

**REQUEST FOR PROPOSALS**

**TECHNICAL ASSISTANCE FOR THE  
KAZAKHSTAN CASPIAN TRANSPORTATION SYSTEM EARLY DEPARTURE  
PROCEDURE PROJECT**

Submission Deadline: **4:00 PM**  
**LOCAL TIME**  
**JANUARY 11, 2010**

Submission Place:

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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 in the amount of US\$374,268 to JSC "National maritime shipping company "Kazmortransflot"" (the "Grantee") in accordance with a grant agreement dated September 23, 2009 (the "Grant Agreement"). This Grant would fund technical assistance (the "Technical Assistance") for a proposed Kazakhstan Caspian Transportation System Early Departure Procedure Project (the "Project") in Kazakhstan (the "Host Country"). 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 perform the Technical Assistance.

### **1.1 BACKGROUND SUMMARY**

Kazakhstani crude oil is currently shipped in limited amounts of approximately 150,000 barrels per day across the Caspian Sea from the Port of Aktau, currently the only major seaport in Kazakhstan, to Azerbaijan. Over the next 10 years however, Kazakhstan is expected to dramatically increase oil production, from its current capacity of approximately 70 million tons per year to an estimated 120 million tons per year by 2019. Most of this oil will be exported, necessitating an expansion of Kazakhstan's oil export infrastructure. The Republic of Kazakhstan (RK) has prioritized the development of KCTS (Kazakhstan Caspian Transportation System) and in particular the part of KCTS – Transcaspian project (TCP), to ensure that Kazakhstan's oil export infrastructure can accommodate rising production levels. The general overview and description of the Transcaspian project is stated in the Agreement between the Republic of Kazakhstan and the Republic of Azerbaijan on support of oil transportation from the Republic of Kazakhstan through the Caspian Sea and the territory of the Republic of Azerbaijan to the international markets by the Baku-Tbilisi-Ceyhan system, signed on June, 16, 2006 (Agreement). This project includes loading and discharging oil terminals on Kazakh and Azeri coastal territories of the Caspian Sea, tankers and vessels (designed for oil transportation and providing other operations within the Project), and a connection to the Baku-Tbilisi-Ceyhan oil pipeline. Initially, the Trans Caspian System (TCS) is expected to allow Kazakhstan to deliver approximately 500,000 barrels of oil per day directly to Azerbaijan via surface shipments across the Caspian Sea for onward transmission through the Baku-Tbilisi-Ceyhan pipeline, other pipelines are also allowed but beyond the frame of Agreement. This volume is expected to increase to approximately 750,000 to 1.2 million barrels per day when KCTS is fully operational. Improving the safety and environmental management of Caspian Sea ship traffic through improved maritime laws and regulations inspire confidence in TCP. In addition to Aktau, the RK plans to develop the Port of Kuryk as a marine oil loading and transport terminal. Eventually, the RK believes that the majority of oil exported from Kazakhstan via the Caspian will pass through Kuryk rather than Aktau.

Initial groundwork for the development of TCP has already begun. In November 2008, KazMunaiGas (KMG) and the State Oil Company of Azerbaijan (SOCAR) signed an agreement on the core principles of TCP. The two national oil companies agreed to set up a joint venture that will manage all aspects of the project—from developing feasibility studies to overseeing the

construction and operation of the system. A special purpose joint venture was recently formed to cover a feasibility study of the Transcaspian Project.

KazMorTransFlot (KMTF) accounts for approximately 60 percent of the oil shipped out of Aktau totaling approximately 5.2 million tons per year. KMTF is Kazakhstan's national shipping company. It is 100% owned by KazMunaiGas. KMTF was formed in 1998 to develop sea transport. It has been operating since November 2001. KMTF is responsible for setting up the national shipping fleet of Kazakhstan and arranging international maritime shipment. The Company carries out transportation of all freight including crude and oil products, general cargo, containers etc; construction, operation and repair of all types of vessels; chartering and leasing services.

Excerpts of a background Definitional Mission report are provided for reference in Annex 2.

## 1.2 OBJECTIVE

The objective of the technical assistance is to evaluate the technical, economic and financial feasibility of implementing the *Electronic Documentation Procedure* or *Early Departure Procedure* (EDP). The Terms of Reference (TOR) for this Technical Assistance are 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.

The amount for the contract has been established by a USTDA grant of US\$374,268. **The USTDA grant of US\$374,268 is a fixed amount. Accordingly, COST will not be a factor in the evaluation and therefore, cost proposals should not be submitted.** Upon detailed evaluation of technical proposals, the Grantee shall select one firm for contract negotiations.

## 1.4 CONTRACT FUNDED BY USTDA

In accordance with the terms and conditions of the Grant Agreement, USTDA has provided a grant in the amount of US\$374,268 to the Grantee. The funding provided under the Grant Agreement shall be used to fund the costs of the contract between the Grantee and the U.S. firm selected by the Grantee to perform the TOR. The contract must include certain USTDA Mandatory Contract Clauses relating to nationality, taxes, payment, reporting, and other matters. The USTDA nationality requirements and the USTDA Mandatory Contract Clauses are attached at Annexes 3 and 4, respectively, for reference.

## Section 2: INSTRUCTIONS TO OFFERORS

### 2.1 PROJECT TITLE

The project is called the Kazakhstan Caspian Transportation System Early Departure Procedure Technical Assistance Project.

### 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. 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. Excerpts from the Definitional Mission report are attached at Annex 2 for background information only. Please note that the TOR referenced in the report are included in this RFP as Annex 5.

### 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 US\$374,268.

## **2.6 RESPONSIBILITY FOR COSTS**

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

## **2.7 TAXES**

Offerors should submit proposals that note that in accordance with the USTDA Mandatory Contract Clauses, USTDA grant funds shall not be used to pay any taxes, tariffs, duties, fees or other levies imposed under laws in effect in the Host Country.

## **2.8 CONFIDENTIALITY**

The Grantee will preserve the confidentiality of any business proprietary or confidential information submitted by the Offeror, which is clearly designated as such by the Offeror, to the extent permitted by the laws of the Host Country.

## **2.9 ECONOMY OF PROPOSALS**

Proposal documents should be prepared simply and economically, providing a comprehensive yet concise description of the Offeror's capabilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content.

## **2.10 OFFEROR CERTIFICATIONS**

The Offeror shall certify (a) that its proposal is genuine and is not made in the interest of, or on 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 itself 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 the Host Country for up to 20 percent of the amount of the USTDA grant for

specific services from the TOR identified in the subcontract. USTDA's nationality requirements, including definitions, are detailed in Annex 3.

## **2.12 LANGUAGE OF PROPOSAL**

All proposal documents shall be prepared and submitted in English and in Russian.

## **2.13 PROPOSAL SUBMISSION REQUIREMENTS**

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

Mr. Marat Kushkenbayevich Ormanov  
General Director  
JSC "National maritime shipping company "Kazmortransflot"  
mcrn 13, business center 55,  
Aktau, 130000  
Phone: +7 (7292) 200 890  
Fax: +7 (7292) 200 888

**An Original and eight (8) (in both Russian and English) copies of your proposal must be received at the above address no later than 4:00 PM, on JANUARY 11, 2010.**

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. The Grantee will promptly notify any Offeror if its proposal was received late.

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

## **2.14 PACKAGING**

The original and each copy of the 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 labeled.

Neither USTDA nor the Grantee will be responsible for premature opening of proposals not properly wrapped, sealed and 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 NINETY (90) 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**

All Offerors agree by their response to this RFP announcement to abide by the procedures set forth herein. No exceptions shall be permitted.

## **2.18 OFFEROR QUALIFICATIONS**

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

## **2.19 RIGHT TO REJECT PROPOSALS**

The Grantee reserves the right to reject any and all proposals.

## **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 any subcontractors. USTDA nationality provisions apply to the use of subcontractors and are set forth in detail in Annex 3. The successful Offeror shall cause appropriate provisions of its contract, including all of the applicable USTDA Mandatory Contract Clauses, to be inserted in any subcontract funded or partially funded by USTDA grant funds.

## **2.21 AWARD**

The Grantee shall make an award resulting from this RFP to the best qualified Offeror, on the basis of the evaluation factors set forth herein. The Grantee reserves the right 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) provide local transportation, office space and secretarial support required to perform the TOR if such support is not provided by the Grantee; (b) provide and perform all necessary labor, supervision and services; and (c) in accordance with best technical and business practice, and in accordance with the requirements, stipulations, provisions and conditions of this RFP and the resultant contract, execute and complete the TOR to the satisfaction of the Grantee and USTDA.

## **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. After the Grantee's approval of each invoice, the Grantee will forward the invoice to USTDA. If all of the requirements of USTDA's Mandatory Contract Clauses are met, USTDA shall make its respective disbursement of the grant funds directly to the U.S. firm in the United States. All payments by USTDA under the Grant Agreement will be made in U.S. currency. Detailed provisions with respect to invoicing and disbursement of grant funds are set forth in the USTDA Mandatory Contract Clauses attached in Annex 4.

### **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. A cost proposal is NOT required because the amount for the contract has been established by a USTDA grant of US\$374,268, which is a fixed amount.

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

Each proposal must include the following:

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

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

#### **3.1 EXECUTIVE SUMMARY**

An Executive Summary should be prepared describing the major elements of the proposal, including any conclusions, assumptions, and general 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 COMPANY INFORMATION**

For convenience, the information required in this Section 3.2 may be submitted in the form attached in Annex 6 hereto.

### **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; provide full names including first, middle and last). Please place an asterisk (\*) next to the names of those principal officers who will be involved in the Technical Assistance.
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 number, e-mail address 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 current or anticipated commitments which may impact the ability of the Offeror or its subcontractors to complete the Technical Assistance as proposed and reflect such impact 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**

If any of the following representations cannot be made, or if there are exceptions, the Offeror must provide an explanation.

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 within one month of the date of its proposal 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. USTDA retains the right to request an updated certificate of good standing from the selected Offeror.

### **3.3 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 shall have the responsibility and authority to act on behalf of the Offeror in all matters related to the Technical Assistance.

Provide a listing of personnel (including subcontractors) to be engaged in the project, including both U.S. and local subcontractors, 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 Offeror shall describe the organizational relationship, if any, between the Offeror and the subcontractor.

A manpower schedule and the level of effort for the project period, by activities and tasks, as detailed under the Technical Approach and 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 TECHNICAL APPROACH AND WORK PLAN**

Describe in detail the proposed Technical Approach and Work Plan (the "Work Plan"). Discuss the Offeror's methodology for completing the project requirements. Include a brief narrative of the Offeror's methodology for completing the 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 Work Plan, including periodic reporting or review points, incremental delivery dates, and other project milestones.

Based on the Work Plan, and previous project experience, describe any support that the Offeror will require from the Grantee. Detail the amount of staff time required by the Grantee or other 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 that 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. The Offeror shall provide information with respect to relevant experience and qualifications of key staff proposed. The Offeror shall include letters of commitment from the individuals proposed confirming their availability for contract performance.

As many as possible but not more than six (6) relevant and verifiable project references must be provided for the Offeror and any subcontractor, 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. The Grantee will notify USTDA of the best qualified Offeror, and upon receipt of USTDA's no-objection letter, the Grantee shall promptly notify all Offerors of the award and 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 may then be undertaken with the second most qualified Offeror and so forth.

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

	<i>Criteria</i>	<i>Weight</i>
1.	International Crude Oil Shipment operations – demonstrated experience and expertise regarding international shipment of crude oil	40
2.	Implementation and Oversight of EDP systems – demonstrated experience and expertise with implementation and oversight of Early Departure Process (also known as Electronic Documentation Procedure) systems	40
3.	Caspian Sea Marine Transportation Experience	10
4.	Local Kazakhstan experience and Russian Language Skills	10

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

Price will not be a factor in contractor selection.

**ANNEX 1**

MR. MARAT KUSHKENBAYEVICH ORMANOV, GENERAL DIRECTOR, JSC "NATIONAL MARITIME SHIPPING COMPANY "KAZMORETRANSFLOT"", MCRN 13, BUSINESS CENTER 55, AKTAU, 130000, KAZAKHSTAN, TEL:+7 (7292) 200 890, FAX: +7 (7292) 200 888

B –KAZAKHSTAN: CASPIAN TRANSPORTATION SYSTEM EARLY DEPARTURE PROCEDURE PROJECT

POC John Kusnierek, USTDA, 1000 Wilson Boulevard, Suite 1600, Arlington, VA 22209-3901, Tel: (703) 875-4357, Fax: (703) 875-4009. KAZAKHSTAN: CASPIAN TRANSPORTATION SYSTEM EARLY DEPARTURE PROCEDURE TECHNICAL ASSISTANCE PROJECT 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 perform technical assistance to evaluate the technical, economic and financial feasibility of implementing the Electronic Documentation Procedure or Early Departure Procedure (EDP).

Kazakhstani crude oil is currently shipped in limited amounts of approximately 150,000 barrels per day across the Caspian Sea from the Port of Aktau, currently the only major seaport in Kazakhstan, to Azerbaijan. Over the next 10 years however, Kazakhstan is expected to dramatically increase oil production, from its current capacity of approximately 70 million tons per year to an estimated 120 million tons per year by 2019. Most of this oil will be exported, necessitating an expansion of Kazakhstan's oil export infrastructure. The Republic of Kazakhstan (RK) has prioritized the development of KCTS (Kazakhstan Caspian Transportation System) and in particular the part of KCTS – Transcaspian project (TCP), to ensure that Kazakhstan's oil export infrastructure can accommodate rising production levels. The general overview and description of the Transcaspian project is stated in the Agreement between the Republic of Kazakhstan and the Republic of Azerbaijan on support of oil transportation from the Republic of Kazakhstan through the Caspian Sea and the territory of the Republic of Azerbaijan to the international markets by the Baku-Tbilisi-Ceyhan system, signed on June, 16, 2006 (Agreement). This project includes loading and discharging oil terminals on Kazakh and Azeri coastal territories of the Caspian Sea, tankers and vessels (designed for oil transportation and providing other operations within the Project), and a connection to the Baku-Tbilisi-Ceyhan oil pipeline. Initially, the Trans Caspian System (TCS) is expected to allow Kazakhstan to deliver approximately 500,000 barrels of oil per day directly to Azerbaijan via surface shipments across the Caspian Sea for onward transmission through the Baku-Tbilisi-Ceyhan pipeline, other pipelines are also allowed but beyond the frame of Agreement. This volume is expected to increase to approximately 750,000 to 1.2 million barrels per day when KCTS is fully operational. The development of EDP will increase the efficiency of Trans-Caspian shipping by reducing turnaround time for ship port calls, especially for the oil shipping trade, which represents a significant portion of KMTF's shipping volume. In addition to Aktau, the RK plans to develop the Port of Kuryk as a marine oil loading and transport terminal. Eventually, the RK believes that the majority of oil exported from Kazakhstan via the Caspian will pass through Kuryk rather than Aktau.

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 and Russian directly to the Grantee by 4:00 PM, JANUARY 11, 2010 at the above address. Evaluation criteria for the Proposal are included in the RFP. Requests for clarification on any aspect of the RFP should be directed to POC John Kusnierek, USTDA, 1000 Wilson Boulevard, Suite 1600, Arlington, VA 22209-3901, Tel: (703) 875-4357, Fax: (703) 875-4009. Any such request must be received no later than 4:00 PM, JANUARY 11, 2010 in order to be honored. 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

**Excerpts from the Definitional Mission Report**

**As Prepared for USTDA by**

**Intratech Inc.**

**KAZAKHSTAN CASPIAN TRANSPORTATION SYSTEM  
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**B. PROJECT DESCRIPTION**

*Host country*

Kazakhstan and Azerbaijan

*Sector*

Energy, Environment.

*Project location*

Caspian Sea including terminals on Azerbaijan and Kazakhstan sides.

**Introduction**

The objective of the feasibility study is to evaluate the technical, economic and financial feasibility of implementing the *Electronic Documentation Procedure* or *Early Departure Procedure* (EDP). This Project, as a pilot project with the aim of demonstrating benefits throughout Caspian transport infrastructure, would review the current legislation, processes and practices for Tank Vessel (TV) loading at the Port of Aktau, Kazakhstan and Baku, Azerbaijan and recommend methods and processes to reduce the TV port call time associated with vessel clearance requirements not associated with actual vessel cargo loading and discharge. It is believed that EDP has the potential to immediately assist TV loading operations at Aktau Port and further enhance tank vessel turn around scheduling as the Kazakhstan Caspian Transportation System matures. The EDP will be immediately applicable to shipments out of Aktau and will also play a major role for future shipments out of Kuryk and other Caspian Ports involved in the KCTS.

**Background**

USTDA has received requests for assistance to support the development of the Kazakhstan Caspian Transportation System (KCTS), a cross-Caspian oil shipping project. The purpose of the Definitional Mission (DM) was to identify, investigate, and develop opportunities for USTDA funding opportunities related to KCTS, especially environmental, safety, and security aspects of the loading and unloading oil terminals in Kazakhstan and Azerbaijan.

Over the next ten years, Kazakhstan is expected to drastically increase oil production, from its current capacity of approximately 70 million tons per year to an estimated 120 million tons per year by 2019. Most of this oil will be exported, necessitating an expansion of Kazakhstan's oil export infrastructure. The Government of Kazakhstan (GOK) has prioritized the development of KCTS to ensure that Kazakhstan's oil export infrastructure can accommodate rising production levels. Initially KCTS is expected to allow Kazakhstan to deliver approximately 500,000 barrels of oil per day directly to

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Azerbaijan via surface shipments across the Caspian Sea for onward transmission through the Baku-Tbilisi-Ceyhan and Baku-Supsa pipelines. This volume is expected to increase to approximately 750,000-1.2 million barrels per day when KCTS is fully operational.

Initial groundwork for the development of KCTS has already begun. In November 2008, KazMunaiGas (KMG) and the State Oil Company of Azerbaijan (SOCAR) signed an agreement on the core principles of KCTS. The two national oil companies agreed to set up a joint venture that will manage all aspects of the project - from developing feasibility studies to overseeing the construction and operation of the system. A special purpose project company (PPC) is in the process of being formed to cover all aspects of the Trans Caspian System (TCS), the trans-Caspian terminal to terminal section of the KCTS. This company will be a 50/50 venture, comprised of SOCAR from the Azerbaijan side and KMG-Transcaspian a wholly owned subsidiary of KMG from the Kazakh side. The legal structure, corporate form and responsibilities are still under formulation. It is expected that all activities and decisions will require joint agreement between the Azeri and Kazakh counterparts.

***Source of raw materials***

The KCTS project is conceptualized primarily to transport the crude oil production from the offshore Northern Caspian Kashagan fields currently being developed by a consortium of International Oil Companies (IOC). This route is being developed as an alternative southern outlet for Kazakh crude oil to the current pipelines and rail links north through Russia, and/or eastwards to China. This transportation system would also be available to ship crude oil from existing reserves (Mangistau, Kashagan, and Tengiz) as well as potential future off shore discoveries.

***Infrastructure requirements***

The KCTS will consist of:

1. A 500km pipeline originating at the NCOC “Bolashak” Onshore Processing Facility at Yeskene (approximately 30 km north of the town of Atyrau) to a new port terminal to be located at Kuryk approximately 80 km south of the port of Aktau;
2. A 300 km marine leg from the Kuryk loading port to a marine unloading terminal in the vicinity of Baku in Azerbaijan. These will be linked by marine tanker ships of yet to be determined size and number. This leg including the terminals at both ends has been designated as the Trans Caspian System (TCS);
3. Connecting pipeline infrastructure connecting the terminal near Baku to the terminal of the Baku-Tbilisi-Ceyhan (BTC) pipeline at

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***Proposed technological approach***

**Tanker Size** - Currently there are a number of small tankers transporting crude oil across the Caspian Sea. These have been limited to a maximum size of 12,000 to 16,000 due to the draft limitations of Aktau and other Caspian port facilities. For the TCS project it is anticipated that the loading and unloading of new tankers will occur through offshore SMBs allowing the use of larger tankers.

The other limitation to the size of tankers that can be used is the limitation of shipbuilding capacity in the Caspian area and/or the size limitation of ships that could be brought into the Caspian area via the only external access route via the Volga/Don ship canal. The general consensus at this stage is that tankers in the range from 12,000 DWT of up to 60,000 DWT will be considered. This would require anywhere between 6 and 46 tankers to service the anticipated crude oil shipments. From the various discussions carried out during the DM it would appear that while the IOCs have studied the shipping requirements in some detail, there appears to have been no detailed assessment of tanker requirements by either the GOA or the GOK.

The concept of how and where these tankers would be built is also still to be determined. It would appear that a number of entities are addressing the possibilities of tankers construction. These include: a) reported current ongoing negotiations between the GOK and Korean Hyundai for the construction of shipbuilding facilities near Kuryk; b) the construction of a dry dock facility at the Agip KCO Offshore Support base at Bautino with the capability of assembling tanker sections prefabricated outside the Caspian and shipped in via the Volga/Don connection; and c) use of Russian shipbuilding facilities at Astrakhan.

**Electronic Documentation Procedure or Early Departure Procedure (EDP)** - The efficient utilization of Tankers will have a significant impact on the overall cost of the KCTS export route. EDP is an internationally proved and accepted procedure that facilitates and expedites the arrival and departure clearances for a vessel and its cargo. This process has been implemented with success in the United States, Norway, China, major export facilities in the Arab Gulf and the EU. This procedure is an initiative outgrowth of the IMO Convention *International Facilitation Of Maritime Traffic (FAL)*. Objectives of FAL are to prevent unnecessary delays in maritime traffic through harmonization and simplification of the vessel and cargo documentation processes in port. As a matter of note, the Russian Federation is signatory to the FAL Convention.

It is believed implementation of this proposed procedure will reduce time spent on current documentation processes thereby increase efficiency in the existing Caspian ports consequently reducing cost of transportation while at the same time paving the way for better transparency and monitoring for national authorities while driving towards a system that is critical for the Kazakhstan Caspian Transportation System. Additionally, it is believed that the present processes add to cross-Caspian transportation cost which is

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considered high and the true beneficiary of improvements to the procedures will be the Kazakh government as the transportation cost to a great extent is tax/PSA deductible.

***Implementation schedule,***

The implementation of the KCTS is supposed to coincide with the development of the Kashagan resources and be in place for the potential transport of first oil. The Kashagan development has been plagued with problems up till now and the anticipated first oil has been repeatedly delayed. Current expectations are for first oil production in 2012, though some skeptics expect continued delays with the most pessimistic targeting 2019 as being closer to the mark.

KCTS is expected to deliver Kazakh oil to Azerbaijan and then to Turkey's Ceyhan terminal on the Mediterranean coast. Its first stage with the annual capacity of 23 MM TPA is to be commissioned in 2014.

Currently there is some significant shipment of crude oil from Aktau to Baku and other Caspian Ports and this is expected to increase as Tengiz increases production and more ships become available (KMTF has recently ordered three additional crude oil tankers). The EDP procedures will be immediately applicable to improving efficiency of these existing assets.

***Economic fundamentals (estimated capital cost, operating costs, expected revenues, etc),***

The cost of trans-Caspian shipment is a not negligible portion (approximately \$12 per metric ton) of the total price of oil to the final consumer which will be primarily in markets such as Western Europe and the US. The cost is not expected to be the sole determining factor of whether to proceed with this option, rather it is politics, flexibility of alternative routes, security and risk and other factors that will play a major role.

According to DM's discussions with several sources the GOK does not place much emphasis on shipping costs since it assumes that the oil producers will bear the burden of this expense. The IOCs on the other hand stress that under the terms of their production agreements this cost is integral to the production costs and hence reverts as a potential loss of revenue for the GOK, and hence the GOK should be more sensitive to optimizing the KCTS costs. This study will quantify the potential savings and highlight the importance to both the GOK and the IOCs.

Currently, tankers spend approximately 20 to 24 hours in port during which time loading of the tanker takes 11 hours. The trip between Aktau and Baku takes approximately 24 hours in each direction, giving a round trip time of 4 days including loading and off loading at each end. It is estimated that the implementation of the EDP would reduce the time in port by 18 to 22 hours per trip. Alternatively it can be said that three ships would

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do the service of four as a result of EDP implementation. This would translate into a saving of 3-4 ships for the KCTS needs.

**C. PROJECT SPONSOR'S CAPABILITIES AND COMMITMENT**

**KazMorTransFlot (KMTF)**

KMTF is Kazakhstan's national shipping company and is wholly owned by KazMunaiGas. KMTF was formed in 1998 to develop sea transport. It has been operating since November 2001. KMTF is responsible for setting up the national shipping fleet of Kazakhstan and arranging international maritime shipment. The Company carries out transportation of all freight including crude and oil products, general cargo, containers etc; construction, operation and repair of all types of vessels; chartering and leasing services.

KMTF accounts for approximately 60 percent of the oil shipped out of Aktau totaling approximately 5.2 million tons per year. Destinations for these exports are the Russian ports of Makhachkala, Iran's Neka port, and Baku in Azerbaijan

Recently KMTF signed a contract for construction of three 13,000-dwt oil tankers with Krasnoye Sormovo shipyard (Nizhniy Novgorod, Russia). The first tanker has been delivered to the KMTF in September 2009, the second and the third are expected in May and in August 2010 respectively.

Kazmortransflot will participate as operator in tanker transport of oil in the preparation and implementation of new trans-Caspian oil transport projects – KCTS.

**D. IMPLEMENTATION FINANCING**

The financing of the KCTS project is at the center of ongoing negotiations between the IOCs and the governments of Kazakhstan and Azerbaijan. Ultimately it is expected that the KCTS project will be jointly funded by KMG, SOCAR and the IOCs potentially with debt financing from commercial and/or multilateral banks. The exact proportion that each of the stakeholders will contribute is the main negotiation point today. This is especially true of the control of the onshore pipeline section of the project. The GOK has taken a position that it wants to be a major equity participant in the project and wants a significant say in the development and operation of the system. This position has been taken as a result to the GOKs less than satisfactory experience with their participation in the northern lines into Russia. Earlier this year the GOK said that they would not agree to the project if its stake is less than 51%. While the current project participation and source of funds is being negotiated we can expect that the final outcome will be depend on world crude oil prices and the health of the GOK finances.

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**E. U.S. EXPORT POTENTIAL**

The implementation of an EDP system is an important and integral part of the Overall KCTS system and has to be considered as part of the potential for the overall potential exports of goods and services that will be required for the system as a whole. Table 1 below shows a conservative estimate of the capital investment requirement for the overall KCTS system which is of the order of USD 2 billion. If the current experience of US participation at Kashagan were to be replicated on the KCTS project the US potential export potential is estimated to be USD 332 million if a US company were to be the prime contractor and USD136 million under foreign leadership.

<b>Table 1 - APPROXIMATE KCTS COSTS</b>							
<i>Component</i>	<i>Location</i>			<i>Unit</i>		<i>Unit Cost</i>	<i>Total MM USD</i>
Pipeline	Atyrau to Kuryk		760	km	2	MM\$/Km	\$1,520
Terminal & Storage	Kuryk						\$100
Ships	6x60K DWT		360	K DWT	2	MM\$/K DWT	\$720
Terminal and Storage	Baku						\$100
Pipeline	Post Baku (to Batumi)		100	Km	2	MM\$/Km	\$200
<b>Total Cost KCTS</b>							<b>\$2,640</b>
Potential US Exports	Foreign Prime		7.9	%			\$136
	US Prime		19.3	%			\$332

It is difficult to define the immediate isolated impact of the EDP project on US exports in isolation from the overall KCTS. At a minimum it can be expected that in the short run there would have to be some revamp of the loading facilities at the Aktau port loading and storage facilities to handle the faster turnaround of tankers in current operation. However the stand alone EDP investment needs will be minimal as the ships are currently already fitted with geopositioning and data management systems.

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**F. FOREIGN COMPETITION AND MARKET ENTRY ISSUES**

The competition for the supply of goods and services for petroleum production facilities in the Caspian area can be illustrated by the breakdown of suppliers by nationality on the Kashagan project. Table 2 below compares the relative volume of goods and services used in that project between 2001 and mid 2008. It should be noted that the prime contractor for this project was AGIP, an Italian company and explains the very high Italian component (19.3%) of supplies to the project.

**Table 2  
Source of Goods and Services  
2001-June 2008**

<i>Source</i>	<i>Million USD</i>	<i>Percent</i>
France	285	1.8
Uruguay	334	2.2
Norway	620	4
Turkey	694	4.5
United Arab Emirates	763	4.9
Switzerland	983	6.4
United States	1,228	7.9
Netherlands	1,626	10.5
Italy	2,992	19.3
Kazakhstan	2,872	18.6
United Kingdom	2,290	14.8
Total	15,472	100.0

***Shipping***

On the TCS project the major component will be supply of tankers. In March 2009, KMTF held an open tender for the supply of three 12,000 DWT tankers. Seven companies responded to the tender: Krasnoye Sormovo (Russia), Maritim Shipyard (Poland), Hyundai Corporation (S. Korea), Astrakhan SPO (Russia), MTG-Dorphan-AD (Bulgaria), Vyborg shipyard, Wadan Yards Ocean (Ukraine).

Russian shipyard Krasnoye Sormovo Shipyard (Nizhniy Novgorod), which is a part of a Russian consortium (MNP Group) won the competition. MNP included the leading

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Russian shipyards: Krasnoye Sormovo Shipyard (Nizhniy Novgorod), Volgograd Shipyard, as well as Sormovskoye Mashinostroeniye (Nizhniy Novgorod), Volgograd Special Engineering Plant and Volgo-Caspian Design Bureau.

**G. DEVELOPMENTAL IMPACT**

*Primary Developmental Benefits –*

- **Infrastructure (including any positive environmental impacts):** The KCTS is a major infrastructure project with far reaching political and strategic implications. This route if properly constructed should be environmentally neutral since any increase in Caspian Sea tanker traffic would be offset by a corresponding decrease in traffic across the Black Sea (i.e. KCTS versus CPC/Black Sea route.)
- **Human Capacity Building (including jobs and training):** The major impact on human resources will take place during the construction phase of the project when a labor force of several thousand people will be required. This will include skilled and non-skilled labor required to construct the pipelines and terminals and ships. Substantial skilled marine crews will also be required to man the tankers that will be required. There will be a significant multiplier effect as the project will need additional people in the administration of operations both in Kazakhstan and Azerbaijan. Total incremental long-term staff will probably exceed several thousand people for the whole transportation chain. There will certainly be training related requirements needed in the development of the marine crews which is now being addressed. It is not anticipated that the number of jobs impacted by implementation of the EDP will change significantly. However the skill levels will have to be upgraded requiring more technical (IT, accounting, etc) skills will be needed.
- **Technology Transfer and Productivity Improvements:** The latest environmental, safety and security technologies will be needed to assure the highest standard of design and operational compliance with international standards. The implementation of the EDP system can be expected to decrease time in port by approximately 45 percent which will translate into a 30 percent reduction in transportation costs for Kazak crude oil across the Caspian.
- **Market Oriented Reforms:** Implementation of the EDP system should significantly reduce the cost of the maritime section of the KCTS chain. This reduction in shipping costs will firstly make the KCTS a more competitive route for the export of Kazak crude oil. Secondly it will put cost pressures on

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the alternative Russian export routes north and west, thus having a multiplier effect on increasing the competition for getting Kazak crude oil to market.

**H. IMPACT ON THE ENVIRONMENT**

The KCTS project will result in a very major increase in oil tanker traffic across the Caspian Sea. This could lead to environmental degradation both on land and offshore to what is an environmentally sensitive area. The IOCs have been adamant in that they will not participate in this export route unless they are assured that the operations will be carried out in conformity with the highest international standards and regulations. This will require changes to the institutional and administrative structure in Kazakhstan and adherence to international regulations and standards in the implementation and operation of the KCTS.

The activities addressed in this Report are primarily targets of this objective nevertheless the implementation of EDP procedures on existing oil tankers will in itself be justified

**I. IMPACT ON U.S. LABOR**

Based upon this DM review, ITech has found that Project does not provide (a) any financial incentive to a business enterprise currently located in the United States for the purpose of inducing such an enterprise to relocate outside the United States if such incentive or inducement is likely to reduce the number of employees of such business enterprise in the United States because United States production is being replaced by such enterprise outside the United States; (b) assistance for any project or activity that contributes to the violation of internationally recognized workers rights; or (c) direct assistance for establishing or expanding production of any commodity for export by any country other than the United States, if the commodity is likely to be in surplus on world markets at the time the resulting productive capacity is expected to become operative and if the assistance will cause substantial injury to United States producers of the same, similar, or competing commodity.

This Project will transport crude oil produced in Kazakhstan from its source across the Caspian Sea for export through the BTC pipeline or other routes to the Mediterranean area. It will in no way adversely impact the U.S. petroleum industry or reduce employment in the US.

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

## 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 JSC "National maritime shipping company "Kazmortransflot"" ("Grantee"). USTDA agrees to provide the Grantee under the terms of this Agreement US\$374,268 ("USTDA Grant") to fund the cost of goods and services required for technical assistance ("TA") on the proposed Early Departure Procedure project ("Project") in Kazakhstan ("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) USTDA Approval of 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](http://www.fedbizopps.gov)). Upon request, the Grantee will submit these contracting procedures and related documents to USTDA for information and/or approval.

### **(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 December 31<sup>st</sup>, 2010, 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. 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 General Director. 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: Mr. Marat Kushkenbayevich Ormarov  
General Director  
JSC "National maritime shipping company "Kazmortransflot""  
Kabanbay Batyr Str, 28a, 3<sup>rd</sup> Floor  
Astana, 010000

Phone: 7 (7172) 79 35 54

Fax: 7 (7172) 79 35 52

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.: 118/91001

Activity No.: 2009-81036A

Reservation No.: 2009810047

Grant No.: GH2009810015

#### **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.

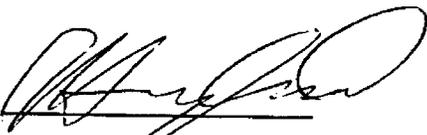
**20. U.S. Technology and Equipment**

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.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

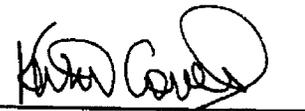
IN WITNESS WHEREOF, the Government of the United States of America and JSC "National maritime shipping company "Kazmortransflot"", each acting through its duly authorized representative, have caused this Agreement to be signed in the English and Russian languages in their names and delivered as of the day and year written below. The English language version shall govern.

For the Government of the United States of America

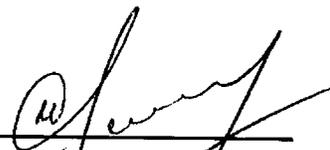
By: 

Date: 23-09-2009

Witnessed:

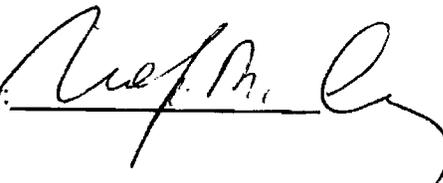
By: 

For JSC "National maritime shipping company "Kazmortransflot""

By: 

Date: 23.09.09

Witnessed:

By: 

Annex I -- Terms of Reference

Annex II -- USTDA Mandatory Clauses

## Annex I

### Terms of Reference

#### **Purpose and objective of the TA**

The objective of the Technical Assistance (TA) is to evaluate the technical, economic and financial feasibility of implementing the *Electronic Documentation Procedure* or *Early Departure Procedure* (EDP). It is believed implementation of this proposed procedure will reduce time spent on current documentation processes thereby increase efficiency in the existing Caspian ports. The increased efficiency will help reduce the cost of transportation while at the same time paving the way for better transparency and monitoring for national authorities while driving towards a system that is critical for the Kazakhstan Caspian Transportation System.

The EDP is an internationally proved and accepted procedure that facilitates and expedites the arrival and departure clearances for a vessel and its cargo. This process has been implemented with success in the United States, Norway, China, major export facilities in the Arab Gulf and the EU. This procedure is an initiative outgrowth of the International Maritime Organization Convention *International Facilitation Of Maritime Traffic (FAL)*. The objectives of FAL are to prevent unnecessary delays in maritime traffic through harmonization and simplification of the vessel and cargo documentation processes in port.

This TA, as a pilot project with the aim of demonstrating benefits throughout Caspian transport infrastructure, would review the current legislation, processes and practices for Tank Vessel (TV) loading at the Port of Aktau, Kazakhstan and Baku, Azerbaijan and recommend methods and processes to reduce the TV port call time associated with vessel clearance requirements not associated with actual vessel cargo loading and discharge. It is believed that EDP has the potential to immediately assist TV loading operations at Aktau Port and further enhance tank vessel turn around scheduling as the Kazakhstan Caspian Transportation System matures.

All deliverables as outlined in the Tasks below shall be provided in both the English and Russian languages, except for the Final Report, which shall be provided in the English, Russian and Kazakh languages.

The detailed scope of work for the TA should include the following activities:

#### **Task 1 - Project Definition.**

The Contractor shall travel to Kazakhstan for a TA kickoff meeting with the Grantee and others (such as CASPAR, the Azeri national shipping company) to establish the basis for

the TA and to gather the necessary information required to perform the TA. The Contractor team members participating in the kick-off meeting should, at a minimum, include the Project Manager, Port Captain and Oil Movements Specialist and any other senior level specialists needed to effectively set the basis for the TA.

During the onsite kick-off meeting, the Grantee and the Contractor shall agree on the TA objectives and basis. The Contractor shall consult with the Grantee, the Ministry of Transport, Customs, port authorities, international oil companies operating in the region, and governmental bodies at the port to gather data and information from any previous relevant studies, which shall include but not be limited to, legislation, logistics, infrastructure and actual or perceived TA impediments.

The Contractor shall define in detail any other information and data that may be required from the Grantee and the Port Authorities to carry out the TA. At the kickoff meeting the Contractor and the Grantee shall also assign Single Points of Contact for this TA.

The Grantee shall provide the necessary data that it possesses to the Contractor. For data that the Port Authorities or other entities possess, the Grantee shall make every effort to provide the Contractor with the necessary data. All data provided by the Grantee shall be provided at no cost to the Contractor. The necessary data shall include, at a minimum:

- Current legislation related to vessel, crew & cargo clearances;
- Current governmental operating procedures and regulations;
- Copies of any previous Grantee, national governmental or Aktau Port studies for enhancing vessel turnaround times;
- Suggested enhancement procedures or processes;
- Project constraints, limitations and other relevant local input.

## **Task 2 – Documentation of Current Operations.**

The Contractor shall carry out a review of the current operational processes and procedures. This review shall include, but not be limited to, an analysis of historical data for arrival to departure timelines for Tank Vessels (TV). The Contractor shall also review any existing management information systems in use for vessel management.

The Contractor shall review all local and national rules and legislation regarding Customs, Immigration, Sanitation Agencies (Health & Pest), Veterinary Services (Animals) and Plant Quarantine Agencies (Plants) relating to cross-Caspian transportation of crude oil from Kazakhstan to Azerbaijan. These reviews will also take into consideration any particular requirements that are imposed by shippers that may cause delays to port operations.

The Contractor shall analyze in-place infrastructure for tank vessel loading and offloading to include loading rates from/to different crude oil storage facilities

supplying/receiving crude to/from TV's and recommend modifications in practices to increase rates of loading/offloading.

The Contractor should include sufficient time in the TA for at least three or four round trip voyages between Kazakhstan and Azerbaijan to fully understand and document current operations and to make any recommendations for improvements. If a "free-port concept" could be an enhancement, it should also be considered.

*Task 2 Deliverable*

The Contractor shall provide the Grantee with the evaluation of current operations.

**Task 3 – Hardware and Software Development.**

The Contractor shall develop hardware and software recommendations and procedures to implement the EDP system in accordance with Best International Information Technology Practices. At this juncture, it is believed that there are very limited software requirements from vessel to shore but that there may be more required when considering interface with customs and immigration to enhance transparency and easy on-line up to date monitoring. The Contractor shall consider interfaces with port operations, customs operations, the health ministry, terminal operators, ship vessel operators (onshore and off). Consideration shall also be given to functional areas such as telecommunications links, interoperability with existing systems and databases.

The Contractor shall identify personnel training requirements and training alternatives for implementation of the EDP System.

*Task 3 Deliverable*

The Contractor shall provide the Grantee with the hardware and software development recommendations.

**Task 4 - Economic Analysis of the Project.**

The Contractor shall analyze the economics of EDP implementation using current crude oil transportation operations against future estimated crude oil projections with EDP. The Contractor shall document cost of system implementation, projected savings of EDP implementation and implementation effects on TV turn-around times. The Contractor shall also detail the flow through of savings to all stakeholders for current operations and future crude oil shipments through the Kazakhstan Caspian Transportation System. Consideration shall also be given in the areas of hardware & software, and telecommunications upgrade requirements.

*Task 4 Deliverable*

The Contractor shall provide the Grantee with the economic analysis.

### **Task 5 - Implementation Plan.**

Based on the work carried out in Task 1 through 4 above, the Contractor shall develop implementation strategy goals and plan milestones for the successful implementation of this Project.

The Implementation Plan shall at a minimum include the following:

1. Definition of the scope of the implementation effort, listing all potential sites where the new application will be deployed. Provide estimates of the number of users that the system will be deployed to at each site, and the functionality that will be delivered at each site.
2. Description of the recommended approach to be used for the implementation, along with advantages and disadvantages.
3. If a decision is made to adopt any form of partial implementation, specify the implementation sequence of all sub-systems, noting any sub-system dependencies. Also make sure that the implementation plan shows separate testing, installation, training, and conversion activities for each phase of work to be implemented.
4. Provision of a high-level schedule that estimates the time required to complete each implementation and depicts the sequence of the implementation.
5. Specify the various roles that need to be involved in the implementation, and what their primary responsibilities will be. If using an offshore firm for post implementation support, contact the service provider for necessary lead time and contacts.
6. Specify the strategy for turning over the new system to the using organizations.
7. Determine whether a communication plan is necessary for the implementation of the new system.
8. Document any assumptions made in creation of the Implementation Plan.
9. List of organizations/agencies whose signatures are required for Plan approval.
10. List name, version number, description, and physical location of any documents referenced in the Implementation Plan. Also include a listing of nonstandard terms and definitions used.

#### *Task 5 Deliverable*

The Contractor shall provide the Grantee with the Implementation Plan.

### **Task 6 - Financial Analysis of the Project.**

The Contractor shall develop a financial analysis for the Project, including local supply and imported equipment, materials and services. The Contractor shall consider the availability of equity and debt financing, as well as the views of potential public and private financing organizations, such as the World Bank, relevant regional multilateral development bank(s), and bilateral financing institutions such as U.S. Export-Import Bank and the Overseas Private Investment Corporation. The Contractor shall contact the various sources of financing and based on these discussions and discussions with the Grantee and other affected agencies shall suggest a recommended strategy for the financing of the Project. The Contractor shall detail the financial requirements that will be required by Government Agencies (national and/or local), the IOCs, and other private entities to implement the Project.

#### *Task 6 Deliverable*

The Contractor shall provide the Grantee with the financial analysis.

### **Task 7 - Environmental Analysis of the Project.**

The Contractor shall carry out a preliminary review of the Project's anticipated impact on the environment with reference to local requirements and those of multilateral lending agencies (such as the World Bank). The Contractor shall identify potential negative and positive impacts, discuss the extent to which they can be mitigated or enhanced and develop plans for a full environmental impact assessment if required and when the Project moves forward to the implementation stage. This includes the identification of steps that will need to be undertaken by the Grantee subsequent to the TA's completion and prior to Project implementation.

#### *Task 7 Deliverable*

The Contractor shall provide the Grantee with the environmental analysis.

### **Task 8 - Review of Regulatory Issues Related to the Project.**

The Contractor shall identify, investigate and discuss any regulations, legislation, and/or prospective legislation changes that would impact the Project's viability or prognosis to be implemented and function effectively. A review of the following types of regulations might be necessary in determining effects on the Project:

#### ***Regulations related to the rights and obligations of states and to safety and the protection of the environment:***

- the Law of the Sea - rights and obligations of flag states;
- international safety and environment regulations;
- national environmental and safety regulations;
- flag state and port state inspections;
- international labor regulations.

***Regulations related to commercial operations and practices:***

- shipping specific economic policy regulations;
- ship registration conditions;
- cargo reservation/cargo sharing provisions;
- cabotage laws;
- cargo liability regimes;
- national security measures;
- competition legislation.

***Task 8 Deliverable***

The Contractor shall provide the Grantee with the review of regulatory issues.

**Task 9 - Analysis of Key Development Impacts in Kazakhstan.**

The Contractor shall report on the potential development impact of the Project in the Host Country. The Contractor shall focus on what the economic and socio-economic development outcomes will be if the Project is implemented according to the TA recommendations. While focus should be paid to the immediate impact of the specific Project that is being considered, the Contractor should include, where appropriate, any additional developmental benefits to the Project, including future application to the Kazakhstan Caspian Transportation System. The analysis of potential benefits of the TA should be as concrete and detailed as possible. The development impact factors are intended to provide the Project's decision-makers and interested parties with a broader view of the Project's potential effects on the host country. The Contractor shall provide estimates of the Project's potential benefits in the following areas:

- (1) Infrastructure:** a statement on the infrastructure impact giving a brief synopsis including the impact on exogenous requirements such as telecom infrastructure, geo-positioning and tracking facility requirements;
- (2) Market-Oriented Reform:** a description of any regulation, laws, or institutional changes that are recommended and the effect they would have if implemented.
- (3) Human Capacity Building:** the number and type of local positions that would be needed to implement and operate the proposed Project, as well as the number of local people who would receive training; describe such potential training program.
- (4) Technology Transfer and Productivity Enhancement:** a description of any advanced technologies that are recommended to be utilized in Kazakhstan as a result of the Project. The Contractor shall identify whether these technologies can be replicated in other maritime projects in Kazakhstan and the benefits accruing to this effort and include the productivity enhancements that comes from the cost and time savings already calculated. For example, this could include the transfer

of procedural methodologies and know-how in the area of Customs and Immigration developed in the U.S.

**(5) Other:** any other developmental impacts or benefits that would result from the Project, including, but not limited to: follow-on or replication projects; safer workplace; environmental and safety benefits, increased good governance or improved financial revenue flows to Kazakhstan; and the impact of the system upgrades on the efforts of the Grantee and the Government of Kazakhstan to improve the environment and workplace safety in Kazakhstan.

*Task 9 Deliverable*

The Contractor shall provide the Grantee with a report detailing the evaluated developmental impacts.

**Task 10 – U.S. Sources of Supply.**

While aiming at optimum specifications and characteristics for the Project, the Contractor shall make an assessment of the availability of potential U.S. sources of goods and services that may be needed by this Project including, but not limited to; hardware and software technology, engineering and legal and financial services. The Contractor shall supply business name, points of contact, address, telephone, e-mail, and fax numbers for each source.

*Task 10 Deliverable*

The Contractor shall provide the Grantee with a report detailing the possible U.S. sources of supply.

**Task 11 - Final Report.**

The Contractor shall prepare and provide to the Grantee (in hard copy) and to USTDA a Final Report in accordance with Clause I of Annex II of the Grant Agreement. Each of the above tasks in this Terms of Reference must be distinctly set forth in the Final Report in a substantive and comprehensive manner, and shall include all corresponding deliverables. The Final Report shall contain an executive summary. In addition to any other required deliverables in accordance with Clause I of Annex II of the Grant Agreement, the Contractor shall provide both the Grantee and USTDA with a Public Version of the Final Report on CD-ROM. The CD-ROM version of the Final Report shall include:

- Adobe Acrobat readable copies of all documents;
- Source files for all drawings in AutoCAD or Visio format; and
- Source files for all documents in MS Office 2000 or later formats

The Final Report must be prepared in the English, Kazakh and Russian languages.

**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 JSC "National maritime shipping company "Kazmortransflot"" ("Client"), dated \_\_\_\_\_ ("Grant Agreement"). The Client has selected \_\_\_\_\_ ("Contractor") to perform the technical assistance ("TA") for the Early Departure Procedure project ("Project") in Kazakhstan ("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 December 31<sup>st</sup>, 2010, 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.: 118/91001  
Activity No.: 2009-81036A  
Reservation No.: 2009810047  
Grant No.: GH2009810015

**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. 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

#### **Purpose and objective of the TA**

The objective of the Technical Assistance (TA) is to evaluate the technical, economic and financial feasibility of implementing the *Electronic Documentation Procedure* or *Early Departure Procedure* (EDP). It is believed implementation of this proposed procedure will reduce time spent on current documentation processes thereby increase efficiency in the existing Caspian ports. The increased efficiency will help reduce the cost of transportation while at the same time paving the way for better transparency and monitoring for national authorities while driving towards a system that is critical for the Kazakhstan Caspian Transportation System.

The EDP is an internationally proved and accepted procedure that facilitates and expedites the arrival and departure clearances for a vessel and its cargo. This process has been implemented with success in the United States, Norway, China, major export facilities in the Arab Gulf and the EU. This procedure is an initiative outgrowth of the International Maritime Organization Convention *International Facilitation Of Maritime Traffic (FAL)*. The objectives of FAL are to prevent unnecessary delays in maritime traffic through harmonization and simplification of the vessel and cargo documentation processes in port.

This TA, as a pilot project with the aim of demonstrating benefits throughout Caspian transport infrastructure, would review the current legislation, processes and practices for Tank Vessel (TV) loading at the Port of Aktau, Kazakhstan and Baku, Azerbaijan and recommend methods and processes to reduce the TV port call time associated with vessel clearance requirements not associated with actual vessel cargo loading and discharge. It is believed that EDP has the potential to immediately assist TV loading operations at Aktau Port and further enhance tank vessel turn around scheduling as the Kazakhstan Caspian Transportation System matures.

All deliverables as outlined in the Tasks below shall be provided in both the English and Russian languages, except for the Final Report, which shall be provided in the English, Russian and Kazakh languages.

The detailed scope of work for the TA should include the following activities:

#### **Task 1 - Project Definition.**

The Contractor shall travel to Kazakhstan for a TA kickoff meeting with the Grantee and others (such as CASPAR, the Azeri national shipping company) to establish the basis for

the TA and to gather the necessary information required to perform the TA. The Contractor team members participating in the kick-off meeting should, at a minimum, include the Project Manager, Port Captain and Oil Movements Specialist and any other senior level specialists needed to effectively set the basis for the TA.

During the onsite kick-off meeting, the Grantee and the Contractor shall agree on the TA objectives and basis. The Contractor shall consult with the Grantee, the Ministry of Transport, Customs, port authorities, international oil companies operating in the region, and governmental bodies at the port to gather data and information from any previous relevant studies, which shall include but not be limited to, legislation, logistics, infrastructure and actual or perceived TA impediments.

The Contractor shall define in detail any other information and data that may be required from the Grantee and the Port Authorities to carry out the TA. At the kickoff meeting the Contractor and the Grantee shall also assign Single Points of Contact for this TA.

The Grantee shall provide the necessary data that it possesses to the Contractor. For data that the Port Authorities or other entities possess, the Grantee shall make every effort to provide the Contractor with the necessary data. All data provided by the Grantee shall be provided at no cost to the Contractor. The necessary data shall include, at a minimum:

- Current legislation related to vessel, crew & cargo clearances;
- Current governmental operating procedures and regulations;
- Copies of any previous Grantee, national governmental or Aktau Port studies for enhancing vessel turnaround times;
- Suggested enhancement procedures or processes;
- Project constraints, limitations and other relevant local input.

## **Task 2 – Documentation of Current Operations.**

The Contractor shall carry out a review of the current operational processes and procedures. This review shall include, but not be limited to, an analysis of historical data for arrival to departure timelines for Tank Vessels (TV). The Contractor shall also review any existing management information systems in use for vessel management.

The Contractor shall review all local and national rules and legislation regarding Customs, Immigration, Sanitation Agencies (Health & Pest), Veterinary Services (Animals) and Plant Quarantine Agencies (Plants) relating to cross-Caspian transportation of crude oil from Kazakhstan to Azerbaijan. These reviews will also take into consideration any particular requirements that are imposed by shippers that may cause delays to port operations.

The Contractor shall analyze in-place infrastructure for tank vessel loading and offloading to include loading rates from/to different crude oil storage facilities

supplying/receiving crude to/from TV's and recommend modifications in practices to increase rates of loading/offloading.

The Contractor should include sufficient time in the TA for at least three or four round trip voyages between Kazakhstan and Azerbaijan to fully understand and document current operations and to make any recommendations for improvements. If a "free-port concept" could be an enhancement, it should also be considered.

*Task 2 Deliverable*

The Contractor shall provide the Grantee with the evaluation of current operations.

**Task 3 – Hardware and Software Development.**

The Contractor shall develop hardware and software recommendations and procedures to implement the EDP system in accordance with Best International Information Technology Practices. At this juncture, it is believed that there are very limited software requirements from vessel to shore but that there may be more required when considering interface with customs and immigration to enhance transparency and easy on-line up to date monitoring. The Contractor shall consider interfaces with port operations, customs operations, the health ministry, terminal operators, ship vessel operators (onshore and off). Consideration shall also be given to functional areas such as telecommunications links, interoperability with existing systems and databases.

The Contractor shall identify personnel training requirements and training alternatives for implementation of the EDP System.

*Task 3 Deliverable*

The Contractor shall provide the Grantee with the hardware and software development recommendations.

**Task 4 - Economic Analysis of the Project.**

The Contractor shall analyze the economics of EDP implementation using current crude oil transportation operations against future estimated crude oil projections with EDP. The Contractor shall document cost of system implementation, projected savings of EDP implementation and implementation effects on TV turn-around times. The Contractor shall also detail the flow through of savings to all stakeholders for current operations and future crude oil shipments through the Kazakhstan Caspian Transportation System. Consideration shall also be given in the areas of hardware & software, and telecommunications upgrade requirements.

*Task 4 Deliverable*

The Contractor shall provide the Grantee with the economic analysis.

### **Task 5 - Implementation Plan.**

Based on the work carried out in Task 1 through 4 above, the Contractor shall develop implementation strategy goals and plan milestones for the successful implementation of this Project.

The Implementation Plan shall at a minimum include the following:

1. Definition of the scope of the implementation effort, listing all potential sites where the new application will be deployed. Provide estimates of the number of users that the system will be deployed to at each site, and the functionality that will be delivered at each site.
2. Description of the recommended approach to be used for the implementation, along with advantages and disadvantages.
3. If a decision is made to adopt any form of partial implementation, specify the implementation sequence of all sub-systems, noting any sub-system dependencies. Also make sure that the implementation plan shows separate testing, installation, training, and conversion activities for each phase of work to be implemented.
4. Provision of a high-level schedule that estimates the time required to complete each implementation and depicts the sequence of the implementation.
5. Specify the various roles that need to be involved in the implementation, and what their primary responsibilities will be. If using an offshore firm for post implementation support, contact the service provider for necessary lead time and contacts.
6. Specify the strategy for turning over the new system to the using organizations.
7. Determine whether a communication plan is necessary for the implementation of the new system.
8. Document any assumptions made in creation of the Implementation Plan.
9. List of organizations/agencies whose signatures are required for Plan approval.
10. List name, version number, description, and physical location of any documents referenced in the Implementation Plan. Also include a listing of nonstandard terms and definitions used.

#### *Task 5 Deliverable*

The Contractor shall provide the Grantee with the Implementation Plan.

### **Task 6 - Financial Analysis of the Project.**

The Contractor shall develop a financial analysis for the Project, including local supply and imported equipment, materials and services. The Contractor shall consider the availability of equity and debt financing, as well as the views of potential public and private financing organizations, such as the World Bank, relevant regional multilateral development bank(s), and bilateral financing institutions such as U.S. Export-Import Bank and the Overseas Private Investment Corporation. The Contractor shall contact the various sources of financing and based on these discussions and discussions with the Grantee and other affected agencies shall suggest a recommended strategy for the financing of the Project. The Contractor shall detail the financial requirements that will be required by Government Agencies (national and/or local), the IOCs, and other private entities to implement the Project.

#### *Task 6 Deliverable*

The Contractor shall provide the Grantee with the financial analysis.

### **Task 7 - Environmental Analysis of the Project.**

The Contractor shall carry out a preliminary review of the Project's anticipated impact on the environment with reference to local requirements and those of multilateral lending agencies (such as the World Bank). The Contractor shall identify potential negative and positive impacts, discuss the extent to which they can be mitigated or enhanced and develop plans for a full environmental impact assessment if required and when the Project moves forward to the implementation stage. This includes the identification of steps that will need to be undertaken by the Grantee subsequent to the TA's completion and prior to Project implementation.

#### *Task 7 Deliverable*

The Contractor shall provide the Grantee with the environmental analysis.

### **Task 8 - Review of Regulatory Issues Related to the Project.**

The Contractor shall identify, investigate and discuss any regulations, legislation, and/or prospective legislation changes that would impact the Project's viability or prognosis to be implemented and function effectively. A review of the following types of regulations might be necessary in determining effects on the Project:

#### ***Regulations related to the rights and obligations of states and to safety and the protection of the environment:***

- the Law of the Sea - rights and obligations of flag states;
- international safety and environment regulations;
- national environmental and safety regulations;
- flag state and port state inspections;
- international labor regulations.

***Regulations related to commercial operations and practices:***

- shipping specific economic policy regulations;
- ship registration conditions;
- cargo reservation/cargo sharing provisions;
- cabotage laws;
- cargo liability regimes;
- national security measures;
- competition legislation.

***Task 8 Deliverable***

The Contractor shall provide the Grantee with the review of regulatory issues.

**Task 9 - Analysis of Key Development Impacts in Kazakhstan.**

The Contractor shall report on the potential development impact of the Project in the Host Country. The Contractor shall focus on what the economic and socio-economic development outcomes will be if the Project is implemented according to the TA recommendations. While focus should be paid to the immediate impact of the specific Project that is being considered, the Contractor should include, where appropriate, any additional developmental benefits to the Project, including future application to the Kazakhstan Caspian Transportation System. The analysis of potential benefits of the TA should be as concrete and detailed as possible. The development impact factors are intended to provide the Project's decision-makers and interested parties with a broader view of the Project's potential effects on the host country. The Contractor shall provide estimates of the Project's potential benefits in the following areas:

- (1) Infrastructure:** a statement on the infrastructure impact giving a brief synopsis including the impact on exogenous requirements such as telecom infrastructure, geo-positioning and tracking facility requirements;
- (2) Market-Oriented Reform:** a description of any regulation, laws, or institutional changes that are recommended and the effect they would have if implemented.
- (3) Human Capacity Building:** the number and type of local positions that would be needed to implement and operate the proposed Project, as well as the number of local people who would receive training; describe such potential training program.
- (4) Technology Transfer and Productivity Enhancement:** a description of any advanced technologies that are recommended to be utilized in Kazakhstan as a result of the Project. The Contractor shall identify whether these technologies can be replicated in other maritime projects in Kazakhstan and the benefits accruing to this effort and include the productivity enhancements that comes from the cost and time savings already calculated. For example, this could include the transfer

of procedural methodologies and know-how in the area of Customs and Immigration developed in the U.S.

**(5) Other:** any other developmental impacts or benefits that would result from the Project, including, but not limited to: follow-on or replication projects; safer workplace; environmental and safety benefits, increased good governance or improved financial revenue flows to Kazakhstan; and the impact of the system upgrades on the efforts of the Grantee and the Government of Kazakhstan to improve the environment and workplace safety in Kazakhstan.

*Task 9 Deliverable*

The Contractor shall provide the Grantee with a report detailing the evaluated developmental impacts.

**Task 10 – U.S. Sources of Supply.**

While aiming at optimum specifications and characteristics for the Project, the Contractor shall make an assessment of the availability of potential U.S. sources of goods and services that may be needed by this Project including, but not limited to; hardware and software technology, engineering and legal and financial services. The Contractor shall supply business name, points of contact, address, telephone, e-mail, and fax numbers for each source.

*Task 10 Deliverable*

The Contractor shall provide the Grantee with a report detailing the possible U.S. sources of supply.

**Task 11 - Final Report.**

The Contractor shall prepare and provide to the Grantee (in hard copy) and to USTDA a Final Report in accordance with Clause I of Annex II of the Grant Agreement. Each of the above tasks in this Terms of Reference must be distinctly set forth in the Final Report in a substantive and comprehensive manner, and shall include all corresponding deliverables. The Final Report shall contain an executive summary. In addition to any other required deliverables in accordance with Clause I of Annex II of the Grant Agreement, the Contractor shall provide both the Grantee and USTDA with a Public Version of the Final Report on CD-ROM. The CD-ROM version of the Final Report shall include:

- Adobe Acrobat readable copies of all documents;
- Source files for all drawings in AutoCAD or Visio format; and
- Source files for all documents in MS Office 2000 or later formats

The Final Report must be prepared in the English, Kazakh and Russian languages.

**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 6**

## COMPANY INFORMATION

### A. 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; provide full names including first, middle and last). Please place an asterisk (\*) next to the names of those principal officers who will be involved in the Technical Assistance.
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.

**B. Offeror's Authorized Negotiator**

Provide name, title, address, telephone number, e-mail address 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.

**C. Negotiation Prerequisites**

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

**D. Offeror's Representations**

Please provide exceptions and/or explanations in the event that any of the following representations cannot be made:

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 within one month of the date of its proposal 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. USTDA retains the right to request an updated certificate of good standing from the selected Offeror.

Signed: \_\_\_\_\_  
(Authorized Representative)

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_