT be submitted. The Grantee reserves the right to reject any and/or all Proposals. The Grantee also reserves the right to contract with the selected firm for subsequent work related to the project. The Grantee is not bound to pay for any costs associated with the preparation and submission of Proposals.

ANNEX 2

EXECUTIVE SUMMARY

The US Millennium Challenge Corporation (MCC) has signed a compact with the Government of Ghana worth approximately US\$547 million over a five-year period. The Millennium Challenge Compact aims at reducing poverty by raising farmer incomes through private sector-led, agribusiness development. The program focuses in increasing the production and productivity of high-value cash and food staple crops in certain areas of Ghana, as well as in enhancing the competitiveness of Ghana's export based in horticulture and other traditional crops. The US\$547 million compact between the US and Ghana is being implemented by the Millennium Development Authority (MiDA) with assistance from the Millennium Challenge Corporation. MiDA is a Ghana government entity created by an Act of Parliament.

Agriculture is the backbone of Ghana's economy as it accounts for approximately 40% of the country's Growth Domestic Product (GDP), and directly employees approximately 70% of the labor force in the country, which generates more than 55% of foreign exchange earnings. The program financed by the MCC Compact will operate in 23 districts in the northern region of Ghana, the Central Afram Basin Region and the southern horticultural belt in the southeastern region where poverty rates are generally above 40%. The MCC program consists of three projects: Agriculture Project, Transportation project, and Rural Services Project.

The US Trade and Development Agency (USTDA) participated in an interagency mission to Ghana in May 2008, with the purpose of identifying new project activities that will advance the MCC Compact programs. USTDA's plans are to assist in the development of projects in Ghana that may attract investment and promote Ghana's infrastructure for trade and to stimulate economic growth and reduce poverty in Ghana. This interagency cooperation is a high priority for the US Government and as such, USTDA is considering funding of feasibility studies and/or technical assistance for projects that benefit Ghana as well as the implementation of the African Growth and Opportunities Act (AGOA).

The interagency mission to Ghana has identified the need to provide assistance to small and medium sized enterprises (SMEs) and other business in Ghana by enhancing the role of leasing as an alternative financing mechanism in that country.

Finance leasing began developing in Ghana after the passage of the Financed Lease Law in 1993, which provided the legal framework for leasing operations in Ghana. Following the passage of the Finance Lease Law, independent leasing companies where licensed by the Bank of Ghana and began to provide finance leasing services to their costumers. Following the passage of the Banking Act of 2004, the finance leasing market experienced a significant change given the fact that a number of banks began to enter the leasing market, where the number of banks increased from two in 2005, to seven in 2006.

The leasing industry has experienced a significant growth since 2006 with the growth mostly reflected in the increase of the number of lessors, the volume and value of leasing transactions and the increase in the size of the portfolio of the leasing companies. This growth in the leasing industry is expected to continue in the coming years and can be attributed to an increased awareness of finance leasing mostly in Accra, which also has an effect on demand of leases and consequently increasing the number of companies that provide leasing operations. These factors have made lease financing more accessible to a wider market in Ghana. The sectors financed by leasing companies include transportation, equipment and machinery, financial services, consumer and retail, manufacturing, timber, construction, and mining. The great majority of the leases originates from the capital city of Accra, mostly because all of the non-bank leasing companies are located in that city and do not have offices in other regions of the country. This means that the rural areas of Ghana that are highly dependent on the agriculture sector, do not have easy access to lease finance.

The agriculture sector plays a significant role in Ghana's economy. Currently farm operations face a myriad of problems, including the lack of working capital, expensive financing with high interest rates, and short-term loans. The agriculture sector in Ghana has not been mechanized and farming is for the most part still carried out by labor force. The low purchasing power along with the lack of financial mechanisms for the farmers, restricts the growth in agricultural machinery use. Farms and other rural enterprises in Ghana lack access to long – term credit to acquire equipment mostly because they do not have the required collateral. Most of the assets that rural companies own cannot be used as collateral. Finance leasing could become the mechanism needed for farmers in rural Ghana to overcome the obstacle of expensive financing and short-term loans currently in effect in Ghana. Existing leasing companies in Accra recognize the potential in the agricultural sector and other sectors in rural Ghana, but they lack sufficient information such as specific market demand analysis, specific leasing opportunities by sector, and the necessary business models and plans to penetrate the rural business environment and for the development of the leasing market in rural Ghana.

The IFC is considered one of the leading organizations in the development and promotion of the leasing industry around the world. The IFC has made great strides in the leasing industry in Ghana, and together with other international donor organizations has assisted in the creation of leasing companies, have provided numerous training programs in lease financing, has conducted surveys in the leasing markets in Ghana, and has assisted in the creation of the Ghana Association of Leasing Companies (GALCO), which is comprised of all non- bank leasing companies in Ghana. Currently the IFC is assisting and guiding the restructuring of GALCO to include other industry organizations that play a role in the leasing industry in Ghana, such as equipment suppliers, banks, service providers, and others. The Private Enterprise Partnership for Africa (PEP Africa) is IFC's

advisory services delivery vehicle in Sub-Saharan Africa. PEP Africa establishes partnerships with donors, governments, and the private sector to design and deliver advisory services programs that improve the investment climate, promote private sector investment, and enhance the competitiveness of private enterprises in Africa. Ghana is currently home to IFC's regional hub in Western Africa. The IFC program assistance for the leasing industry also recognizes the fact that finance leasing is almost non-existent in the agricultural sector, as well as in rural Ghana. There is a clear need for a technical assistance to help promote leasing as an alternate financial mechanism in the agricultural sector and other sectors in rural Ghana.

While the MCC Compact in Ghana is estimated to provide substantial funding to support the agricultural sector in the country, the compact does not specifically address the leasing market in rural Ghana. As such, the USTDA intends to further support and complement the MCC Compact by providing grant funding to GALCO for the conduct of a Technical Assistance (TA) to enhance and promote the leasing industry in Ghana, to further promote foreign investment, to stimulate economic growth and strengthen Ghana's competitiveness in trade, and further support the initiative for AGOA.

The objective of the TA is to evaluate the current leasing industry in Ghana, and to perform a market demand and supply analysis for leasing including the major sectors such as agriculture, transportation, equipment and machinery, manufacturing, mining, construction, financial services, consumer and retail, and others that may present good opportunities of lease financing. The TA will develop a business model to assist leasing companies in Ghana in penetrating the rural market and reaching out to the rural areas in Ghana, including the conduct of educational seminars needed to train the lease finance providers, as well as to assist in educating potential lessees and costumers in the agricultural sector as well as other sectors in rural Ghana.

Travis Design Associates analysis of this project indicates that is a viable initiative, with high likelihood for implementation and wide support. In addition, this project will support the goals of the MCC Compact and has been endorsed by important players such as the IFC. Therefore, Travis Design Associates recommends the funding for this TA in the amount of \$350,000.

PROJECT BACKGROUND

The financial sector in Ghana consists of banks, rural banks, non-bank leasing companies, finance houses, insurance companies, savings and loans companies, capital companies, and mortgage finance houses. The financial sector in Ghana has experienced significant growth contributing to the country's economy as the government has created initiatives in the financial sector to further promote Ghana as the "financial hub" for the West African region.

Over the last seven years, the financial sector in Ghana has experienced an increment in the number of financial institutions (i.e. banks, rural banks, finance houses, savings and loans companies). Given the government's passage of the 2004 Banking Act, the banking sector in Ghana has gone through transformations where the Bank of Ghana has achieved its goals to reform the local banking industry to meet the more rigorous requirement of international banking standards. Because of the passage of the 2004 Banking Act, the number of banks in Ghana increased from 17 to 24 banks, and rural banks increased from 115 to 123 banks.

The number of bank branches also increased over the last five years, and the regulatory reforms in the banking industry, along with the strong economic development in Ghana has led to the opening of several Nigerian Regional banks. This banking transformations that have occurred since 2004, have affected the banking sector and have lead to increased competition within the financial sector in Ghana.

The Government of Ghana continues to review its laws in an attempt to improve the financial sector of the country by amending and/or creating new laws and regulations to stimulate economic activity by strengthening the banking industry. Laws that have been passed or are being proposed, are the Offshore Banking Act, the Anti-Money Laundry Act, Electronic Banking Act, and the Insolvency and Bankruptcy Act.

With the increase in financial institutions in the country, the performance of the banking industry in Ghana has also improved remarkably. The net interest income has seen a substantial increase as well as total operating income for the banking industry. Other financial institutions operating in the financial sector in Ghana include micro-finance companies, which mainly fall into three categories: formal, semi-formal, and informal micro-finance institutions. The Bank of Ghana licenses formal micro-finance institutions. Semi-Formal Micro-Finance institutions are non-governmental organizations (NGO's) and Credit Unions legally registered, but not licensed by the Bank of Ghana. These institutions provide multiple services including microcredits.

In Ghana almost 90% of the companies registered are considered micro, small and medium enterprises (MSME). SMEs are a major source of employment and income in Ghana, and are considered the main reason for the rapid economic growth experienced over the last seven years in Ghana.

The Leasing Industry in Ghana

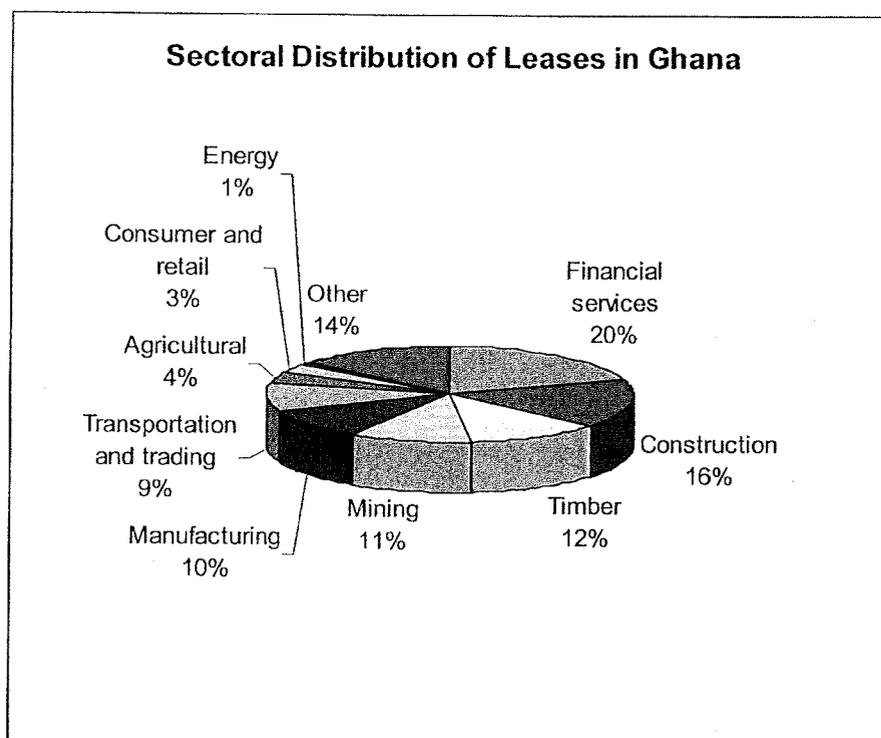
Ever since the passage of the Finance Lease Law in 1993, finance leasing began to develop and grow in the country as the law established the legal framework for leasing operations in the country. Subsequent to the passage of the Finance Lease Law, leasing companies were licensed by the Bank of Ghana and began offering finance leasing to their customers. The new leasing

companies emerged as the need for finance leasing grew mostly in the capital city of Accra were the leasing companies did not face significant competition from banks, as these were not allowed to provide leasing services in the country.

Before 2004, the leasing industry was mostly dominated by three non-bank lessors, LeasafriC Ghana, Ltd, Ghana Leasing Company, Ltd and Horizon Finance and Leasing Company, Ltd. Together, these three leasing companies controlled approximately 90% of the market. Our discussions with construction companies indicate that some of them use small, private lessors that import used equipment from other countries. With the government's passage of the 2004 Banking Act, the leasing industry was dramatically changed as the Banking Act created the necessary provisions for banks to engage in leasing in Ghana. Subsequent to the passage of the 2004 Banking Act, the number of banks in Ghana that provided leasing operations increased from two in 2005, to seven in 2006. The leasing industry has continued to experience growth over the last five years and the number of lessors, the volume and value of leasing transactions and the increase in the size of portfolio of the leasing companies has increased. It is expected that the number of lessors (bank and non-bank), will increase further as more banks establish leasing operations in Ghana and non-bank leasing companies expand their services into other sector markets.

As of the conduct of this Definitional Mission, there were seven bank lessors in Ghana including Eco Bank-Ghana, Merchant Bank-Ghana, Barclays Bank-Ghana, Stanbic Bank-Ghana, Guaranty Trust Bank, Zenith Bank-Ghana, and Amalgamated Bank-Ghana. Among the non-bank lessors are: LeasafriC Ghana, Ghana Leasing Company, Horizon Leasing & Finance Co, Dalex Finance and Leasing, and IFC Finance and Leasing. The value and volume of the leasing over the last five years has continued to increase given the economic activity experienced in Accra, and this growth in leasing value and volume is expected to grow further as the market continues to develop, not only in Accra, but also across the country.

With the changes that had been created as the result of the 2004 Banking Act, the awareness level in the leasing sector has increased, as well as the general level of leasing activities, which in part attracted three new bank lessors to the market, those being Amalbank, Guarantee Trust Bank, and Zenith Bank, which started operations in 2006. Ecobank Ghana and Merchant Bank who used to provide leasing services with their subsidiaries, merged their subsidiaries into their normal banking operations.



The leasing companies in Ghana have a broad approach in terms of the writing of the leases, and they do not specialize in lease writing for a specific sector of the market, but rather process the leasing transactions as those are received. The leasing companies in Ghana have not specialized themselves in targeting specific sectors of the market where they can tailor their services to specific customers. However, Amalbank has demonstrated a preference to service the construction sector. The top eight sectors where lease financing is being provided in Ghana are:

1. Manufacturing
2. Mining
3. Construction
4. Transportation
5. Equipment and machinery
6. Timber
7. Financial services
8. Consumer and retail

Vehicles represent the highest percentage (48.4%) of all the assets financed by leasing in Ghana. Construction equipment which includes earth moving equipment, trucks, heavy duty transport vehicles, and others account for approximately of 25% of asset financed by lessors in 2006.

Vehicles are traditionally considered an attractive leased asset given their liquidity and reduced risk to lessors. The demand is higher for pick up trucks for individual and companies as well as heavy-duty construction vehicles, which are needed to support the demand from the infrastructure building business.

The great majority of leases that occur in Ghana, originate from the capital city of Accra. Accra is considered the economic center of the country, and as such, all the non-bank leasing companies are located in Accra. As banks continue to establish their branches into other regions in Ghana, it is expected that the number of leases in other regions of the country will gradually increase. There are some leases being provided in the Ashanti Region and Western Region of Ghana, where mining and cocoa growing areas are located. However, there are many other regions in rural Ghana with no recording of leasing activity.

According to Ghana Leasing Company and Leasafic Ghana, the duration of a finance lease transaction in Ghana ranges from 12 months to 5 years, with the average lease period of transaction around 30 to 36 months. Most of the leases written by Ghana Leasing Company and Leasafic are under US\$ 50,000 where the lessor requires an initial payment between 5% to 10% as security deposit for down payment of the value of the leased assets, plus a month rental payment in advanced. Additional charges and fees are applied for commissions, processing fees, facility fees, etc. The average borrowing period is three years and the interest rates fluctuate between 18% and 21% for borrowing in Cedis and 9.5% for U.S. dollars.

In meetings held with representatives from bank and non-bank lessors, they indicated that the most common types of leases being offered in Ghana are finance leases and to a limited extend, operating leases. In the finance lease, the lease period extends for a significant period of the equipment's economic life and the risks (maintenance, insurance, etc.) are borne by lessee. Finance leases operate more like loans with a fixed interest rate and a predetermined number of payments over the lease term. Normally in a finance lease, the lessee owns the asset at the end of the lease period. Finance lease is predominant among banks in Ghana, and in fact, some banks like Ecobank Ghana only engage in finance leasing.

The second type of lease available in Ghana is the operating lease where the lease extends over a period of time that is substantially less than the equipment's economic life. In an operating lease, the lessee does not intend to purchase the asset at the end of the lease term. In this case, the lessor recovers the asset cost through multiple leases, as well as the equipment's final sale.

In operating leases, the lessor bares the cost of maintenance, insurance, and other operating cost and risks. Operating leases are available in Ghana and are offered mostly by individual leasing

companies like Ghana Leasing Company, Ltd., Leasafric Ghana, Horizon Leasing and Finance Company, and others.

In discussions with representatives from Ghana Leasing Company and Leasafric Ghana, these indicated that financing is the main obstacle in their operation in providing leasing to their clients. These representatives indicated that local financing in Ghana is expensive and does not facilitate the leasing operations for their businesses, therefore they seek international financing in most cases. Bank lessors are in a better position than non-bank lessors as they can finance their leases based on their capitalization and funding from their parent companies.

The low levels of capitalization experienced by the non-bank lessors companies such as Ghana Leasing Company and Leasafric, represent a disadvantage in comparison to bank lessors that are in a better position in terms of their levels of capitalization. This situation places banks in a more competitive position to non-bank lessors and as such, non-bank lessors would like to evaluate potential solutions to level the playing field in the leasing market, and would like to consider changes in the regulations in laws to achieve this.

Commercial bank financing constitutes the majority of the lease financing in Ghana, but other transactions are also financed through non-bank financial institutions, insurance companies and international funding institutions like the European Investment Bank (EIB) and the Italian Fund.

Legal Framework for Leasing in Ghana

In 1993, the government of Ghana passed the Finance Lease Law (PNDLC 331) with the purpose of regulating the leasing industry in Ghana and with the anticipation that leasing would play a major role in stimulating economic activity in the country. With the passage of the 1993 Finance Lease Law, Ghana became one of the very few countries in Africa that had established the legal framework for leasing in Ghana. The Finance Lease Law of 1993, empowered the Bank of Ghana to supervise and regulate the leasing industry in that country whether it be bank and non-bank financial institutions while the passage of law and regulations by the Government of Ghana have positively influenced and promoted leasing in the country, there are still several issues affecting the leasing industry in the country.

The IFC leasing team group has been working with the Ghana Association of Leasing Companies (GALCO) in consultation with the leasing industry stakeholders to identify the shortcomings of existing laws and regulations and to define potential law reforms that could provide a solution to the critical issues. These issues include repossession of assets, the lack of leased assets per registration, and others. The IFC have assisted the bank and non-bank leasing providers in making recommendations to amend the leasing laws of the country with the intend to seek solutions to the leasing industry problems. The progressive climate for leasing combined with the increased awareness of leasing as an alternative method of financing, has laid the foundation for further

development of the leasing industry in Ghana, however, the potential growth will not be fully realized without the identification of new funding sources for access to medium and long term financing and the expansion and promotion of the leasing industry in rural Ghana.

After a review of the various issues impacting the leasing industry in Ghana, the assessments conducted as part of the Definitional Mission indicate the clear needs of supporting, strengthening, and promoting the leasing industry by primarily enhancing the capabilities and operations of the leasing providers in Ghana. The IFC program assistance for the leasing industry recognizes the fact that finance leasing is almost non-existent in the agricultural sector, as well as in rural Ghana. There is a clear need for a technical assistance to help promote leasing as an alternate financial mechanism in the agricultural and other sectors in rural Ghana.

PROJECT SPONSOR COMMITMENT

The government of Ghana continues to be the recipient of loans from multilateral financial institutions and donor countries for the building of infrastructure, improvements in the agriculture, transportation, education, and energy sectors, as Ghana has demonstrated government stability, economic growth, increase in exports, and foreign capital investments. The rapid growth that Ghana will experience over the next five to ten years in these sectors will require a significant amount of equipment and machinery to meet the demands of the transportation, agriculture, construction, mining, energy, and other sectors. The greatest demand for equipment and machinery now are heavy-duty trucks and construction and mining equipment, followed by power generation sets and equipment. However, the agriculture sector is being untouched due to its perceived high risks. The government of Ghana seeks to become an even larger exporter of agricultural commodities, but without the mechanization of the agricultural sector in Ghana, this would not be possible. There is still a significant need for building roadway infrastructure throughout rural Ghana in order to provide the means of transport of products from farms to markets, and from rural distribution centers to the ports for the purposes of exporting. The building of this transportation infrastructure in rural Ghana will also require the necessary road building equipment and machinery that is almost non-existent in rural Ghana. The need to provide farming services to the local farmers, farming associations, and organized farming enterprises exist today, but unfortunately the services are not available primarily do to the lack of private investment and availability of equipment and machinery in the rural areas.

In discussions with representatives from IFC and bank and non-bank leasing providers they indicated the need for a technical assistance that would help develop the necessary market demand and supply analysis for leasing in the agricultural sector and other sectors in rural Ghana, as well as the development of a business model to assist GALCO and its membership in expanding the leasing services and products in rural areas. Representatives from IFC, Ghana Leasing Company and Leasafric, indicated that there is potential in the leasing market in rural Ghana and leasing

could play a major role in opening that market in the near future. There are other factors that directly impact leasing companies in Ghana which can also be reviewed by a technical assistance including tax incentives for leasing, cross-border leasing regulations, harmonization of bank of Ghana rules and provisions, tax requirements, the calculations of depreciation and capital allowances for operating leases, accounting for leases, registration of lease assess, repossession of leased assets, and others.

The Government of Ghana through the Bank of Ghana has demonstrated the commitment over the last five years to support, strengthen and promote the leasing industry in Ghana as a vehicle to economic growth and enhancement of financial activity for the country.

The IFC and other donor countries have recognized the commitment from the government of Ghana in connection with leasing, resulting in significant investments on the part of IFC and donor countries to continue to improve the legislative framework for leasing, build capacity of lessors, and improve the understanding of leasing among the stakeholders, the increase the public awareness and interest in leasing, the creation of opportunities to increased investment in the leasing industry, and assisting and strengthening the Ghana Association of Leasing Companies (GALCO). There is a sound foundation that has been built by the IFC and others in the leasing industry in Ghana, which has produced positive results every year and without a doubt the industry will continue to grow if the support from donor countries continues.

In summary, the IFC, the Government of Ghana, and GALCO have demonstrated the commitment to continue to support, promote, and strengthen the leasing industry in Ghana and the assessment conducted by this Definitional Mission supports those findings.

IMPLEMENTATION FINANCING

The implementation amount for this project is uncertain at this time and will depend on any strategic decisions that may be taken by the different leasing companies in order to enter or take advantage of market opportunities of the TA. While some companies may find that is commercially and economically feasible to open new offices in Northern Ghana, others may pursue business opportunities by developing agreements by maintenance providers or acquiring inventory to be kept on hand. This will depend on (1) the recommendations presented by the Contractor in the business plans and (2) the financial and operational conditions of particular leasing companies.

MCC and TIPCEE

There are a number of foreign governments and financial institutions that have committed to funding the development of the agriculture and transportation sectors in Ghana. The MCC's

compact funding of US\$547 million has placed the US among the top donor countries to Ghana. The US agency for International Development's Trade and Investment Program for a competitive export economy (TIPCEE) is currently financing a variety of initiatives in the agricultural sector in Ghana. One of the TIPCEE initiatives involves working with small farmers to obtain certification that can lead to fixed sale prices of their products and allow for product exports. TIPCEE's efforts have been concentrated in helping small farmers increase productivity and quality of products with the purpose to make the small farmers more attractive for investors and buyers.

The International Finance Corporation (IFC)

The International Finance Corporation, the private sector arm of the World Bank Group, promotes sustainable private sector investment in developing countries, helping to reduce poverty and improve people's lives. IFC finances investments with its own resources and mobilizes capital. IFC provides advisory solutions to governments and business.

IFC has greatly expanded its financial products and advisory services portfolio in Ghana over the past two years. IFC commitments in Ghana currently stand at approximately US\$155 million, with a strong pipeline of new investments expected over the short term. In FY06, IFC's Private Enterprise Partnership for Africa launched four new advisory services programs in Ghana. Cumulatively, IFC has invested over US\$636 million in 43 projects in Ghana, with US\$364 million for its own account and an additional US\$272 million in syndicated loans.

IFC's strategy in Ghana includes supporting the private provision of infrastructure, building and deepening the domestic financial sector, expanding financing and technical assistance support to micro, small and medium enterprises (MSMEs), promoting the development of non-traditional exports, and enhancing the business enabling environment. Currently the IFC is working in the restructuring of GALCO to include a larger segment of the leasing industry in Ghana which will further strengthen GALCO as an organization as well as to allow GALCO's membership to grow and become sustainable.

The Private Enterprise Partnership for Africa (PEP Africa) is IFC's advisory services delivery vehicle in Sub-Saharan Africa. PEP Africa establishes partnerships with donors, governments, and the private sector to design and deliver advisory services programs that improve the investment climate, mobilize private sector investment and enhance the competitiveness of private enterprises in Africa. In Ghana, PEP Africa is supporting a number of sector and company-level advisory services projects in sectors such as mining, financial services, and education. Ghana is currently home to IFC's regional hub in West Africa, serving eight other countries in the region.

Overseas Private Investment Corporation (OPIC)

OPIC primarily offers three services that include financing, insurance and investment funds. OPIC Financing provides medium-to-long-term funding through direct loan guaranties to eligible investment projects in developing countries and emerging markets. By completing the private sector, OPIC can provide financing in countries where conventional financial institutions often are reluctant or unable to lend on such a basis.

Political risk insurance is available to US investors, Contractors, exporters and financial institutions involved in international transactions. Political risk insurance can cover currency inconvertibility, expropriation and political violence, and is available for investments in new ventures, expansions of existing enterprises, privatizations and acquisitions with positive developmental benefits.

OPIC provides support for the creation of privately owned and managed investment funds. These funds make direct equity and equity-related investments in new, expanding or privatizing emerging market companies. OPIC supported funds assist emerging market economies to secure long-term growth capital, access management skill, and secure the financial expertise, all of which are key factors in expanding economic development.

Contact was made with Mr. Karl Christensen, Senior Investment Officer-Structured Finance to inquire about OPIC's activities in Ghana and to determine if there may be opportunities for OPIC's financial participation in leasing in Ghana.

Mr. Christensen mentioned that OPIC would be very interested in becoming active in more projects in Ghana. OPIC is currently active in several projects in Ghana in the areas of micro lending, cocoa processing, pharmaceutical projects, mortgage lending, processing of spices, and on a portion of the West African gas pipeline. OPIC is also financing the construction of two international schools in Ghana and the total estimate of investment in Ghana is US \$95 million.

Mr. Christensen indicated that OPIC would very much like to be a part of the leasing market in Ghana, whereby OPIC could provide financing to a leasing company in Ghana as long as there is at least 25% of US ownership. OPIC could possibly lend money to US investors that would then invest in purchasing shares in a local leasing company. This is a very important point made by Mr. Christensen given that representatives from two leasing companies in Ghana indicated the difficulty in obtaining financing for the acquisition of goods.

World Bank

The World Bank has been very active in Ghana for many years and has provided substantial resources to the country. The World Bank strategy in Ghana supports the building of infrastructure

as a catalyst to increase economic growth, national development, health, education, and poverty reduction. As of February 2008, the World Bank had approved 133 loans in Ghana totaling US\$5.6 billion. The loans support various operations in Ghana in the areas of infrastructure, health, education, and government services. These loans include investment in Ghana's transportation sector with projects approved for roadway system rehabilitation, new roadway infrastructure, safety, maintenance programs, traffic engineering, bridge improvements, and others.

The World Bank is currently providing financial assistance to Ghana in the Road Sector Development project that seeks to achieve sustainable improvements in the supply and performance of road transport services at the regional level by upgrading many rural and urban trunk roads throughout Ghana. In addition, the World Bank has been providing substantial financing in the agricultural sector under the Agricultural Services Sub-Sector Investment Project. The U.K.'s Department for International Development (DfID), the African Development Bank and others are providing financing for the development of the agriculture in Ghana. The World Bank is also financing a Community Based Rural Development Project (CBRDP), which includes funding from France's Development Agency seeking to build and strengthen activities in the rural economy of Ghana, including agricultural and rural infrastructure.

African Development Bank (AfDB)

AfDB has been a strong supporter of Ghana and has approved a number of loans over the years contributing to Ghana's national development and social programs. In 2007, the AfDB approved several loans in the amount of US\$75.91 million to support Ghana's export programs, the Northern Rural Growth Program, energy sector initiatives, and the development of Public Private Partnerships (PPPs) for infrastructure projects. The African Development Bank has also provided financing to support the agricultural sector in Ghana for agricultural research, increase productivity and enhancement of agricultural exports.

Other Financial Institutions and Donor Agencies

In March 2007, donors signed the Ghana Joint Assistance Strategy (G-JAS) in Accra. The 17 donors are the African Development Bank, CIDA (Canada), Danida, DfID, The European Community, France, Germany, IFAD, Italy, Japan, MCC, Netherlands, Spain, Switzerland, UN, USAID and World Bank. The Ghana JAS notes that modernization of agriculture is central to the diversification and expansion of exports needed to achieve and sustain higher economic growth. Strategic priorities include strengthening rural infrastructure, especially rural roads and irrigation, improving land tenure and management, promoting promising agricultural value chains, enhancing access to credit for women and men by strengthening rural financial institutions, and strengthening the provision and targeting of agricultural research and extension services.

The financial viability of the leasing initiative project for GALCO in Ghana is supported by the substantial amounts of investment being made in Ghana both in the agriculture and transportation sectors by so many financial institutions and donor countries. It is therefore determined that the Leasing Initiative Project in Ghana is financially viable and expected that IFC will continue to financially support the leasing industry in Ghana for many years to come. *Our research of financial institutions indicate that the IFC is the entity most likely to finance any activities related to project implementation, not only because of its current involvement with GALCO, but also because it has historically been involved in the sector and has assisted leasing companies as Ghana Leasing.*

US EXPORT POTENTIAL

Based on the assessment performed of the leasing industry in Ghana, including discussions held with the IFC, several banks and leasing companies from Accra, it is estimated that the leasing market in Ghana offers good potential opportunities for US exports. The information obtained as part of the Definitional Mission indicates that the types of equipment, machinery, and technologies needed in Ghana, must be in its majority, imported into the country. While the leasing market demand and supply review (to be conducted as part of the TA) will provide specific information by category of equipment and by sector, it was confirmed that businesses in Ghana, mostly SMEs, do not have the availability of equipment, machinery, and other technologies necessary to support the building of infrastructure in Ghana.

The sectors covered by leasing now, as well as those sectors that could be serviced by the leasing industry in the future, all require the type of technology that has been developed and used in the US for many years. US companies definitely have the products and expertise to provide the goods and services that the leasing industry will require in Ghana. In the preliminary review of the existing and future needs for equipment and machinery in Ghana, it is determined that multiple US firms could adequately supply the required technologies and services. In fact, many US companies already have experience in leasing equipment in the international market (John Deere, Caterpillar) and would easily be able to duplicate their business export strategies in Ghana.

It is important to note that while contact was made with several manufacturers, it was brought to our attention that, in several instances, parts are exported to other countries such as China or India where final products are assembled. This makes it difficult for us to provide a clear estimate of how much exports will result from the project. Furthermore, while in Ghana, we were also made aware that some of the equipment acquired is used, and therefore, it might be equipment that is being exported from the US to other countries such as South Africa and which is later sold to Ghana. As this transaction will have no impact on US exports, it may be argued that South Africa will replace the equipment sold with newer, most modern machinery, thus creating a spin-off effect on US

exports. A final issue relates to the fact that we anticipate this TA to increase the number of equipment available in the market, thus increasing the overall potential market size for US exports.

As a starting point for the US export analysis, we should consider the historical size of the agricultural machinery and construction equipment markets in Ghana. The following table presents a summary of Ghana's market size for key products:

<i>Product</i>	<i>Imports for 2005 US Dollars</i>	<i>Increase from Previous Year</i>
Small agricultural machinery	\$9 million	300%
Tractors	\$19.5 million	348%
Food processing equipment	\$34.2	166%
Civil Engineering and Construction Equipment	\$89.7 million	178%
Motor Vehicles for Transport of Goods	\$248.6	\$220%

Source: World Trade Organization Statistics

Additional information obtained from the International Trade Centre Trade Competitiveness Map from Ghana indicates that \$22.3 million in tractors were imported by Ghana in 2006 and close of \$3.8 million in small agricultural machinery, indicating that there is increasing demand for these products in the country. For the construction industry, Ghana has imported close to \$91 million in 2006 of machinery associated with heavy construction as follows:

Bulldozers, graders and excavators	\$61.9 million
Moving, grading and machinery for earth	\$13.1 million
Drill & boring machinery	\$2.6 million
Cranes and derricks	\$4.7 million
Forklifts and other lifting equipment	\$8.4 million

Furthermore, the same report indicates that for every single item on the above list, Ghana has imported over 60% from the top three providers (the United States being provider number 1) and therefore it is conservative to estimate that the United States has exported at least 20% of the total amount for each category.

Contact was made with several of the largest US suppliers of agricultural and construction equipment to appraise the company's interest in the Ghanaian leasing market. The responses from the US suppliers contacted were positive with almost all contacts made indicating an interest.

DEVELOPMENTAL IMPACT

Leasing has been proved to be an effective financial tool used to achieve rapid economic development in both developed and developing countries. It is reported that for every 8% to 9% growth in leasing activities leads to a corresponding 1% average growth in the GDP of a country. Empirical evidence also supports that when leasing transactions increase above 1.8% of the GDP, unemployment rates are reduced below 10%. In developed countries, leasing can be used to finance approximately one third of private investment. Leasing has become an important source of medium-term finance in many developing countries, and has contributed considerably in facilitating the growth of new capital investment.

Leasing could play a major role in the developmental impact of Ghana as this form of financing increases in use throughout the country. The following are some developmental impacts that could result from the leasing sector in Ghana:

Leasing can help create additional competition amongst sources of finance

With the promotion and strengthening of the leasing industry in Ghana, would come the creation of additional leasing companies that can lead to efficiency and diversity of the local financial market, leading to lower financial costs, which are currently extremely high. The promotion of leasing can also fill a gap in the finance market place enabling firms to rely less on loans and

overdraft facilities. Ghana has already seen an increase in the number of lessors (bank and non-bank) over the last five years, primarily because of changes to the law in the country. As rapid economic growth continues in Ghana, it is expected that demand for lease finance in the country will increase and possibly the number of lessors will increase as well. This process is healthy for the economy of Ghana and could represent a positive developmental impact for the country.

Leasing can increase the liquidity of the Ghanaian economy

Leasing companies in Ghana currently access external financing in order to provide their leasing services to their customers. This leads to an increase and improvement in liquidity within the local financial market, which results in good business for the stakeholders, and it represents a positive impact to the local economy.

Leasing can increase local production and productivity in the Ghanaian economy

The need for equipment and machinery in the various sectors in Ghana is evident as the country is going through an economic transformation that will lead to the building of infrastructure and improvement in the agricultural sector, and increase in exports. The need for equipment in the agricultural sector will be significant over the next five to ten years, as well as it will be for other sectors. Equipment leased assist local enterprises that otherwise would not have the resources to purchase new equipment to engage in the productive sector. Leasing plays a major role in promoting and enhancing local production and reduce the country's dependence on imported goods, promotes job creation, enhances economic growth, and increases exports. All of this translates into positive developmental impacts for Ghana.

Leasing supports industrial modernization and small business

The need for industrial modernization in Ghana is considered vital for the creation of employment as well as for increased productivity. The leasing of equipment and machinery can play a major role in supporting industrial modernization. Leasing companies also play an important role in providing financing to small and medium sized (SME's) enterprises. Leasing allows the SME to grow financially and supports the expansion of the SME's operations. In addition, in a developing country like Ghana where there is a high level of credit constraint, leasing is often the only available option for financing asset acquisition for firms such as, start-ups companies, small firms, and firms without any credit history. The support of industrial modernization as well the support of small and medium size enterprises is extremely important to the economy of Ghana and can represent a positive developmental impact for the country.

Leasing plays a major role in the development of infrastructure

As explained above, the need for building infrastructure in Ghana will become even greater as the country goes through its economic transformation, and as more private capital investment is received by Ghana. Leasing can play a major role in assisting Contractors undertaking

infrastructure development through the provision of equipment in the execution of contracts. In the agricultural sector, leasing can become the catalyst for the mechanization of the agricultural sector in rural Ghana. Leasing can play a major role in the construction of the transportation system including road construction, rail, bridge construction, sanitation systems, water support systems, port expansion and construction, power generating plants, and many other areas in the country.

It is important to emphasize that the development of the leasing sector becomes even more critical for development economies like Ghana's that face several challenges including the need for investment. Further developing the leasing sector in Ghana will provide an alternative channel for delivering finance and also increases the range of financial products on the market, stimulating the economy and increasing the need for foreign capital investment, and importing of equipment and machinery.

Ghana's economy is dependent on the sustainability of the SME's business and leasing provides a financing vehicle for business which otherwise would not have access to financing, thus promoting domestic production and economic growth.

The TA will develop a business plan to assist leasing companies in Ghana in penetrating and reaching out to the rural areas and sectors in Ghana, including the conduct of educational workshops needed to train the lease finance providers as well as to assist in educating potential lessees or customers in the agricultural sector and other sectors in rural Ghana.

The impact of developmental impacts may be measured as follows:

Infrastructure: Number of leasing offices opened in Ghana, particularly in the Northern Region for agricultural leasing, which could provide increased accessibility to small farmers or construction companies. Another potential infrastructure measurement would be any new projects that would be able to be completed by farmers or small construction firms with any leased equipment they had not been able to access before.

Human Capacity Building: A direct measurement will be given by the number of farmers that will be trained as part of TOR's tasks 4.5 & 4.6. Specifically, the Contractor should be able to provide information on any topics discussed, number of individuals trained and number of jobs, if any, that may be created by new leasing offices in Ghana.

Technology Transfer: In terms of transfer of technology, a good measurement could be given by any training provided by equipment manufacturers or leasing companies for US products, if the leasing company or equipment manufacturing is expanding operations as result of the project.

This would be a little more difficult to measure, but a follow-up from the Grantee could be of benefit to obtain an estimate. In regards to productivity enhancement, the most efficient way to measure the impact, in my opinion, would be to conduct post-project interviews to the farmers trained and request information on "if" and "how" they are using any equipment leased that may have been identified through the program.

Market – oriented reforms: This is an important item of the project, because the entire project is aimed at expanding market opportunities and to an extent, correcting market imperfections currently taking place. This category includes any laws or regulations that the Contractor may recommend to be implemented in Ghana and that may affect the leasing market.

IMPACT ON THE ENVIRONMENT

Ghana has a good environmental institutional framework and considerable capacities to set environmental management standards. The main frameworks are the 1991 National Environmental Policy, the 1992 National Environmental Action Plan, and the 1994 Environmental Protection Agency (EPA) Act. This framework of laws give an adequate reflection of the national environmental policy objectives, seeking to reconcile economic development and natural resource conservation. The EPA has since the late 1980s adopted environmental impact assessment as a management tool to screen undertakings likely to pose adverse impact on the environment. Environmental screening and assessments became legal requirements in 1999 with the promulgation of the Environmental Assessment Regulations (Legislative Instrument 1652) and Environmental Impact Assessments (EIAs) are applied to most development projects. Procedures have been established to screen and evaluate all development projects and programs that may have significant social and environmental impacts. Under the country's regulations, an EIA is mandatory for seventeen types of activities classified as critical. These activities include: mining, petroleum and gas field development and exploration, construction of dams, harbors and roads, and logging and disposal of timber. The implementation of initiatives in leasing resulting from the conduct of the TA will not have a negative impact on the environment.

IMPACT ON US LABOR

The implementation of initiatives in leasing resulting from the conduct of the TA will not have a negative impact on US labor.

TERMS OF REFERENCE

DM Ghana Trade Infrastructure

The Terms of Reference (TOR) for the TA were developed by Travis Design Associates and endorsed by GALCO and the IFC in Ghana. The TOR were developed to conform to USTDA's requirements to include the following:

- A technical analysis of the project
- An economic analysis of the project
- A financial analysis of the project
- An appropriate environmental analysis of the project
- A review of regulatory issues
- A list of proposed equipment and services for project implementation, including a list of US sources of supply (company names and contact information)
- A developmental impact analysis
- An implementation plan
- A Final Report that summarizes the findings of the technical assistance and/or other appropriate deliverables.

The TOR appears as a separate stand-alone document at the last section of the Definitional Mission report. The TOR for the TA is comprised of eight major tasks and the conduct of the work is expected to take seven months to complete.

DM Ghana Trade Infrastructure

BUDGET

The following is the proposed TA budget:

TECHNICAL ASSISTANCE BUDGET								
Task	Sr. Financial / Project Director	Business Development Manager	Senior Market Research Analyst	Credit Lending Manager	Economic, Legal and Environmental	Administrative Assistance	Person Days	
							Total	
Task 1	Purpose and Objectives	10	8	10	8	2	3	41
Task 2	Legal and Regulatory Review	12	10	5	10	20	5	62
Task 3	Market Review	10	10	25	5	0	5	55
Task 4	Development of Business Model	10	15	5	3	5	3	41
Task 5	Developmental Impacts	5	5	2	2	3	2	19
Task 6	US Sources of Supply	3	5	5	1	0	5	19
Task 7	Environmental Impact	2	0	0	0	5	3	10
Task 8	Final Report	5	5	7	3	4	10	34
	Total	57	58	59	32	39	36	281
	Daily Rate (\$ / day)	\$950	\$750	\$750	\$750	\$800	\$350	
	Value (US\$)	\$54,150	\$43,500	\$44,250	\$24,000	\$31,200	\$12,600	\$209,700
		Expenses						
	Air Travel		12	\$5,000	\$60,000			
	Ground Trans.		144	\$88	\$12,672			
	Lodging & Per Diem		159	\$350	\$55,650			
	Reproduction/Binding				\$2,063			
	Courier Services				\$500			
	Via services				\$1,350			
	Communications				\$2,400			
	Seminars				<u>\$6,000</u>			
	Total Expenses				\$140,635			
	Total Budget							\$140,635
								\$350,335

PERSONNEL REQUIREMENTS & QUALIFICATION

Senior Financial Manager/Project Director

This individual will be responsible for overseeing the entire TA and will provide the necessary leadership and support to ensure the successful completion of the TA according the specified TOR. The Senior Financial Manager will act as the Project Manager responsible for directing and managing the TA in its entirety. The Senior Financial Manager will be responsively for

establishing the TA's strategies as well as the defining the TA's goals and objectives in coordination with other team members and stakeholders. The individual serving in this capacity will be responsible for directing and supervising the work according the specified TOR including schedules, meeting coordination, and quality control of all deliverables.

The Senior Financial Manager should have 20+ years of experience in finance with particular expertise in all aspects of leasing. This individual should have experience in finance and operating leasing, ample knowledge of the legal framework for leasing, secondary leasing and sub-leasing, lease agreements, bank and non-bank leasing operations, sources of finances for leasing, international leasing, and accounting and taxation. It is estimated that 57 days will be required at a daily rate of US\$950.

Business Development Manager

This individual will be responsible for evaluating and identifying business development opportunities in the leasing industry in Ghana. He/She will identify opportunities for potential partnership between local leasing companies and US investors and suppliers with the intent to stimulate business growth between the two countries. The Business Development Manager will develop the business model for GALCO and the strategies business plans for specific markets where leasing could be used as an alternative source of financing. The Business Development Manager will also be responsible for developing marketing strategies aimed at assisting local leasing companies to lease equipment and machinery in rural Ghana. The individual in this should have at least 20 years in business development with particular experience in all aspects of leasing, business models, strategies, and business plans for SMEs. In addition, the Business Development Manager should have significant experience in marketing at the international level. This individual will work closely with the Senior Market Research Analyst in identifying market demand and supply for the leasing industry in Ghana. It is estimated that 58 days will be required for the conduct of the work at a daily rate of US\$750.

Senior Market Research Analyst

The Senior Market Research Analyst will be responsible for conducting a comprehensive market review for the leasing industry in Ghana, with particular emphasis in the agricultural sector and other sectors in rural Ghana. The Senior Market Research Analyst will be responsible for conducting a thorough analysis of current leasing conditions on the supply and demand sides, as well as forecasting the potential demand and supply for leasing services and equipment in Ghana. The Senior Market Research Analyst will also be responsible for developing a complete assessment of the availability of potential US sources of supply for all major sectors identified by the market analysis. This individual will develop a substantial list of US suppliers of equipment

and machinery, advanced technologies, and services that may be available to satisfy the market demand in Ghana.

The individual in this capacity should have a minimum of 15 years of direct experience in conducting of market research at the international level. Particular experience with the leasing industry in the international market is extremely important in this case. It is estimated that 59 days will be required at a daily rate of US\$750.

Credit Lending Manager

The Credit Lending Manager will be responsible for evaluating the leasing operations for bank and non-bank lessors in Ghana. The Credit Lending Manager will be responsible for conducting an overview of the credit-lending sector in Ghana, including the banking sector and non-banking leasing operations. This individual will also review credit lending institutions such as micro finance institutions, semi-formal micro finance institutions, and informal micro finance institutions that provides credit throughout Ghana. The Credit Lending Manager will review the leased assets by leasing provider in Ghana, the criteria use for leasing, regional distribution of leases, lease duration, size of the leases financed in Ghana, type of leasing transactions, as well as restrictions of lease transactions in Ghana. The Credit Lending Manager should have at least 15 years of direct experience in credit lending, particularly in all aspects of leasing. In addition, this individual should have ample knowledge of bank credit lending, microfinance, leasing, as well as have experience and knowledge of the various sources of financing for leasing at the international level.

The individual in this capacity should have ample knowledge of the credit lending practices and operations in the international market. It is estimated that 32 days will be required at a daily rate of US\$580.00. The rate was calculated utilizing a base salary of US\$750.

Economic, Legal and Environmental Personnel

These individuals will be responsible for the successful completion of Task 2 (Legal and Regulatory Review), Task 5 (Developmental Impact), and Task 7 (Environmental Impact) identified in the TOR. Individuals in the various capacities (economic, legal, and environmental) should have a minimum of 10 years of experience. It is estimated that the combined effort will take 39 days at a daily rate of US\$800.

Administrative Assistance

This individual will be responsible for all administrative work in connection with the study including typing of all reports, correspondence, documentation, and all other aspects of secretarial service needed to support the members of the consulting team. The individual in this capacity will have experience in secretarial service with a strong background in technical report preparation, graphics, tables, etc. It is estimated that 36 days will be required at a daily rate of US\$350.

Other Direct Costs

It is estimated that 12 total trips to Ghana will be required as follows:

Trip N°1

The Senior Financial Manager, Business Development Manager, Senior Market Research Analyst, and Credit Lending Manager will travel to Ghana for 10 days for the initial kick-off meeting with GALCO and other stakeholders and for the review and evaluation of existing conditions and definition of goals and objectives for the TA.

Trip N°1 Expenses

Roundtrip airfare (Economy Class):	\$5,000.00/per trip x 4 people = \$20,000.00
Per Diem:	\$350/day x 40 days x 4 people = \$14,000.00
Local Transportation:	\$88/day x 30 days = \$2,640.00
Total Trip N°1 Expenses	\$36,640.00

Trip N°2

The Senior Financial Manager, Business Development Manager, Senior Market Research Analyst, and Credit Lending Manager will travel to Ghana to begin the legal and regulatory review identified under the TOR. In addition, the market review analysis will be initiated during the second trip to Ghana. The Contractor should work closely with GALCO as well as other stakeholders during the legal and regulatory review process as well as the market analysis.

DM Ghana Trade Infrastructure

Trip N°2 Expenses

Travel is estimated as follows: The Senior Financial Manager (15 days), Business Development Manager (15 days), Senior Market Research Analyst (20 days), and Credit Lending Manager (15 days), Legal Staff (20 days), Environmental Staff (4 days).

Roundtrip airfare (Economy Class):	\$5,000.00/per trip x 6 people = \$30,000.00
Per Diem:	\$350/day x 89 days x 6 people = \$31,150.00
Local Transportation:	\$88/day x 74 days = \$6,512.00
Total Trip N° 2 Expenses	\$67,662.00

Trip N°3

The Senior Financial Manager, Business Development Manager, and Senior Market Research Analyst will travel to Ghana for 15 days each, to review the findings and results for the TA with GALCO and the rest of the stakeholders. A draft report containing all the facts and findings for the TA will be provided for review and discussion. The business model for expanding leasing into the rural Ghana, as well as the development of any strategies and business plans for specific leasing markets in Ghana will be thoroughly discussed with GALCO and IFC representatives. The goal of the trip will be to address all pending issues in connection with the TA, in order for the final report to be completed. In addition, the consultants will conduct the leasing seminars as required under the TOR.

Trip N°3 Expenses

Roundtrip airfare (Economy Class):	\$5,000.00/per trip x 2 people = \$10,000.00
Per Diem:	\$350/day x 30 days x 2 people = \$10,500.00
Local Transportation:	\$88/day x 40 days = \$3,520.00
Total Trip N° 3 Expenses	\$24,020.00

Reproduction and Binding

Copies of the Interim Reports (3 copies in English) will be reproduced and bound in accordance with Task 3 of the Terms of Reference. In addition, nine copies of the Final Report (in English) will be reproduced and bound in accordance with Task 8 of the Terms of Reference.

Interim report reproduction: 250 pages x 0.25/copy x 3 = \$187.50

Final report reproduction: 300 pages x 0.25/copy x 9 = \$675.00

Binding and Final Reports, Business model, business strategies and plans, etc:
\$100.00 x 12 = \$1,200.00

Total Expenses = \$2,062.50

Courier Services

While a significant amount of information and documents will be sent to and from Ghana by electronic mail, there is still the need for courier services in order to mail large documents, plans, and other materials that could be difficult to send via electronic mail. It is expected that some five packages will be sent via courier service at a cost of US\$100.00 per package for a total of US\$500.00

Visa Services

U.S. consulting team members will be required to obtain business visas for the conduct of the work in Ghana. The total estimated for visa services is US\$1,350.00 (6 people x \$225.00/business visa).

Communications

While a significant amount of communications will take place by electronic mail, a study of this magnitude will require voice and facsimile communications at certain intervals of the assessment period. Forty (40) hours of long distance is estimated for the entire TA period at a cost of US\$2,400.

Development of Leasing Seminars

The TOR requires that the selected consultants develop and present a series of seminars at locations specified by GALCO and the IFC. It is anticipated that the total cost for the seminars will be US\$6,000.

QUALIFICATIONS

The following qualifications should be required of the Contractor that would conduct the leasing initiative project TA for GALCO in Ghana.

- Strong leasing expertise background. Prior leasing experience in Africa is preferable. It is important that the Contractor has full knowledge and complete understanding of all concepts and practices in the leasing sector.
- Previous experience and actual involvement in the study and analysis of the leasing industry at the international level.
- Specific experience in the leasing sector and related economic development that leasing creates for both developed and developing countries. In addition, the Contractor should have experience and ample knowledge of the financial sector including the banking sector, microfinancing and other forms of financing, the acquisition of equipment and machinery by utilizing leasing as the form of financing.
- Familiarity with the various sources of finance for leasing, including short-term and medium to long-term financing, particularly with experience in Africa.
- Well versed and with ample experience in the review and assessment of the legal framework for the leasing market, specifically at the international level.
- Previous and ample knowledge in accounting and taxation for leasing.
- Substantial experience in the development of business models for the strengthening and promotion of leasing operations.
- Significant experience in the development of market-oriented strategies and business plans for leasing.
- Substantial experience in the conducting market analysis for leasing, with particular experience at the international level.
- Substantial experience in the development and presentation of seminars in the leasing sector.
- Substantial experience in developing strategies for US exports, including equipment and machinery that can be supplied in the African market through leasing.
- Specific expertise in the financing (leasing) of equipment and machinery for the agricultural sector. Experience in the leasing of equipment and machinery for the construction and transportation sectors will be preferable.

JUSTIFICATION

The Government of Ghana continues to understand that an improved agricultural performance and productivity is essential to overall growth and economic development for the country, and as such, the government continues to pursue strategies that will facilitate in heading the goals established to improve the agriculture sector. The MCC is a major participant in the agriculture sector in Ghana with investments of US\$546 million and countries such as Italy, Denmark, Japan, France, the U.K. and others have provided financial resources to the Government of Ghana to

support agricultural growth. The Government of Ghana has set a series of objectives for the development of the agriculture sector that include establishing efficient markets and value chains, accelerating SME entry to agricultural markets and raising SME innovativeness and competitiveness, and increasing employment and investment opportunities in the rural economy. The agriculture growth in Ghana indicates that it can support value addition for key exports and cash crops through increasing SME access to credit for the acquisition of farming equipment, processing machinery, irrigation systems and other technologies. For example, Cocoa continues to be the primary agricultural product in Ghana, however, value addition in the Cocoa sector remains low, with minimal processing taking place. The Government of Ghana seeks to support agricultural research and promote investments in value addition for many areas of production in the rural economy that could eventually lead to the need of product processing equipment and systems for the SMEs.

Many factors indicate that the Government of Ghana is committed to supporting and strengthening the agriculture sector in Ghana, and fortunately, the Government of Ghana continues to receive substantial financial support from many donor countries. The anticipated growth in the agriculture sector of the country will require a variety of specialized equipment, machinery, and technologies that would need to be acquired by the rural enterprises.

Leasing can provide the financial mechanism to supply the equipment and machinery to the rural enterprises, and therefore, supporting the growth of the rural economy in Ghana. The proposed TA could strengthen the leasing industry in Ghana and would raise awareness of the opportunities available for leasing equipment and machinery in rural Ghana. Expanding the leasing services into the rural economy could become instrumental in supporting the transition of the agriculture sector towards rural modernization and a more diversified sector for exports.

Based on the overall assessment of the Definitional Mission, Travis Design Associates recommends that USTDA fund a TA for supporting, promoting, and strengthening the leasing industry in Ghana, primarily because the leasing initiative meets the necessary USTDA grant funding criteria. The grantee shall be GALCO. USTDA should fund the TA to support the current initiatives under the MCC compact in Ghana, since it is the best interest of the US to help promote the sale (lease) of US goods and products in the agriculture, construction, transportation, mining and other sectors in Ghana. The results from the TA should provide sufficient market demand/supply information for the leasing industry in Ghana to raise awareness and interest of US manufacturers. The results from the TA should also provide substantial information in regards to the opportunities available (local partnerships, possible joint ventures, association, etc.) for US firms to partner with local firms to be able to successfully compete in a foreign market.

USTDA's funding of the TA should be considered as an opportunity for US firms to establish and define the equipment and machinery standards and specifications that could make the US manufactured products the preferred equipment. In conversations with a representative from John Deere, it was indicated that in a recent tender for the acquisition of agricultural equipment, that the Government of Ghana indicated a preference for the US products and as such, John Deere is expected to obtain the order from the Government of Ghana in the near future.

The IFC, which has a significant presence in Ghana and the region, has endorsed the Terms of Reference for the TA. The endorsement of the proposed TA by IFC, is an extremely important factor that should provide USTDA with a high level of comfort and assurance. The IFC has been instrumental in the development of the leasing industry throughout the world and in Ghana, the IFC has already established the basis for the creation and development of leasing as an alternative source of financing in the country.

The US export potential for the leasing market in Ghana will be determined in detail by the TA, however, the brief assessment conducted as part of the Definitional Mission indicates that the market potential for equipment and machinery in the agricultural, construction and transportation sectors is considered good. The technologies most likely required for the development of agriculture sector are available and ready for exporting from US companies. Likewise, equipment and machinery needed to support the building of infrastructure in Ghana is available from several companies in the US.

Discussions and communications with a sample of US firms involved in the manufacturing of agricultural and construction equipment indicate that there is a strong interest in the African market. Some companies such as John Deere indicated that they are looking closely at the African market as the company wishes to diversify its market selection around the world.

Furthermore, the initiative to support and strengthen the leasing industry in Ghana does not represent a negative impact on the environment or US labor. The proposed leasing initiative is found to be feasible, financially viable, and with substantial developmental impact potential for Ghana, therefore, meeting USTDA's grant funding criteria which justifies the approval of the TA to GALCO.

RECOMMENDATIONS

The application of modern technologies in agriculture through smallholder systems would significantly increase unit area yields for all crops. There is also the need for the emergence of medium and large-scale agricultural enterprises financed by the private sector to transform agriculture into a more highly productive and efficient sector. The government of Ghana has

implemented a series of comprehensive macro-economic reforms and structural adjustments over the last few decades in order to move Ghana from controlled systems to a free market economy, including many areas in the agricultural sector. One of Ghana's overall national goals is for the country to obtain a middle-income status with a per capita income of US \$1,000 by the year 2015 within a decentralized and democratic environment. In order to achieve this national goal it will require that the agricultural sector lead the process through an accelerated growth. The strategy to improve the agricultural sector is to modernize agriculture through mechanization, irrigation, and the use of advanced technologies. Among the key objectives in Ghana's strategies to improve the agricultural sector include food security, agricultural raw materials for industry, agricultural commodities for export, and increased contribution through Ghana's GDP. The government of Ghana plans to contribute to the efforts of agricultural improvements by investing in rural infrastructure and support agricultural research, strengthening the extension of service delivery and strengthening the research-extension-farmer linkage.

In Ghana, farmers, farming associations, rural SME's and other rural enterprises simply do not have access to long-term credit that is traditionally needed to acquire agricultural and construction equipment. The agricultural sector in Ghana is in need of modern equipment and machinery in order to increase productivity and income levels, but without the use of farming equipment and services, this becomes very difficult to achieve. The problem for the most part lies with the fact that farmers and rural enterprises do not have the collateral required by banks and other lending institutions for loans.

In rural Ghana, land titles are almost non-existent (as indicated by Ministry of Agriculture representatives) where in some cases land ownership is still designated by the local tribe chief. As such, land cannot be used as collateral by those farmers seeking loans from banks. Other assets normally owned by farmers are livestock, which is not permitted to be used as collateral under Ghanaian laws. Cash flows are limited for farmers in rural Ghana, as rural enterprises have to invest their profits back into the farming business for the following season. All of these issues represent a significant constrain to rural enterprises in Ghana. On the other hand, leasing does not require collateral or stringent stipulations and lease financing can provide the necessary vehicle to bring equipment financing to rural Ghana.

In many cases leasing will allow rural enterprises to not only lease the equipment needed, but could mean ownership of the asset at the end of the term of the lease. This is important because then the asset remains in the hands of the rural enterprise for future use. In addition, leasing can become a more attractive finance mechanism than bank loans, because leases tend to be more affordable than bank loans as down payments are lower than those required by banks and collateral in many cases is not required. Leasing is also associated with lower transaction costs

than standard loans, which is another advantage that can be offered to rural SME's when considering leasing versus loans.

Leasing has the potential of addressing part of the market failure in the area of rural credit in Ghana. The commercial banks are mostly concentrated in the capital city of Accra and do not have an aggressive strategy for rural outreach. The rural credit unions and micro-finance organizations (MFO's) in Ghana have limited capital and often provide expensive short-term credit.

Leasing represents an alternative to borrowing for rural enterprises as means of acquiring equipment that is badly needed to modernize production and increase productivity. Agricultural equipment leasing has seen tremendous success in Eastern Europe, Central Asia and Latin America. Ghana currently has the required legal and regulatory framework in place to allow leasing as a form of alternative finance for equipment in rural Ghana. According to the "World Leasing Yearbook 2003", several multinational leasing companies such as John Deere have successfully established leasing arrangements for agricultural equipment in countries like, Russia, Mexico Ukraine and many others. Other companies such as DFCU has provided leasing in Uganda worth millions of dollars in farmer equipment, including ricehullers, dairy-processing equipment, and maize-milling equipment.

Grameen Bank in Bangladesh has provided leasing finance in excess of US\$ 22 million in the agriculture sector of that country. Another example is CECAM in Madagascar, where CECAM is the largest financial institution in rural Madagascar, where leased equipment includes capital equipment for agriculture and animals. In the case of DFCU leasing company in Uganda, the DFCU group is owned jointly by IFC, the government of Uganda, and CDC capital partners.

It has been clearly proven in both the private and public sectors, that leasing can become a viable form of business to serve the rural markets of developing countries and Ghana is no exception to the rule. As Ghana continues with its economic growth, foreign investors will set their aim at Ghana's rural markets.

With the MCC's presence in rural Ghana, it would be important for US firms to learn more about the potential of the rural market in Ghana. One way to support the MCC efforts in Ghana and raise the awareness of US firms would be for USTDA to fund the TA for the leasing industry in that country. The results from the conduct of the TA may become a catalyst for future US investment and export of equipment, machinery, and advanced technology in many sectors covered by the leasing industry in Ghana. Given that mechanized agriculture is almost non-existent in Ghana, this presents good opportunities for US companies to enter the agricultural equipment and machinery market.

Existing leasing companies in Accra are already mentioning the need of farming services for rural Ghana as a form of a leasing product for farmers. This will require equipment and machinery acquisitions by those that seek to provide the farming services. The TA is expected to provide the results from a comprehensive market demand and supply analysis that should raise awareness of US suppliers in the various sectors. US agricultural and heavy-duty equipment has a good reputation around the world mainly due to equipment capability and durability. High quality US equipment can have a positive impact on Ghana's building of infrastructure. It is estimated that Ghana can offer good opportunities for US companies to export their products to this country.

There is currently a critical demand for dependable agricultural and construction equipment due to the lack of domestic manufacturing in Ghana. Most of the major infrastructure projects require that construction equipment be imported into Ghana from other countries such as South Africa. The cost to transport the equipment and machinery in and out of Ghana is significant, thus raising the cost of the projects. The lack of trained operators of specialized heavy-duty equipment in Ghana also requires that foreign equipment operator's travel to Ghana.

SME's in rural Ghana are likely to have a significant impact on rural development as leasing becomes available in rural cities and towns. These could include both agriculture-based enterprises such as milk-processors, cold storages, and food processors, as well as other industrial enterprises. For example, DFCU leasing had 47% of its portfolio (US\$7.5 million) in leases in small towns in Uganda.

Leasing can also become a potential source of financing for equipment and machinery in rural road construction, non-grid electricity provision, and rural water supply systems. The World Bank is currently funding the Ghana's Rural Road Rehabilitation project and the Energy Development and Access Project for Ghana. MCC is funding the construction of the N1 Highway Project. All of these and other road projects will require specialized equipment. The recent oil findings in Ghana will undoubtedly attract foreign investment into the country. With the development of the infrastructure required to support the oil industry in Ghana, additional pools of equipment, machinery, and services will be needed in the country.

Additionally, the Government of Ghana is beginning to see tourism as another major component of their economic and plans are being developed to interpret tourism in the future as part of the national economic strategy for the country. Again, as tourism expands in the future, the need for infrastructure and services will increase, and so is the need for financing equipment and services to support the tourism industry. Leasing can play a positive impact in the economic development of the tourism industry in Ghana.

ANNEX 3



**U.S. TRADE AND DEVELOPMENT AGENCY
Arlington, VA 22209-2131**

NATIONALITY, SOURCE, AND ORIGIN REQUIREMENTS

The purpose of USTDA's nationality, source, and origin requirements is to assure the maximum practicable participation of American contractors, technology, equipment and materials in the prefeasibility, feasibility, and implementation stages of a project.

USTDA STANDARD RULE (GRANT AGREEMENT STANDARD LANGUAGE):

Except as USTDA may otherwise agree, each of the following provisions shall apply to the delivery of goods and services funded by USTDA under this Grant Agreement: (a) for professional services, the Contractor must be either a U.S. firm or U.S. individual; (b) the Contractor may use U.S. subcontractors without limitation, but the use of subcontractors from host country may not exceed twenty percent (20%) of the USTDA Grant amount and may only be used for specific services from the Terms of Reference identified in the subcontract; (c) employees of U.S. Contractor or U.S. subcontractor firms responsible for professional services shall be U.S. citizens or non-U.S. citizens lawfully admitted for permanent residence in the U.S.; (d) goods purchased for implementation of the Study and associated delivery services (e.g., international transportation and insurance) must have their nationality, source and origin in the United States; and (e) goods and services incidental to Study support (e.g., local lodging, food, and transportation) in host country are not subject to the above restrictions. USTDA will make available further details concerning these standards of eligibility upon request.

NATIONALITY:

1) Rule

Except as USTDA may otherwise agree, the Contractor for USTDA funded activities must be either a U.S. firm or a U.S. individual. Prime contractors may utilize U.S.

subcontractors without limitation, but the use of host country subcontractors is limited to 20% of the USTDA grant amount.

2) Application

Accordingly, only a U.S. firm or U.S. individual may submit proposals on USTDA funded activities. Although those proposals may include subcontracting arrangements with host country firms or individuals for up to 20% of the USTDA grant amount, they may not include subcontracts with third country entities. U.S. firms submitting proposals must ensure that the professional services funded by the USTDA grant, to the extent not subcontracted to host country entities, are supplied by employees of the firm or employees of U.S. subcontractor firms who are U.S. individuals.

Interested U.S. firms and consultants who submit proposals must meet USTDA nationality requirements as of the due date for the submission of proposals and, if selected, must continue to meet such requirements throughout the duration of the USTDA-financed activity. These nationality provisions apply to whatever portion of the Terms of Reference is funded with the USTDA grant.

3) Definitions

A "U.S. individual" is (a) a U.S. citizen, or (b) a non-U.S. citizen lawfully admitted for permanent residence in the U.S. (a green card holder).

A "U.S. firm" is a privately owned firm which is incorporated in the U.S., with its principal place of business in the U.S., and which is either (a) more than 50% owned by U.S. individuals, or (b) has been incorporated in the U.S. for more than three (3) years prior to the issuance date of the request for proposals; has performed similar services in the U.S. for that three (3) year period; employs U.S. citizens in more than half of its permanent full-time positions in the U.S.; and has the existing capability in the U.S. to perform the work in question.

A partnership, organized in the U.S. with its principal place of business in the U.S., may also qualify as a "U.S. firm" as would a joint venture organized or incorporated in the United States consisting entirely of U.S. firms and/or U.S. individuals.

A nonprofit organization, such as an educational institution, foundation, or association may also qualify as a "U.S. firm" if it is incorporated in the United States and managed by a governing body, a majority of whose members are U.S. individuals.

SOURCE AND ORIGIN:

1) Rule

In addition to the nationality requirement stated above, any goods (e.g., equipment and materials) and services related to their shipment (e.g., international transportation and insurance) funded under the USTDA Grant Agreement must have their source and origin in the United States, unless USTDA otherwise agrees. However, necessary purchases of goods and project support services which are unavailable from a U.S. source (e.g., local food, housing and transportation) are eligible without specific USTDA approval.

2) Application

Accordingly, the prime contractor must be able to demonstrate that all goods and services purchased in the host country to carry out the Terms of Reference for a USTDA Grant Agreement that were not of U.S. source and origin were unavailable in the United States.

3) Definitions

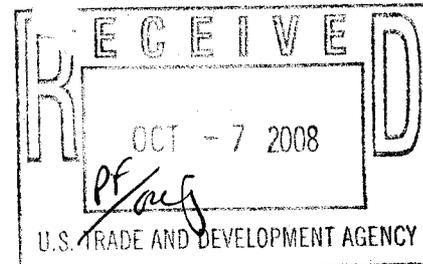
“Source” means the country from which shipment is made.

“Origin” means the place of production, through manufacturing, assembly or otherwise.

Questions regarding these nationality, source and origin requirements may be addressed to the USTDA Office of General Counsel.

ANNEX 4

USTDA # 08-11014B



GRANT AGREEMENT

This Grant Agreement is entered into between the Government of the United States of America, acting through the U.S. Trade and Development Agency ("USTDA") and Ghana Association of Leasing Companies ("Grantee"). USTDA agrees to provide the Grantee under the terms of this Agreement US\$360,000 ("USTDA Grant") to fund the cost of goods and services required for a technical assistance ("TA") on the proposed Leasing Market Development ("Project") in Ghana ("Host Country").

1. USTDA Funding

The funding to be provided under this Grant Agreement shall be used to fund the costs of a contract between the Grantee and the U.S. firm selected by the Grantee ("Contractor") under which the Contractor will perform the TA ("Contract"). Payment to the Contractor will be made directly by USTDA on behalf of the Grantee with the USTDA Grant funds provided under this Grant Agreement.

2. Terms of Reference

The Terms of Reference for the TA ("Terms of Reference") are attached as Annex I and are hereby made a part of this Grant Agreement. The TA will examine the technical, financial, environmental, and other critical aspects of the proposed Project. The Terms of Reference for the TA shall also be included in the Contract.

3. Standards of Conduct

USTDA and the Grantee recognize the existence of standards of conduct for public officials, and commercial entities, in their respective countries. The parties to this Grant Agreement and the Contractor shall observe these standards, which include not accepting payment of money or anything of value, directly or indirectly, from any person for the purpose of illegally or improperly inducing anyone to take any action favorable to any party in connection with the TA.

4. Grantee Responsibilities

The Grantee shall undertake its best efforts to provide reasonable support for the Contractor, such as local transportation, office space, and secretarial support.

5. USTDA as Financier

(A) Competitive Selection Procedures

Selection of the U.S. Contractor shall be carried out by the Grantee according to its established procedures for the competitive selection of contractors with advance notice of the procurement published online through Federal Business Opportunities (www.fedbizopps.gov). Upon request, the Grantee will submit these contracting procedures and related documents to USTDA for information.

(B) USTDA Approval of Contractor Selection

The Grantee shall notify USTDA at the address of record set forth in Article 17 below upon selection of the Contractor to perform the TA. Upon approval of this selection by USTDA, the Grantee and the Contractor shall then enter into a contract for performance of the TA. The Grantee shall notify in writing the U.S. firms that submitted unsuccessful proposals to perform the TA that they were not selected.

(C) USTDA Approval of Contract Between Grantee and Contractor

The Grantee and the Contractor shall enter into a contract for performance of the TA. This contract, and any amendments thereto, including assignments and changes in the Terms of Reference, must be approved by USTDA in writing. To expedite this approval, the Grantee (or the Contractor on the Grantee's behalf) shall transmit to USTDA, at the address set forth in Article 17 below, a photocopy of an English language version of the signed contract or a final negotiated draft version of the contract.

(D) USTDA Not a Party to the Contract

It is understood by the parties that USTDA has reserved certain rights such as, but not limited to, the right to approve the terms of the contract and any amendments thereto, including assignments, the selection of all contractors, the Terms of Reference, the Final Report, and any and all documents related to any contract funded under the Grant Agreement. The parties hereto further understand and agree that USTDA, in reserving any or all of the foregoing approval rights, has acted solely as a financing entity to assure the proper use of United States Government funds, and that any decision by USTDA to exercise or refrain from exercising these approval rights shall be made as a financier in the course of funding the TA and shall not be construed as making USTDA a party to the contract. The parties hereto understand and agree that USTDA may, from time to time, exercise the foregoing approval rights, or discuss matters related to these rights and the Project with the parties to the contract or any subcontract, jointly or separately, without thereby incurring any responsibility or liability to such parties. Any approval or failure to approve by USTDA shall not bar the Grantee or

USTDA from asserting any right they might have against the Contractor, or relieve the Contractor of any liability which the Contractor might otherwise have to the Grantee or USTDA.

(E) Grant Agreement Controlling

Regardless of USTDA approval, the rights and obligations of any party to the contract or subcontract thereunder must be consistent with this Grant Agreement. In the event of any inconsistency between the Grant Agreement and any contract or subcontract funded by the Grant Agreement, the Grant Agreement shall be controlling.

6. Disbursement Procedures

(A) USTDA Approval of Contract Required

USTDA will make disbursements of Grant funds directly to the Contractor only after USTDA approves the Grantee's contract with the Contractor.

(B) Contractor Invoice Requirements

The Grantee should request disbursement of funds by USTDA to the Contractor for performance of the TA by submitting invoices in accordance with the procedures set forth in the USTDA Mandatory Clauses in Annex II.

7. Effective Date

The effective date of this Grant Agreement ("Effective Date") shall be the date of signature by both parties or, if the parties sign on different dates, the date of the last signature.

8. TA Schedule

(A) TA Completion Date

The completion date for the TA, which is November 30, 2009, is the date by which the parties estimate that the TA will have been completed.

(B) Time Limitation on Disbursement of USTDA Grant Funds

Except as USTDA may otherwise agree, (a) no USTDA funds may be disbursed under this Grant Agreement for goods and services which are provided prior to the Effective Date of the Grant Agreement; and (b) all funds made available under the Grant Agreement must be disbursed within four (4) years from the Effective Date of the Grant Agreement.

9. USTDA Mandatory Clauses

All contracts funded under this Grant Agreement shall include the USTDA mandatory clauses set forth in Annex II to this Grant Agreement. All subcontracts funded or partially funded with USTDA Grant funds shall include the USTDA mandatory clauses, except for clauses B(1), G, H, I, and J.

10. Use of U.S. Carriers

(A) Air

Transportation by air of persons or property funded under the Grant Agreement shall be on U.S. flag carriers in accordance with the Fly America Act, 49 U.S.C. 40118, to the extent service by such carriers is available, as provided under applicable U.S. Government regulations.

(B) Marine

Transportation by sea of property funded under the Grant Agreement shall be on U.S. carriers in accordance with U.S. cargo preference law.

11. Nationality, Source and Origin

Except as USTDA may otherwise agree, the following provisions shall govern the delivery of goods and services funded by USTDA under the Grant Agreement: (a) for professional services, the Contractor must be either a U.S. firm or U.S. individual; (b) the Contractor may use U.S. subcontractors without limitation, but the use of subcontractors from Host Country may not exceed twenty percent (20%) of the USTDA Grant amount and may only be used for specific services from the Terms of Reference identified in the subcontract; (c) employees of U.S. Contractor or U.S. subcontractor firms responsible for professional services shall be U.S. citizens or non-U.S. citizens lawfully admitted for permanent residence in the U.S.; (d) goods purchased for performance of the TA and associated delivery services (e.g., international transportation and insurance) must have their nationality, source and origin in the United States; and (e) goods and services incidental to TA support (e.g., local lodging, food, and transportation) in Host Country are not subject to the above restrictions. USTDA will make available further details concerning these provisions upon request.

12. Taxes

USTDA funds provided under the Grant Agreement shall not be used to pay any taxes, tariffs, duties, fees or other levies imposed under laws in effect in Host Country, except for incidental taxes of a de minimis nature imposed on local lodging, food, transportation, or airport arrivals and departures. Neither the Grantee nor the Contractor will seek reimbursement from USTDA for such taxes, tariffs, duties, fees or other levies.

13. Cooperation Between Parties and Follow-Up

The parties will cooperate to assure that the purposes of the Grant Agreement are accomplished. For five (5) years following receipt by USTDA of the Final Report (as defined in Clause I of Annex II), the Grantee agrees to respond to any reasonable inquiries from USTDA about the status of the Project.

14. Implementation Letters

To assist the Grantee in the implementation of the TA, USTDA may, from time to time, issue implementation letters that will provide additional information about matters covered by the Grant Agreement. The parties may also use jointly agreed upon implementation letters to confirm and record their mutual understanding of matters covered by the Grant Agreement.

15. Recordkeeping and Audit

The Grantee agrees to maintain books, records, and other documents relating to the TA and the Grant Agreement adequate to demonstrate implementation of its responsibilities under the Grant Agreement, including the selection of contractors, receipt and approval of contract deliverables, and approval or disapproval of contractor invoices for payment by USTDA. Such books, records, and other documents shall be separately maintained for three (3) years after the date of the final disbursement by USTDA. The Grantee shall afford USTDA or its authorized representatives the opportunity at reasonable times to review books, records, and other documents relating to the TA and the Grant Agreement.

16. Representation of Parties

For all purposes relevant to the Grant Agreement, the Government of the United States of America will be represented by the U. S. Ambassador to Host Country or USTDA and Grantee will be represented by the Ernest Mintah (President). The parties hereto may, by written notice, designate additional representatives for all purposes under the Grant Agreement.

17. Addresses of Record for Parties

Any notice, request, document, or other communication submitted by either party to the other under the Grant Agreement shall be in writing or through a wire or electronic medium which produces a tangible record of the transmission, such as a telegram, cable or facsimile, and will be deemed duly given or sent when delivered to such party at the following:

To: President
Ghana Association of Leasing Companies (GALCO)
c/o International Finance Corporation (The World Bank Group)
1 Central Link Street, South Legon
P.O. Box CT2638, Cantonments,
Accra, GHANA

Phone: (233) 21 214637
Fax: (233) 21 509069

To: U.S. Trade and Development Agency
1000 Wilson Boulevard, Suite 1600
Arlington, Virginia 22209-3901
USA

Phone: (703) 875-4357
Fax: (703) 875-4009

All such communications shall be in English, unless the parties otherwise agree in writing. In addition, the Grantee shall provide the Commercial Section of the U.S. Embassy in Host Country with a copy of each communication sent to USTDA.

Any communication relating to this Grant Agreement shall include the following fiscal data:

Appropriation No.: 11 8/9 1001
Activity No.: 2008-11014B
Reservation No.: 2008110048
Grant No.: GH2008110013

18. Termination Clause

Either party may terminate the Grant Agreement by giving the other party thirty (30) days advance written notice. The termination of the Grant Agreement will end any obligations of the parties to provide financial or other resources for the TA, except for payments which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the written notice of termination.

19. Non-waiver of Rights and Remedies

No delay in exercising any right or remedy accruing to either party in connection with the Grant Agreement shall be construed as a waiver of such right or remedy.

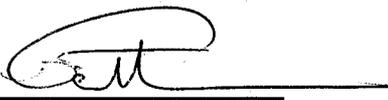
20. U.S. Technology and Equipment

By funding this TA, USTDA seeks to promote the project objectives of the Host Country through the use of U.S. technology, goods, and services. In recognition of this purpose, the Grantee agrees that it will allow U.S. suppliers to compete in the procurement of technology, goods and services needed for Project implementation.

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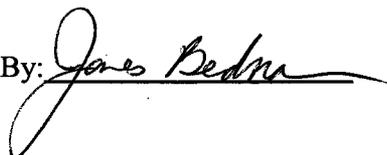
IN WITNESS WHEREOF, the Government of the United States of America and the Ghana Association of Leasing Companies, each acting through its duly authorized representative, have caused this Agreement to be signed in the English language in their names and delivered as of the day and year written below. In the event that this Grant Agreement is signed in more than one language, the English language version shall govern.

**For the Government of the
United States of America**

By: 

Date: 18 September, 2008

Witnessed:

By: 

**For Ghana Association of
Leasing Companies**

By: 

Date: 18 September, 2008

Witnessed:

By: 

Annex I -- Terms of Reference

Annex II -- USTDA Mandatory Clauses

Annex I

Terms of Reference

Objective of the Technical Assistance (TA): The objective of the TA is to enhance, promote and strengthen the leasing industry in Ghana (the Host Country) by providing the Ghana Association of Leasing Companies (the Grantee) and its members with the necessary tools to expand leasing operations throughout the Host Country, and to create a leasing market in the rural areas where agriculture accounts for approximately 40% of Gross Domestic Product. In order to maximize the viability of the leasing sector and of rural leasing in particular, other sectors with similar requirements for leasing to that of the agricultural sector will be evaluated. This includes the construction sector, which also has need for short-term heavy equipment use and exists in both rural and urban areas. The Contractor shall also assess potential opportunities in the agricultural services sector and provide market demand data for future implementation. The outcome of the TA will be to facilitate the development of agricultural leasing and provide farmers and small business enterprises enhanced access to leasing. The Contractor shall present the Grantee and other stakeholders with model business plans for the expansion of the agricultural sector, as well as other related sectors including construction, based on projected demand and business opportunities identified during the course of the TA.

Task 1 – Project Start-Up

- 1.1 The Contractor shall examine the results of other leasing initiatives previously conducted in the Host Country and other similar countries to identify “lessons learned” scenarios.
- 1.2 The Contractor, working in conjunction with the Grantee, shall define the technical assistance team roles and responsibilities, as well as define the stakeholders. During this task, the Contractor shall begin working with a Steering Committee, established by the Grantee, that would represent the Grantee in all matters related to the TA and that would be in continuous consultation with the Contractor.
- 1.3 The Contractor shall create a communications strategy to provide, on an ongoing basis, accurate information to the Steering Committee and other

stakeholders. This plan shall not only inform the parties regarding TA progress, but also serve to receive ongoing feedback from Project stakeholders.

- 1.4 The Contractor shall review the proposed TA schedule (include deliverables and milestones) with the Grantee and make any adjustments or changes that may be needed to successfully develop project tasks. The Contractor shall assign each specific TA task to the appropriate professionals and review its work plan and project methodology with the Grantee.

Task 2 - Legal and Regulatory Review

As part of the technical assistance, the Contractor shall conduct a comprehensive review and analysis of the legal and regulatory environment for the leasing industry in the Host Country, to determine any laws or regulations that may challenge the expansion of leasing financing operations in the Host Country. The Contractor's analysis shall include, but not be limited to, registration of movable assets, fiscal and accounting legislation and regulation, including double taxation, market entry barriers such as licensing and supervision, rights of parties, repossession, the judicial system as a whole, and other major legal or regulatory issues that affect leasing in the Host Country. The low levels of capitalization experienced by the non-bank lessor companies represent a disadvantage in comparison to bank lessors that are in a better position in terms of their levels of capitalization. This situation places banks in a more competitive position to non-bank lessors and, as such, the Contractor shall evaluate potential solutions to level the playing field in the leasing market by developing recommendations for changes in the regulations and laws.

- 2.1 The Contractor shall identify and examine all laws, regulations, by-laws, and orders of legal authority that apply to the leasing industry in the Host Country.
- 2.2 The Contractor shall review and discuss with the Grantee (at a minimum) the Ghana Civil Code, the 1993 Ghana's Finance Lease Law (PNDC Law 331), the 2002 Bank of Ghana Act, the 2004 Banking Act, the 1963 Companies Code, the 1993 Financial Institutions (non-banking) Law, the 2000 Internal Revenue Act, 2001 Internal Revenue Regulations, the

Ghana National Accounting Standards, and any other law or regulatory mandate that directly affects leasing in the Host Country. The Contractor shall determine if the legal authority of the laws and regulations are still in force.

- 2.3 The Contractor shall review, at the minimum, the conceptual structure of the law as it applies to movable property, the basic contract and property laws, the commercial and corporate laws including default and bankruptcy, the banking laws as these relate to leasing, tax laws including income, depreciation expenses, withholding tax, and value added tax.
- 2.4 The Contractor shall review, at a minimum, the laws of investments, restrictions and duties on imported goods, laws and regulations affecting foreign investors, accounting standards, insurance laws, civil litigation procedures, and transportation registration procedures, and other laws and regulations related to financial institutions that affect leasing in the Host Country.
- 2.5 The Contractor shall determine if the legal authority has been amended for any of the pertinent laws and determine if the process has been upgraded to reflect the amendments.
- 2.6 The Contractor shall determine if the scope of the legal authority is sufficient to cover all aspects of the contemplated initiative (expansion of leasing in rural areas).
- 2.7 The Contractor shall determine if any of the proposed recommendations, steps to be taken, and/or initiatives anticipated from the result of the TA will conflict with any requirements imposed by any legal authority in force.
- 2.8 The Contractor shall review the current leasing contract models being used in the Host Country and identify if improvements are needed to facilitate leasing, including detailed recommendations.

- 2.9 The Contractor shall assess the legality and barriers for transporting leased assets across the Host Country's borders, either as "import" or "export" leased equipment.
- 2.10 The Contractor shall compare the local leasing regulations with other international leasing regulations with the purpose of identifying the differences and develop potential recommendations to modify the local regulations.
- 2.11 Deliverable #1: After the comprehensive assessment of the regulatory and legal issues, the Contractor shall prepare an Interim Task Report detailing all findings from the assessment and providing specific recommendations that would lead to further promoting and strengthening the leasing industry in the Host Country. Specific recommendations shall be provided by the Contractor relative to any modifications in regulatory and legal framework to allow for the expansion of leasing in rural areas.

Task 3 - Market Review

The Grantee seeks to better understand the market potential in the rural areas, along with an estimation of demand and supply for leasing in the Host Country. Most of the leasing companies in the Host Country are located in the capital city of Accra, and issues such as transport, long distances to the rural areas, the lack of company subsidiaries and branches (both leasing and equipment/ machinery), the lack of access to credit for farmers and others factors deter the leasing companies and equipment suppliers from reaching the rural areas. The Contractor shall conduct a study of the leasing market demand and supply in the Host Country, with particular emphasis on the agricultural and heavy construction equipment sectors in rural areas. In addition, the Contractor shall also include in its analysis, at a minimum, the market for irrigation equipment and agricultural services. Although leasing in the agriculture sector and in rural areas is not well-developed, the Contractor's market review shall include a thorough analysis of the current situation on the supply and demand sides, as well as forecast the potential demand and supply for leasing services and equipment in rural areas.

- 3.1 The Contractor shall conduct a comprehensive market review and analysis of leasing demand and supply in the Host Country overall and in the rural areas in particular. The Contractor shall discuss its methodology for

completing the market review and analysis with the Grantee to ensure that the requirements of the Terms of Reference are met.

- 3.2 The Contractor shall review, in detail, the lease portfolio of at least five key leasing companies in the country. The analysis shall include the type of lease, credit terms, conditions, average size, and sector applications. The Contractor shall review any available previously conducted leasing survey information in the Host Country for determining the leasing market trends over the last five years. The Contractor may obtain such studies from the Grantee or external sources such as the International Finance Corporation or Ghana Investment Promotion Centre.
- 3.3 The Contractor shall determine and document the current leasing market size in the Host Country and estimate the potential growth (market size) over the next five years with specific detail on needed equipment and machinery and other needs for the rural markets. The Contractor's analysis shall provide a report that will contain, at a minimum, estimated demand for the next five years for key products (e.g. tractors, irrigation equipment, cranes); an identification and analysis of key markets, particularly those in the rural areas, where demand is not being met; and growth rates for each of the markets, including, but not limited to, agriculture (covering, at a minimum, agricultural equipment, services and irrigation) and construction. The Contractor shall present this information as part of the Interim Task Report identified under subtask 3.19.
- 3.4 The Contractor shall identify all (banking and non-banking) leasing providers (lessor) and profile by size, and other services provided.
- 3.5 The Contractor shall identify the leasing recipients (lessees) by sector and size of the firms. For agriculture, the Contractor shall identify any farms or cooperatives that would benefit from equipment leases. For construction, the Contractor shall identify a list of key local construction companies that would be interested in obtaining leased equipment, expanding into rural areas, or that may benefit from the Project.
- 3.6 The Contractor shall review, compare and contrast the relative strengths and weaknesses of leasing in the Host Country.

- 3.7 The Contractor shall provide a detailed description of both the primary and secondary market demand and supply for leasing.
- 3.8 The Contractor shall conduct formal and informal interviews within the rural areas of the Host Country (with farmers, farmer associations, rural construction companies, agricultural organizations, local governments, rural financial institutions, and other) to assess the needs, obstacles, and potential solutions to expand leasing services in rural areas. The Contractor shall develop a target list of organizations working in coordination with project stakeholders and present it to the Grantee for comment and approval. For purpose of developing the list, the Contractor shall contact relevant industry experts and organizations such as, but not limited to, the Millennium Development Account, the World Bank, Trade and Investment Program for a Competitive Export Economy (TIPCEE), the Ministry of Agriculture, etc.
- 3.9 The Contractor shall review the profitability of the leasing market in the Host Country and estimate potential growth and profit margins for the next five years.
- 3.10 Both lessors and lessees often experienced barriers, problems, and financial obstacles in the leasing business. The Contractor shall identify the most prevalent problems for both lessors and lessees in the Host Country, and provide strategies on how these obstacles can be overcome in the future.
- 3.11 The Contractor shall identify the requirements and procedures necessary to offer leasing, as well as identifying shortcomings in the process and recommendations for improvement.
- 3.12 The Contractor shall identify the most common services of financing being used by the lessors in the Host Country, including the terms and conditions. The Contractor shall develop recommendations to assist the lessors in seeking alternate methods of financing that may be less costly.

- 3.13 The Contractor shall analyze and review the funding requirements for banks and non-bank entities in the Host Country and identify potential shortages and financial constraints over the next five years.
- 3.14 The Contractor shall review the status of leasing used equipment and machinery and provide an estimate for this type of leasing for the next five years. The Contractor shall assess the competitiveness of used versus new equipment (pricing, maintenance, etc.) and determine future trends for both.
- 3.15 The Contractor shall conduct a review of secondary equipment and machinery market in the Host Country by providing a listing of the types of equipment and machinery currently being used as secondary equipment and an estimate for the same in the future.
- 3.16 The Contractor shall conduct a comprehensive review of the supply side of the leasing market in the Host Country, including a detailed list of suppliers of equipment and machinery for the following sectors: agriculture, transportation, construction, financial services, manufacturing, mining, consumer, and retail. The Contractor shall examine pricing, warranty, procurement type, delivery, durability, maintenance, and after sale services.
- 3.17 Maintenance of equipment and machinery is a critical component in the leasing of heavy-duty agricultural machinery and equipment as well as of heavy-duty construction equipment. Maintenance of leased equipment in rural areas would present a problem to lessors, mainly due to long distances from the capital city of Accra, the lack of maintenance and service shops, and lack of trained maintenance personnel and other factors that are considered high risks. The Contractor shall examine the maintenance issues that lessors and lessees could face in rural areas and develop recommendations for how to best deal with this issue.
- 3.18 The Contractor shall assess the potential of local micro-financial institutions to offer micro-leasing in rural areas and provide a report of the findings.

- 3.19 Deliverable: At the completion of this task, the Contractor shall prepare an Interim Task Report detailing all findings from the market assessment.

Task 4 - Development of a Business Plan

Leasing in rural areas of the Host Country is not well-developed. The Grantee seeks the advice and guidance from technical experts in the development of a business plan to penetrate the rural market and expand the availability of leasing services. The intent is also to create public awareness and increase investment opportunities in leasing in rural areas by expanding leasing program activities in collaboration with local farming associations, rural financial institutions, and other stakeholders. Another objective is to promote the growth in the number of lessors that potentially could service the rural market and to increase the portfolio size of existing lessors by expanding their services in rural areas. In addition, the leasing market in the Host Country is in need of financing and a business plan is needed to assist lessors in the rural market in seeking finance. In developing a leasing business plan for the rural market, the Contractor shall consider business models that may also be effective in reaching markets identified under subtask 3.3. The Contractor shall develop the business plan for rural leasing that is most viable for penetrating the rural market, which may include a phased plan that incorporates strengthening the urban market in anticipation of expanding the availability of leasing services in the rural market.

- 4.1 Based on the results obtained from Tasks 1, 2, and 3, the Contractor shall develop a business plan that will be specifically tailored to the rural market in the Host Country. The Contractor's business plan shall consider all major sectors in the rural market (that were identified in the market study) and provide a systematic process that can be followed by lessors to expand their services in the rural market. The business plan shall include, at the minimum, a clear business plan for agricultural and heavy construction equipment leasing in rural areas and for key markets identified under subtask 3.3. The business plan will be provided to the Grantee for distribution to appropriate stakeholders.
- 4.2 The Contractor shall make sure that the development of the business model and its action plan are in accordance with the Host Country's current regulatory and legal framework, and if recommendations in the

plan are non-conforming with the law, the Contractor shall identify the changes that would be required in the legal framework.

4.3 The Contractor's business plan shall cover, at a minimum, business subjects including the following: economics, entrepreneurship, finance, marketing, and operation. The business model shall include an examination and discussion of the following components:

- Value Proposition - A description of the customers' needs, the products that address these needs, and the value of the product from the customers' perspective.
- Market Segment - The group of customers to target, recognizing that different market segments have different needs.
- Value Chain Structure - The leasing activities in the value chain and how leasing firms will capture part of the value that they create in the chain.
- Revenue Generation and Margins - How revenue is generated (sales, leasing, subscription, support, etc.), the cost structure, and target profit margins.
- Position in Value Network - Identification of competitive programs or initiatives, and any network effects that can be utilized to deliver more value to the customer.
- Competitive Strategy - How the lessor will attempt to develop a sustainable competitive advantage over other types of financing by means of, for example, a cost, differentiation or niche strategy. This shall also include a pricing strategy.

4.4 The Contractor shall review potential partnership opportunities that lessors may establish with local (rural) financial and non-financial institutions and/or with equipment suppliers and investors to facilitate leasing in rural areas (brokers, rural banks, micro-finance institutions, national banks, etc). The Contractor shall conduct a sub-sector analysis to examine processes in the various sub-sectors of the rural market and assess the value added, institutions involved, an estimate of the number of people affected, as well as an estimate of the volumes of business to be transacted. This analysis shall generate a

sub-sector report that will identify the sub-sector in which improved access to equipment is likely to have the most positive income impact.

- 4.5 The Contractor shall assess and report on the training needs that may be necessary for lessors (bank and non-bank), government regulators, and local firms involved in leasing in the Host Country. The Contractor shall specifically report the training needs necessary for lessors to expand their services in rural areas, as well as training needs for rural financial institutions and other stakeholders in the rural market.
- 4.6 The Contractor shall organize, develop and conduct a series of four half-day seminars for current and potential lessees and for all other stakeholders in the leasing industry. The Contractor shall present one seminar in the capital city of Accra, covering its recommendations for Leasing operators in the Host Country, including both the urban and rural sides of leasing and three additional seminars, each in three rural cities in the Host Country (locations to be determined by Contractor in consultation with Grantee). The seminars in the rural areas shall focus on creating public awareness of the leasing industry and services for the various sectors and increasing investment opportunities in leasing in the rural markets. All of the seminars shall include a discussion of the main findings of the TA and feedback received shall be documented by the Contractor. The Grantee will be responsible for publicizing the seminars. The Contractor shall work in close coordination with the Grantee to develop a target list of attendees. The Contractor shall be responsible for providing space for the seminars.

Task 5 - Host Country Developmental Impacts

The Contractor shall conduct a comprehensive developmental impact analysis focusing on what developmental impact is likely if the leasing initiative and its recommendations are implemented according to the TA findings. While specific focus shall be paid by the Contractor to the immediate impact of the leasing initiative, the Contractor shall include any additional developmental benefits that may result from the leasing initiative implementation, including spin-off and demonstration effects.

The Contractor's analysis shall include an assessment of each of the following categories with respect to the leasing initiative's potential developmental impact:

- Infrastructure: The Contractor shall provide a statement on the infrastructure impact, giving a brief synopsis and specific examples on impact in infrastructure. For example: 'As a result of expanding finance leasing in rural areas, it is expected that over 100 kilometers of rural roads will be constructed for the transport of 10,000 tons of products from farms to markets.'
- Market – Oriented Reform: The Contractor shall provide a description of any regulation, laws, or institutional changes that are recommended and the effect they would have if implemented. The Contractor shall be specific in terms of the recommended reforms.
- Human Capacity Building: The Contractor shall assess the number and type of local positions that would be needed in the leasing industry, as well as the number of local people who would receive training; describe such potential training programs to train lessors, equipment suppliers, farmer association, rural and urban financial institutions, government regulators, etc.
- Technology Transfer and Productivity Enhancement: The Contractor shall provide a description of any advanced technologies that would be utilized as a result of the leasing initiative. The Contractor shall provide specific reporting of the possible new technologies to be imported into the Host Country and how productivity will be enhanced in the specific sectors identified.
- Other: The Contractor shall describe any other developmental impacts or benefits that would result from the leasing initiative taking effect in rural areas. Examples might include replication of the leasing initiative in other areas of the country, increase financial competition, improvement to banking governance or improved financial revenue flows to the host country.

Task 6 - US Sources of Supply

While aiming at optimum recommendations and characteristics for the leasing initiative, the Contractor shall provide a complete assessment of the availability of potential US sources of supply for the major sectors identified by the market analysis. The Contractor shall provide a substantial list of US supplier of equipment and machinery, advanced technologies, and service providers that may be available to satisfy the market demand in the Host Country. Business name, point of contact, address, telephone, e-mail, and fax numbers shall be included by the Contractor for each source, in addition to providing a summary of the discussions held with the US suppliers.

Task 7 – Preliminary Environmental Impact

- 1) The Contractor shall conduct an assessment of the potential environmental impacts that may result from the implementation of recommendations from the Project. This assessment shall identify potentially negative impacts, discuss the extent to which they can be mitigated, and describe plans for a more detailed environmental and social impact assessment, if needed.

Task 8 - Final Report

The Contractor shall prepare and deliver to the Grantee and USTDA a substantive and comprehensive final report of all work performed under these Terms of Reference (“Final Report”). The Final Report shall be organized according to the above tasks, and shall include all deliverables and documents that have been provided to the Grantee. The Final Report shall be prepared in accordance with Clause I of Annex II of the Grant Agreement.

Notes:

- (1) The Contractor is responsible for compliance with U.S. export licensing requirements, if applicable, in the performance of the Terms of Reference.
- (2) The Contractor and the Grantee shall be careful to ensure that the public version of the Final Report contains no security or confidential information.
- (3) The Grantee and USTDA shall have an irrevocable, worldwide, royalty-free, non-exclusive right to use and distribute the Final Report and all work product that is developed under these Terms of Reference.

Annex II

USTDA Mandatory Contract Clauses

A. USTDA Mandatory Clauses Controlling

The parties to this contract acknowledge that this contract is funded in whole or in part by the U.S. Trade and Development Agency ("USTDA") under the Grant Agreement between the Government of the United States of America acting through USTDA and the Ghana Association of Leasing Companies ("Client"), dated _____ ("Grant Agreement"). The Client has selected _____ ("Contractor") to perform the Technical Assistance ("TA") for the Leasing Market Development project ("Project") in Ghana ("Host Country"). Notwithstanding any other provisions of this contract, the following USTDA mandatory contract clauses shall govern. All subcontracts entered into by Contractor funded or partially funded with USTDA Grant funds shall include these USTDA mandatory contract clauses, except for clauses B(1), G, H, I, and J. In addition, in the event of any inconsistency between the Grant Agreement and any contract or subcontract thereunder, the Grant Agreement shall be controlling.

B. USTDA as Financier

(1) USTDA Approval of Contract

All contracts funded under the Grant Agreement, and any amendments thereto, including assignments and changes in the Terms of Reference, must be approved by USTDA in writing in order to be effective with respect to the expenditure of USTDA Grant funds. USTDA will not authorize the disbursement of USTDA Grant funds until the contract has been formally approved by USTDA or until the contract conforms to modifications required by USTDA during the contract review process.

(2) USTDA Not a Party to the Contract

It is understood by the parties that USTDA has reserved certain rights such as, but not limited to, the right to approve the terms of this contract and amendments thereto, including assignments, the selection of all contractors, the Terms of Reference, the Final Report, and any and all documents related to any contract funded under the Grant Agreement. The parties hereto further understand and agree that USTDA, in reserving any or all of the foregoing approval rights, has acted solely as a financing entity to assure the proper use of United States Government funds, and that any decision by USTDA to exercise or refrain from exercising these approval rights shall be made as a financier in the course of financing the TA and shall not be construed as making USTDA a party to the contract. The parties hereto understand and agree that USTDA may, from time to time, exercise the foregoing approval rights, or discuss matters related to these rights and the Project with the parties to the contract or any subcontract, jointly or separately, without thereby incurring any responsibility or liability to such parties. Any approval or failure to approve by USTDA shall not bar

the Client or USTDA from asserting any right they might have against the Contractor, or relieve the Contractor of any liability which the Contractor might otherwise have to the Client or USTDA.

C. Nationality, Source and Origin

Except as USTDA may otherwise agree, the following provisions shall govern the delivery of goods and services funded by USTDA under the Grant Agreement: (a) for professional services, the Contractor must be either a U.S. firm or U.S. individual; (b) the Contractor may use U.S. subcontractors without limitation, but the use of subcontractors from Host Country may not exceed twenty percent (20%) of the USTDA Grant amount and may only be used for specific services from the Terms of Reference identified in the subcontract; (c) employees of U.S. Contractor or U.S. subcontractor firms responsible for professional services shall be U.S. citizens or non-U.S. citizens lawfully admitted for permanent residence in the U.S.; (d) goods purchased for performance of the TA and associated delivery services (e.g., international transportation and insurance) must have their nationality, source and origin in the United States; and (e) goods and services incidental to TA support (e.g., local lodging, food, and transportation) in Host Country are not subject to the above restrictions. USTDA will make available further details concerning these provisions upon request.

D. Recordkeeping and Audit

The Contractor and subcontractors funded under the Grant Agreement shall maintain, in accordance with generally accepted accounting procedures, books, records, and other documents, sufficient to reflect properly all transactions under or in connection with the contract. These books, records, and other documents shall clearly identify and track the use and expenditure of USTDA funds, separately from other funding sources. Such books, records, and documents shall be maintained during the contract term and for a period of three (3) years after final disbursement by USTDA. The Contractor and subcontractors shall afford USTDA, or its authorized representatives, the opportunity at reasonable times for inspection and audit of such books, records, and other documentation.

E. U.S. Carriers

(1) Air

Transportation by air of persons or property funded under the Grant Agreement shall be on U.S. flag carriers in accordance with the Fly America Act, 49 U.S.C. 40118, to the extent service by such carriers is available, as provided under applicable U.S. Government regulations.

(2) Marine

Transportation by sea of property funded under the Grant Agreement shall be on U.S. carriers in accordance with U.S. cargo preference law.

F. Workman's Compensation Insurance

The Contractor shall provide adequate Workman's Compensation Insurance coverage for work performed under this Contract.

G. Reporting Requirements

The Contractor shall advise USTDA by letter as to the status of the Project on March 1st annually for a period of two (2) years after completion of the TA. In addition, if at any time the Contractor receives follow-on work from the Client, the Contractor shall so notify USTDA and designate the Contractor's contact point including name, telephone, and fax number. Since this information may be made publicly available by USTDA, any information which is confidential shall be designated as such by the Contractor and provided separately to USTDA. USTDA will maintain the confidentiality of such information in accordance with applicable law.

H. Disbursement Procedures

(1) USTDA Approval of Contract

Disbursement of Grant funds will be made only after USTDA approval of this contract. To make this review in a timely fashion, USTDA must receive from either the Client or the Contractor a photocopy of an English language version of a signed contract or a final negotiated draft version to the attention of the General Counsel's office at USTDA's address listed in Clause M below.

(2) Payment Schedule Requirements

A payment schedule for disbursement of Grant funds to the Contractor shall be included in this Contract. Such payment schedule must conform to the following USTDA requirements: (1) up to twenty percent (20%) of the total USTDA Grant amount may be used as a mobilization payment; (2) all other payments, with the exception of the final payment, shall be based upon contract performance milestones; and (3) the final payment may be no less than fifteen percent (15%) of the total USTDA Grant amount, payable upon receipt by USTDA of an approved Final Report in accordance with the specifications and quantities set forth in Clause I below. Invoicing procedures for all payments are described below.

(3) Contractor Invoice Requirements

USTDA will make all disbursements of USTDA Grant funds directly to the Contractor. The Contractor must provide USTDA with an ACH Vendor Enrollment Form (available from USTDA) with the first invoice. The Client shall request

disbursement of funds by USTDA to the Contractor for performance of the contract by submitting the following to USTDA:

(a) Contractor's Invoice

The Contractor's invoice shall include reference to an item listed in the Contract payment schedule, the requested payment amount, and an appropriate certification by the Contractor, as follows:

(i) For a mobilization payment (if any):

"As a condition for this mobilization payment, the Contractor certifies that it will perform all work in accordance with the terms of its Contract with the Client. To the extent that the Contractor does not comply with the terms and conditions of the Contract, including the USTDA mandatory provisions contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA. "

(ii) For contract performance milestone payments:

"The Contractor has performed the work described in this invoice in accordance with the terms of its contract with the Client and is entitled to payment thereunder. To the extent the Contractor has not complied with the terms and conditions of the Contract, including the USTDA mandatory provisions contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA."

(iii) For final payment:

"The Contractor has performed the work described in this invoice in accordance with the terms of its contract with the Client and is entitled to payment thereunder. Specifically, the Contractor has submitted the Final Report to the Client, as required by the Contract, and received the Client's approval of the Final Report. To the extent the Contractor has not complied with the terms and conditions of the Contract, including the USTDA mandatory provisions contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA."

(b) Client's Approval of the Contractor's Invoice

(i) The invoice for a mobilization payment must be approved in writing by the Client.

(ii) For contract performance milestone payments, the following certification by the Client must be provided on the invoice or separately:

"The services for which disbursement is requested by the Contractor have been performed satisfactorily, in accordance with applicable Contract provisions and the terms and conditions of the USTDA Grant Agreement."

(iii) For final payment, the following certification by the Client must be provided on the invoice or separately:

"The services for which disbursement is requested by the Contractor have been performed satisfactorily, in accordance with applicable Contract provisions and terms and conditions of the USTDA Grant Agreement. The Final Report submitted by the Contractor has been reviewed and approved by the Client. "

(c) USTDA Address for Disbursement Requests

Requests for disbursement shall be submitted by courier or mail to the attention of the Finance Department at USTDA's address listed in Clause M below.

(4) Termination

In the event that the Contract is terminated prior to completion, the Contractor will be eligible, subject to USTDA approval, for reasonable and documented costs which have been incurred in performing the Terms of Reference prior to termination, as well as reasonable wind down expenses. Reimbursement for such costs shall not exceed the total amount of undisbursed Grant funds. Likewise, in the event of such termination, USTDA is entitled to receive from the Contractor all USTDA Grant funds previously disbursed to the Contractor (including but not limited to mobilization payments) which exceed the reasonable and documented costs incurred in performing the Terms of Reference prior to termination.

I. USTDA Final Report

(1) Definition

"Final Report" shall mean the Final Report described in the attached Annex I Terms of Reference or, if no such "Final Report" is described therein, "Final Report" shall mean a substantive and comprehensive report of work performed in accordance with the attached Annex I Terms of Reference, including any documents delivered to the Client.

(2) Final Report Submission Requirements

The Contractor shall provide the following to USTDA:

- (a) One (1) complete version of the Final Report for USTDA's records. This version shall have been approved by the Client in writing and must be in the English language. It is the responsibility of the Contractor to ensure that confidential information, if any, contained in this version be clearly marked. USTDA will maintain the confidentiality of such information in accordance with applicable law.

and

(b) One (1) copy of the Final Report suitable for public distribution ("Public Version"). The Public Version shall have been approved by the Client in writing and must be in the English language. As this version will be available for public distribution, it must not contain any confidential information. If the report in (a) above contains no confidential information, it may be used as the Public Version. In any event, the Public Version must be informative and contain sufficient Project detail to be useful to prospective equipment and service providers.

and

(c) Two (2) CD-ROMs, each containing a complete copy of the Public Version of the Final Report. The electronic files on the CD-ROMs shall be submitted in a commonly accessible read-only format. As these CD-ROMs will be available for public distribution, they must not contain any confidential information. It is the responsibility of the Contractor to ensure that no confidential information is contained on the CD-ROMs.

The Contractor shall also provide one (1) copy of the Public Version of the Final Report to the Foreign Commercial Service Officer or the Economic Section of the U.S. Embassy in Host Country for informational purposes.

(3) Final Report Presentation

All Final Reports submitted to USTDA must be paginated and include the following:

(a) The front cover of every Final Report shall contain the name of the Client, the name of the Contractor who prepared the report, a report title, USTDA's logo, USTDA's mailing and delivery addresses. If the complete version of the Final Report contains confidential information, the Contractor shall be responsible for labeling the front cover of that version of the Final Report with the term "Confidential Version." The Contractor shall be responsible for labeling the front cover of the Public Version of the Final Report with the term "Public Version." The front cover of every Final Report shall also contain the following disclaimer:

"This report was funded by the U.S. Trade and Development Agency (USTDA), an agency of the U. S. Government. The opinions, findings, conclusions or recommendations expressed in this document are those of the author(s) and do not necessarily represent the official position or policies of USTDA. USTDA makes no representation about, nor does it accept responsibility for, the accuracy or completeness of the information contained in this report."

(b) The inside front cover of every Final Report shall contain USTDA's logo, USTDA's mailing and delivery addresses, and USTDA's mission statement.

Camera-ready copy of USTDA Final Report specifications will be available from USTDA upon request.

(c) The Contractor shall affix to the front of the CD-ROM a label identifying the Host Country, USTDA Activity Number, the name of the Client, the name of the Contractor who prepared the report, a report title, and the following language:

“The Contractor certifies that this CD-ROM contains the Public Version of the Final Report and that all contents are suitable for public distribution.”

(d) The Contractor and any subcontractors that perform work pursuant to the Grant Agreement must be clearly identified in the Final Report. Business name, point of contact, address, telephone and fax numbers shall be included for Contractor and each subcontractor.

(e) The Final Report, while aiming at optimum specifications and characteristics for the Project, shall identify the availability of prospective U.S. sources of supply. Business name, point of contact, address, telephone and fax numbers shall be included for each commercial source.

(f) The Final Report shall be accompanied by a letter or other notation by the Client which states that the Client approves the Final Report. A certification by the Client to this effect provided on or with the invoice for final payment will meet this requirement.

J. Modifications

All changes, modifications, assignments or amendments to this contract, including the appendices, shall be made only by written agreement by the parties hereto, subject to written USTDA approval.

K. TA Schedule

(1) TA Completion Date

The completion date for the TA, which is November 30, 2009, is the date by which the parties estimate that the TA will have been completed.

(2) Time Limitation on Disbursement of USTDA Grant Funds

Except as USTDA may otherwise agree, (a) no USTDA funds may be disbursed under this contract for goods and services which are provided prior to the Effective Date of the Grant Agreement; and (b) all funds made available under the Grant Agreement must be disbursed within four (4) years from the Effective Date of the Grant Agreement.

L. Business Practices

The Contractor agrees not to pay, promise to pay, or authorize the payment of any money or anything of value, directly or indirectly, to any person (whether a governmental official or private individual) for the purpose of illegally or improperly inducing anyone to take any action favorable to any party in connection with the TA. The Client agrees not to receive any such payment. The Contractor and the Client agree that each will require that any agent or representative hired to represent them in connection with the TA will comply with this paragraph and all laws which apply to activities and obligations of each party under this Contract, including but not limited to those laws and obligations dealing with improper payments as described above.

M. USTDA Address and Fiscal Data

Any communication with USTDA regarding this Contract shall be sent to the following address and include the fiscal data listed below:

U.S. Trade and Development Agency
1000 Wilson Boulevard, Suite 1600
Arlington, Virginia 22209-3901
USA

Phone: (703) 875-4357
Fax: (703) 875-4009

Fiscal Data:

Appropriation No.: 11 8/9 1001
Activity No.: 2008-11014B
Reservation No.: 2008110048
Grant No.: GH2008110013

N. Definitions

All capitalized terms not otherwise defined herein shall have the meaning set forth in the Grant Agreement.

O. Taxes

USTDA funds provided under the Grant Agreement shall not be used to pay any taxes, tariffs, duties, fees or other levies imposed under laws in effect in Host Country, except for incidental taxes of a de minimis nature imposed on local lodging, food, transportation, or airport arrivals and departures. Neither the Client nor the Contractor will seek reimbursement from USTDA for such taxes, tariffs, duties, fees or other levies.

ANNEX 5

Annex I

Terms of Reference

Objective of the Technical Assistance (TA): The objective of the TA is to enhance, promote and strengthen the leasing industry in Ghana (the Host Country) by providing the Ghana Association of Leasing Companies (the Grantee) and its members with the necessary tools to expand leasing operations throughout the Host Country, and to create a leasing market in the rural areas where agriculture accounts for approximately 40% of Gross Domestic Product. In order to maximize the viability of the leasing sector and of rural leasing in particular, other sectors with similar requirements for leasing to that of the agricultural sector will be evaluated. This includes the construction sector, which also has need for short-term heavy equipment use and exists in both rural and urban areas. The Contractor shall also assess potential opportunities in the agricultural services sector and provide market demand data for future implementation. The outcome of the TA will be to facilitate the development of agricultural leasing and provide farmers and small business enterprises enhanced access to leasing. The Contractor shall present the Grantee and other stakeholders with model business plans for the expansion of the agricultural sector, as well as other related sectors including construction, based on projected demand and business opportunities identified during the course of the TA.

Task 1 – Project Start-Up

- 1.1 The Contractor shall examine the results of other leasing initiatives previously conducted in the Host Country and other similar countries to identify “lessons learned” scenarios.
- 1.2 The Contractor, working in conjunction with the Grantee, shall define the technical assistance team roles and responsibilities, as well as define the stakeholders. During this task, the Contractor shall begin working with a Steering Committee, established by the Grantee, that would represent the Grantee in all matters related to the TA and that would be in continuous consultation with the Contractor.
- 1.3 The Contractor shall create a communications strategy to provide, on an ongoing basis, accurate information to the Steering Committee and other

stakeholders. This plan shall not only inform the parties regarding TA progress, but also serve to receive ongoing feedback from Project stakeholders.

- 1.4 The Contractor shall review the proposed TA schedule (include deliverables and milestones) with the Grantee and make any adjustments or changes that may be needed to successfully develop project tasks. The Contractor shall assign each specific TA task to the appropriate professionals and review its work plan and project methodology with the Grantee.

Task 2 - Legal and Regulatory Review

As part of the technical assistance, the Contractor shall conduct a comprehensive review and analysis of the legal and regulatory environment for the leasing industry in the Host Country, to determine any laws or regulations that may challenge the expansion of leasing financing operations in the Host Country. The Contractor's analysis shall include, but not be limited to, registration of movable assets, fiscal and accounting legislation and regulation, including double taxation, market entry barriers such as licensing and supervision, rights of parties, repossession, the judicial system as a whole, and other major legal or regulatory issues that affect leasing in the Host Country. The low levels of capitalization experienced by the non-bank lessor companies represent a disadvantage in comparison to bank lessors that are in a better position in terms of their levels of capitalization. This situation places banks in a more competitive position to non-bank lessors and, as such, the Contractor shall evaluate potential solutions to level the playing field in the leasing market by developing recommendations for changes in the regulations and laws.

- 2.1 The Contractor shall identify and examine all laws, regulations, by-laws, and orders of legal authority that apply to the leasing industry in the Host Country.
- 2.2 The Contractor shall review and discuss with the Grantee (at a minimum) the Ghana Civil Code, the 1993 Ghana's Finance Lease Law (PNDC Law 331), the 2002 Bank of Ghana Act, the 2004 Banking Act, the 1963 Companies Code, the 1993 Financial Institutions (non-banking) Law, the 2000 Internal Revenue Act, 2001 Internal Revenue Regulations, the

Ghana National Accounting Standards, and any other law or regulatory mandate that directly affects leasing in the Host Country. The Contractor shall determine if the legal authority of the laws and regulations are still in force.

- 2.3 The Contractor shall review, at the minimum, the conceptual structure of the law as it applies to movable property, the basic contract and property laws, the commercial and corporate laws including default and bankruptcy, the banking laws as these relate to leasing, tax laws including income, depreciation expenses, withholding tax, and value added tax.
- 2.4 The Contractor shall review, at a minimum, the laws of investments, restrictions and duties on imported goods, laws and regulations affecting foreign investors, accounting standards, insurance laws, civil litigation procedures, and transportation registration procedures, and other laws and regulations related to financial institutions that affect leasing in the Host Country.
- 2.5 The Contractor shall determine if the legal authority has been amended for any of the pertinent laws and determine if the process has been upgraded to reflect the amendments.
- 2.6 The Contractor shall determine if the scope of the legal authority is sufficient to cover all aspects of the contemplated initiative (expansion of leasing in rural areas).
- 2.7 The Contractor shall determine if any of the proposed recommendations, steps to be taken, and/or initiatives anticipated from the result of the TA will conflict with any requirements imposed by any legal authority in force.
- 2.8 The Contractor shall review the current leasing contract models being used in the Host Country and identify if improvements are needed to facilitate leasing, including detailed recommendations.

- 2.9 The Contractor shall assess the legality and barriers for transporting leased assets across the Host Country's borders, either as "import" or "export" leased equipment.
- 2.10 The Contractor shall compare the local leasing regulations with other international leasing regulations with the purpose of identifying the differences and develop potential recommendations to modify the local regulations.
- 2.11 Deliverable #1: After the comprehensive assessment of the regulatory and legal issues, the Contractor shall prepare an Interim Task Report detailing all findings from the assessment and providing specific recommendations that would lead to further promoting and strengthening the leasing industry in the Host Country. Specific recommendations shall be provided by the Contractor relative to any modifications in regulatory and legal framework to allow for the expansion of leasing in rural areas.

Task 3 - Market Review

The Grantee seeks to better understand the market potential in the rural areas, along with an estimation of demand and supply for leasing in the Host Country. Most of the leasing companies in the Host Country are located in the capital city of Accra, and issues such as transport, long distances to the rural areas, the lack of company subsidiaries and branches (both leasing and equipment/ machinery), the lack of access to credit for farmers and others factors deter the leasing companies and equipment suppliers from reaching the rural areas. The Contractor shall conduct a study of the leasing market demand and supply in the Host Country, with particular emphasis on the agricultural and heavy construction equipment sectors in rural areas. In addition, the Contractor shall also include in its analysis, at a minimum, the market for irrigation equipment and agricultural services. Although leasing in the agriculture sector and in rural areas is not well-developed, the Contractor's market review shall include a thorough analysis of the current situation on the supply and demand sides, as well as forecast the potential demand and supply for leasing services and equipment in rural areas.

- 3.1 The Contractor shall conduct a comprehensive market review and analysis of leasing demand and supply in the Host Country overall and in the rural areas in particular. The Contractor shall discuss its methodology for

completing the market review and analysis with the Grantee to ensure that the requirements of the Terms of Reference are met.

- 3.2 The Contractor shall review, in detail, the lease portfolio of at least five key leasing companies in the country. The analysis shall include the type of lease, credit terms, conditions, average size, and sector applications. The Contractor shall review any available previously conducted leasing survey information in the Host Country for determining the leasing market trends over the last five years. The Contractor may obtain such studies from the Grantee or external sources such as the International Finance Corporation or Ghana Investment Promotion Centre.
- 3.3 The Contractor shall determine and document the current leasing market size in the Host Country and estimate the potential growth (market size) over the next five years with specific detail on needed equipment and machinery and other needs for the rural markets. The Contractor's analysis shall provide a report that will contain, at a minimum, estimated demand for the next five years for key products (e.g. tractors, irrigation equipment, cranes); an identification and analysis of key markets, particularly those in the rural areas, where demand is not being met; and growth rates for each of the markets, including, but not limited to, agriculture (covering, at a minimum, agricultural equipment, services and irrigation) and construction. The Contractor shall present this information as part of the Interim Task Report identified under subtask 3.19.
- 3.4 The Contractor shall identify all (banking and non-banking) leasing providers (lessor) and profile by size, and other services provided.
- 3.5 The Contractor shall identify the leasing recipients (lessees) by sector and size of the firms. For agriculture, the Contractor shall identify any farms or cooperatives that would benefit from equipment leases. For construction, the Contractor shall identify a list of key local construction companies that would be interested in obtaining leased equipment, expanding into rural areas, or that may benefit from the Project.
- 3.6 The Contractor shall review, compare and contrast the relative strengths and weaknesses of leasing in the Host Country.

- 3.7 The Contractor shall provide a detailed description of both the primary and secondary market demand and supply for leasing.
- 3.8 The Contractor shall conduct formal and informal interviews within the rural areas of the Host Country (with farmers, farmer associations, rural construction companies, agricultural organizations, local governments, rural financial institutions, and other) to assess the needs, obstacles, and potential solutions to expand leasing services in rural areas. The Contractor shall develop a target list of organizations working in coordination with project stakeholders and present it to the Grantee for comment and approval. For purpose of developing the list, the Contractor shall contact relevant industry experts and organizations such as, but not limited to, the Millennium Development Account, the World Bank, Trade and Investment Program for a Competitive Export Economy (TIPCEE), the Ministry of Agriculture, etc.
- 3.9 The Contractor shall review the profitability of the leasing market in the Host Country and estimate potential growth and profit margins for the next five years.
- 3.10 Both lessors and lessees often experienced barriers, problems, and financial obstacles in the leasing business. The Contractor shall identify the most prevalent problems for both lessors and lessees in the Host Country, and provide strategies on how these obstacles can be overcome in the future.
- 3.11 The Contractor shall identify the requirements and procedures necessary to offer leasing, as well as identifying shortcomings in the process and recommendations for improvement.
- 3.12 The Contractor shall identify the most common services of financing being used by the lessors in the Host Country, including the terms and conditions. The Contractor shall develop recommendations to assist the lessors in seeking alternate methods of financing that may be less costly.

- 3.13 The Contractor shall analyze and review the funding requirements for banks and non-bank entities in the Host Country and identify potential shortages and financial constraints over the next five years.
- 3.14 The Contractor shall review the status of leasing used equipment and machinery and provide an estimate for this type of leasing for the next five years. The Contractor shall assess the competitiveness of used versus new equipment (pricing, maintenance, etc.) and determine future trends for both.
- 3.15 The Contractor shall conduct a review of secondary equipment and machinery market in the Host Country by providing a listing of the types of equipment and machinery currently being used as secondary equipment and an estimate for the same in the future.
- 3.16 The Contractor shall conduct a comprehensive review of the supply side of the leasing market in the Host Country, including a detailed list of suppliers of equipment and machinery for the following sectors: agriculture, transportation, construction, financial services, manufacturing, mining, consumer, and retail. The Contractor shall examine pricing, warranty, procurement type, delivery, durability, maintenance, and after sale services.
- 3.17 Maintenance of equipment and machinery is a critical component in the leasing of heavy-duty agricultural machinery and equipment as well as of heavy-duty construction equipment. Maintenance of leased equipment in rural areas would present a problem to lessors, mainly due to long distances from the capital city of Accra, the lack of maintenance and service shops, and lack of trained maintenance personnel and other factors that are considered high risks. The Contractor shall examine the maintenance issues that lessors and lessees could face in rural areas and develop recommendations for how to best deal with this issue.
- 3.18 The Contractor shall assess the potential of local micro-financial institutions to offer micro-leasing in rural areas and provide a report of the findings.

- 3.19 Deliverable: At the completion of this task, the Contractor shall prepare an Interim Task Report detailing all findings from the market assessment.

Task 4 - Development of a Business Plan

Leasing in rural areas of the Host Country is not well-developed. The Grantee seeks the advice and guidance from technical experts in the development of a business plan to penetrate the rural market and expand the availability of leasing services. The intent is also to create public awareness and increase investment opportunities in leasing in rural areas by expanding leasing program activities in collaboration with local farming associations, rural financial institutions, and other stakeholders. Another objective is to promote the growth in the number of lessors that potentially could service the rural market and to increase the portfolio size of existing lessors by expanding their services in rural areas. In addition, the leasing market in the Host Country is in need of financing and a business plan is needed to assist lessors in the rural market in seeking finance. In developing a leasing business plan for the rural market, the Contractor shall consider business models that may also be effective in reaching markets identified under subtask 3.3. The Contractor shall develop the business plan for rural leasing that is most viable for penetrating the rural market, which may include a phased plan that incorporates strengthening the urban market in anticipation of expanding the availability of leasing services in the rural market.

- 4.1 Based on the results obtained from Tasks 1, 2, and 3, the Contractor shall develop a business plan that will be specifically tailored to the rural market in the Host Country. The Contractor's business plan shall consider all major sectors in the rural market (that were identified in the market study) and provide a systematic process that can be followed by lessors to expand their services in the rural market. The business plan shall include, at the minimum, a clear business plan for agricultural and heavy construction equipment leasing in rural areas and for key markets identified under subtask 3.3. The business plan will be provided to the Grantee for distribution to appropriate stakeholders.
- 4.2 The Contractor shall make sure that the development of the business model and its action plan are in accordance with the Host Country's current regulatory and legal framework, and if recommendations in the

plan are non-conforming with the law, the Contractor shall identify the changes that would be required in the legal framework.

4.3 The Contractor's business plan shall cover, at a minimum, business subjects including the following: economics, entrepreneurship, finance, marketing, and operation. The business model shall include an examination and discussion of the following components:

- Value Proposition - A description of the customers' needs, the products that address these needs, and the value of the product from the customers' perspective.
- Market Segment - The group of customers to target, recognizing that different market segments have different needs.
- Value Chain Structure - The leasing activities in the value chain and how leasing firms will capture part of the value that they create in the chain.
- Revenue Generation and Margins - How revenue is generated (sales, leasing, subscription, support, etc.), the cost structure, and target profit margins.
- Position in Value Network - Identification of competitive programs or initiatives, and any network effects that can be utilized to deliver more value to the customer.
- Competitive Strategy - How the lessor will attempt to develop a sustainable competitive advantage over other types of financing by means of, for example, a cost, differentiation or niche strategy. This shall also include a pricing strategy.

4.4 The Contractor shall review potential partnership opportunities that lessors may establish with local (rural) financial and non-financial institutions and/or with equipment suppliers and investors to facilitate leasing in rural areas (brokers, rural banks, micro-finance institutions, national banks, etc). The Contractor shall conduct a sub-sector analysis to examine processes in the various sub-sectors of the rural market and assess the value added, institutions involved, an estimate of the number of people affected, as well as an estimate of the volumes of business to be transacted. This analysis shall generate a

sub-sector report that will identify the sub-sector in which improved access to equipment is likely to have the most positive income impact.

- 4.5 The Contractor shall assess and report on the training needs that may be necessary for lessors (bank and non-bank), government regulators, and local firms involved in leasing in the Host Country. The Contractor shall specifically report the training needs necessary for lessors to expand their services in rural areas, as well as training needs for rural financial institutions and other stakeholders in the rural market.
- 4.6 The Contractor shall organize, develop and conduct a series of four half-day seminars for current and potential lessees and for all other stakeholders in the leasing industry. The Contractor shall present one seminar in the capital city of Accra, covering its recommendations for Leasing operators in the Host Country, including both the urban and rural sides of leasing and three additional seminars, each in three rural cities in the Host Country (locations to be determined by Contractor in consultation with Grantee). The seminars in the rural areas shall focus on creating public awareness of the leasing industry and services for the various sectors and increasing investment opportunities in leasing in the rural markets. All of the seminars shall include a discussion of the main findings of the TA and feedback received shall be documented by the Contractor. The Grantee will be responsible for publicizing the seminars. The Contractor shall work in close coordination with the Grantee to develop a target list of attendees. The Contractor shall be responsible for providing space for the seminars.

Task 5 - Host Country Developmental Impacts

The Contractor shall conduct a comprehensive developmental impact analysis focusing on what developmental impact is likely if the leasing initiative and its recommendations are implemented according to the TA findings. While specific focus shall be paid by the Contractor to the immediate impact of the leasing initiative, the Contractor shall include any additional developmental benefits that may result from the leasing initiative implementation, including spin-off and demonstration effects.

The Contractor's analysis shall include an assessment of each of the following categories with respect to the leasing initiative's potential developmental impact:

- Infrastructure: The Contractor shall provide a statement on the infrastructure impact, giving a brief synopsis and specific examples on impact in infrastructure. For example: 'As a result of expanding finance leasing in rural areas, it is expected that over 100 kilometers of rural roads will be constructed for the transport of 10,000 tons of products from farms to markets.'
- Market – Oriented Reform: The Contractor shall provide a description of any regulation, laws, or institutional changes that are recommended and the effect they would have if implemented. The Contractor shall be specific in terms of the recommended reforms.
- Human Capacity Building: The Contractor shall assess the number and type of local positions that would be needed in the leasing industry, as well as the number of local people who would receive training; describe such potential training programs to train lessors, equipment suppliers, farmer association, rural and urban financial institutions, government regulators, etc.
- Technology Transfer and Productivity Enhancement: The Contractor shall provide a description of any advanced technologies that would be utilized as a result of the leasing initiative. The Contractor shall provide specific reporting of the possible new technologies to be imported into the Host Country and how productivity will be enhanced in the specific sectors identified.
- Other: The Contractor shall describe any other developmental impacts or benefits that would result from the leasing initiative taking effect in rural areas. Examples might include replication of the leasing initiative in other areas of the country, increase financial competition, improvement to banking governance or improved financial revenue flows to the host country.

Task 6 - US Sources of Supply

While aiming at optimum recommendations and characteristics for the leasing initiative, the Contractor shall provide a complete assessment of the availability of potential US sources of supply for the major sectors identified by the market analysis. The Contractor shall provide a substantial list of US supplier of equipment and machinery, advanced technologies, and service providers that may be available to satisfy the market demand in the Host Country. Business name, point of contact, address, telephone, e-mail, and fax numbers shall be included by the Contractor for each source, in addition to providing a summary of the discussions held with the US suppliers.

Task 7 – Preliminary Environmental Impact

- 1) The Contractor shall conduct an assessment of the potential environmental impacts that may result from the implementation of recommendations from the Project. This assessment shall identify potentially negative impacts, discuss the extent to which they can be mitigated, and describe plans for a more detailed environmental and social impact assessment, if needed.

Task 8 - Final Report

The Contractor shall prepare and deliver to the Grantee and USTDA a substantive and comprehensive final report of all work performed under these Terms of Reference (“Final Report”). The Final Report shall be organized according to the above tasks, and shall include all deliverables and documents that have been provided to the Grantee. The Final Report shall be prepared in accordance with Clause I of Annex II of the Grant Agreement.

Notes:

- (1) **The Contractor is responsible for compliance with U.S. export licensing requirements, if applicable, in the performance of the Terms of Reference.**
- (2) **The Contractor and the Grantee shall be careful to ensure that the public version of the Final Report contains no security or confidential information.**
- (3) **The Grantee and USTDA shall have an irrevocable, worldwide, royalty-free, non-exclusive right to use and distribute the Final Report and all work product that is developed under these Terms of Reference.**