

REQUEST FOR PROPOSALS

TECHNICAL ASSISTANCE FOR THE

BAHIA STATEWIDE AIRPORT MODERNIZATION PROJECT

Submission Deadline: **1:00 PM**

LOCAL TIME

THURSDAY, DECEMBER 27, 2012

Submission Place: Secretaria de Infraestrutura do Estado da Bahia
Marcus Benicio Foltz Cavalcanti
CAB, 4ª Avenida, 440, Paralela
Salvador, BA, 41745-000
Phone: 011-55-71-3115-8506

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\$345,060 to the Secretaria de Infraestrutura do Estado da Bahia (the “Grantee”) in accordance with a grant agreement dated July 27th, 2012 (the “Grant Agreement”). USTDA will fund the cost of goods and services required for a technical assistance ("Technical Assistance") on the proposed Bahia Statewide Airport Modernization Project ("Project") in Brazil ("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

Bahia is the largest state in north/northeastern Brazil in terms of economic output, fifth largest in size, and the fourth most populous in the country. In order to keep up with demand and to allow safer air transport within the state, the Bahia State Infrastructure Secretariat (SEINFRA) has initiated a state-wide airport network modernization plan which will aim to bring state airports up to modern safety standards.

This USTDA technical assistance grant will fund two portions of SEINFRA's airport network modernization and expansion plan. The technical assistance will first help Bahia to prioritize upgrades for the Feira de Santana Airport, which will serve as a key logistics hub for the state once the development of highways and rail lines in the region are completed. The second portion of the technical assistance will provide a program to upgrade eight priority airports within the state. The recommendations and technologies identified would then be replicated to the remainder of the state’s airport network in order of priority.

SEINFRA is responsible for the planning, coordination, supervision, and implementation of studies, programs and public works in the transport, energy and communications sectors in the state, including airport infrastructure as well as cargo and logistics projects.

Given the State’s extensive territorial area, SEINFRA views this project as a means to attract economic development, particularly to areas which are not easily accessible and/or removed from the major developed markets. Portions of a background Definitional Mission is provided for reference in Annex 2.

1.2 OBJECTIVE

This technical assistance shall cover several critical areas for SEINFRA. First, it will help the State of Bahia to prioritize upgrades for Feira de Santana Airport, located in the state’s second largest municipality. Due to its proximity to the state capital and to important highways and rail lines under development, this airport could serve as a key logistics hub for the state. SEINFRA’s priority is to bring the airport infrastructure up to domestic and international safety norms in order to serve general aviation aircraft and allow regional commercial passenger and cargo services. More than 20% of the commercial passengers utilizing Bahia’s main airport, located in

the capital city of Salvador, now have origins or are destined to the Feira de Santana area, which serves as the urban center for approximately 25 different nearby municipalities.

Second, the technical assistance will also provide a program to update the remainder of the state's airport network by identifying modernization needs and key technologies to allow night operation capabilities at eight priority airports identified by SEINFRA. These technologies would then be replicated to the entire state's airport network in order of priority. This component would contribute to the state's effort to assure that all municipalities are not more than 150 kilometers from an airport with night operations. Night operations and improved communications at these airports would increase access for passengers, perishable cargo service, Medevac services, donor organ shipment programs, faster allocation of assistance programs during droughts, and forest fire safety, among others. Also, the company conducting this technical assistance would develop a procurement schedule and specifications for the safety, night operations, and communications/navigation equipment. 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\$345,060. **The USTDA grant of US\$345,060 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\$345,060 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 Bahia Statewide Airport Modernization 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. Portions of the 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\$345,060.

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 Portuguese languages. Annex 6 does not need to be translated into Portuguese

2.13 PROPOSAL SUBMISSION REQUIREMENTS

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

**Secretaria de Infraestrutura do Estado da Bahia
Marcus Benicio Foltz Cavalcanti
CAB, 4ª Avenida, 440, Paralela
Salvador, BA, 41745-000
Phone: 011-55-71-3115-8506**

An Original in English and Portuguese, one (1) copy in English, and three (3) copies in Portuguese of your proposal as well as a CD or Flash Drive with an electronic copy of your proposal in both languages must be received at the above address no later than 1:00 pm (local time), on Thursday, December 27th, 2012.

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 the name of the project and designation of "original" or "copy number x." The original in English and Portuguese, one (1) copy in English, and three (3) copies in Portuguese of your proposal as well as a CD or Flash Drive with an electronic copy of your proposal in both languages should be collectively wrapped and sealed, and clearly labeled, including the contact name and the name of the project.

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

2.15 OFFEROR'S AUTHORIZED NEGOTIATOR

The Offeror must provide the 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.

2.16 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.

2.17 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.

2.18 EXCEPTIONS

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

2.19 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.

2.20 RIGHT TO REJECT PROPOSALS

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

2.21 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.

2.22 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.

2.23 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.

2.24 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\$345,060, which is a fixed amount.

Offerors shall submit one (1) original and eight (8) copies 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,
- Firm Background Information,
- Completed U.S. Firm Information Form,
- 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 U.S. FIRM INFORMATION

A U.S. Firm Information Form in .pdf fillable format is attached at the end of this RFP in Annex 6. The Offeror must complete the U.S. Firm Information Form and include the completed U.S. Firm Information Form with its proposal.

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 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 each of 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 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:

- **Staff Technical Experience – Statewide Airport Planning (20 points):** Team's experience (including detailed resumes showing language capabilities and specific projects in the main study areas that are the objective of this Technical Assistance Program). Staff expertise and qualifications should specifically demonstrate experience in statewide aviation planning, including previous experience in development of regional and general aviation airports; and experience in runway lighting, navigational aids and communications systems, airport planning, technical specification development, procurement and cost estimating for airport investments. Knowledge and familiarity with ICAO, FAA and TSA regulations must also be demonstrated. The team should also demonstrate experience working on statewide airport development programs, involving Federal, State and local officials.

- **Staff Technical Experience - Airport Facility Planning and Development (10 points):** Team's experience (including detailed resumes showing capabilities) in airport infrastructure development, private sector approaches to airport facility development, and implementation and financing of airport projects.
- **Staff Financial, Economic and Environment Analysis Experience (20 points):** Team's experience in financial, economic and environment analysis for airports, project financing, development of statewide capital investment programs for airport and infrastructure projects, and development impacts of regional airport projects. Specific experience with financing mechanisms for airport projects in Brazil and Latin American markets is desired. Previous experience in airport privatization should also be demonstrated.
- **Staff Air Transport Market Analysis Experience (10 points):** Team should have experience in demand analysis, market research and market assessments for commercial and general aviation, including prior experience developing such facilities to handle both passengers and cargo.
- **Work Plan and Methodology (25 points):** Adequacy of the proposed work plan and suggested overall approach to address the Terms of Reference and the different Technical Assistance Program objectives. Approaches to the consultation process with SEINFRA as well as reasonableness of technical approach and staff utilization schedule. The specific study areas methodology, the proposed team organization to achieve the objectives, and the overall work plan to produce the products to be delivered will be evaluated.
- **Firm's Technical and Regional Experience (15 points):** Firm's prior experience in statewide aviation planning, airport facility development and airport feasibility studies is required. Familiarity with the aviation sector in Brazil and South America should be demonstrated.

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

Price will not be a factor in contractor selection.

ANNEX 1

Marcus Benicio Foltz Cavalcanti, Secretaria de Infraestrutura do Estado da Bahia
CAB, 4ª Avenida, 440, Paralela, Salvador, BA, 41745-000, Phone: 011-55-71-3115-
8506

B – Brazil: Bahia Statewide Airport Modernization Project

POC: Anthony O’Tapi, USTDA, 1000 Wilson Boulevard, Suite 1600, Arlington, VA 22209-3901, Tel: (703) 875-4357, Fax: (703) 875-4009. BAHIA STATEWIDE AIRPORT MODERNIZATION PROJECT. The Grantee invites submission of qualifications and proposal data (collectively referred to as the "Proposal") from interested U.S. firms that are qualified on the basis of experience and capability to develop a technical assistance to produce a statewide airport capital improvement plan and develop a roadmap and implementation plan to modernize and expand the state of Bahia’s airport network.

This technical assistance funding for SEINFRA will serve several purposes. First, it will help the State of Bahia to prioritize upgrades for Feira de Santana Airport, located in the state’s second largest municipality. Second, the technical assistance will also provide a program to update the remainder of the state’s airport network by identifying modernization needs and key technologies to allow night operation capabilities at eight priority airports identified by SEINFRA. These technologies would then be replicated to the entire state’s airport network in order of priority.

The State of Bahia is the largest state in northeastern Brazil in terms of economic output, fifth largest in size, and the fourth most populous in the country. SEINFRA is responsible for the planning, coordination, supervision, and implementation of studies, programs, and public works, in the transport, energy and communications sectors in the State, including airport infrastructure, as well as cargo and logistics projects.

The U.S. firm selected will be paid in U.S. dollars from a \$345,060 grant to the Grantee from the U.S. Trade and Development Agency (USTDA).

A detailed Request for Proposals (RFP), which includes requirements for the Proposal, the Terms of Reference, and portions of 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/businessopps/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 Portuguese directly to the Grantee by 1:00 PM, December 27th, 2012 at the above address. Evaluation criteria for the Proposal are included in the RFP. Price will not be a factor in contractor selection, and therefore, cost proposals should NOT be submitted. The Grantee reserves the right to reject any and/or all Proposals. The Grantee also reserves the right to contract with the selected firm for subsequent work related to the project. The Grantee is not bound to pay for any costs associated with the preparation and submission of Proposals.

ANNEX 2

BRAZIL AIRPORT SECTOR OPPORTUNITIES DEFINITIONAL MISSION

CONTRACT No. TDA-CO201151096

DRAFT FINAL REPORT

NOVEMBER 1, 2011

APPENDIX II: BAHIA STATE – AIRPORTS TECHNICAL ASSISTANCE

PREPARED BY:



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Executive Summary

In April 2011, the United States Trade and Development Agency (USTDA) engaged Ascendant Program Services, LLC (Ascendant) to carry out a Definitional Mission (DM) for evaluating airport sector project opportunities in Brazil.

One of the three highest ranked projects is the Technical Assistance Program in the State of Bahia to pursue priority improvements. The project sponsor for this Technical Assistance is the Bahia State Infrastructure Secretariat (SEINFRA). The purpose of this Technical Assistance is to support the Infrastructure Secretariat, and consider priority needs as input to the update of the Statewide Airport Plan.

This Appendix to the DM report provides all the information to prospective bidders, in the event that USTDA decides to approve a grant to the Bahia State Infrastructure Secretariat. After this introduction, this Appendix will briefly describe the Brazilian economy, the airport sector, the Bahia State economy and the proposed project. Other sections of the Appendix cover all the topics required under the USTDA guidelines for Definitional Mission Reports, including the criteria that were considered in ranking the project, i.e. project sponsor capability, availability of implementation financing, US export potential, foreign competition, impacts, and justification for USTDA funding. In addition, the Appendix describes the qualifications needed for the contractor firm to carry out the scope, as well as a description of the scope (TOR), proposed study budget, and recommendations. Contact information for US companies and Brazilian officials is included in the last section.

Project Background and Objectives

Brazil is a large and populous country with over 180 million inhabitants. It has been growing at a fast pace for the last two decades, propelling the country to become the world's seventh largest economy with a GDP of US\$2.2 trillion at current exchange rates. Airport infrastructure is in urgent need of investment to sustain the anticipated growth in traffic. The Government of Brazil has recently significantly restructured the airport sector. A new Secretariat of Civil Aviation (SAC) under the Presidency with Ministerial rank was created. It is tasked to lead all Federal activities in airport infrastructure investments in the country, while increasing the role and facilitating State and local involvement in airport development. The Federal Government will continue having a strong role in the country's major airports, but a concession program is being pursued to attract private investment and increase private sector involvement in airport operations. Further, the funds obtained through the large airport concession program will be partly used to further develop regional airports.

The State of Bahia is the largest state in north/northeastern Brazil in terms of economic output with a Gross Domestic Product of approximately R\$121 billion (US\$51 billion) representing 4% of the national GDP. Salvador, located at the meeting point of the

Atlantic Ocean and the Bay of All Saints, is the capital of Bahia and the largest city with a population of over 2.6 million. Other important cities are Feira de Santana and Vitória da Conquista with populations between 300,000 and 500,000.

The proposed Technical Assistance will consider a funding strategy to modernize and expand the State's Airport System, including analysis of improvements and costs to pursue two of the State's highest priorities. Under Brazilian law, every State independently develops Statewide Airport Plans which are negotiated with and approved by SAC. The Bahia State Infrastructure Secretariat (SEINFRA) is in the process of updating the State's Plano Aeroviario (Statewide Airport Plan), which was prepared in 2002 to develop a modern State Airport network, equipped with latest technology for navigation and communications systems, with appropriate facilities to handle the growing domestic regional passenger services.

The State's highest priority project is to upgrade the existing airport in the second largest municipality (Feira de Santana), located about 110 km from Salvador. The airport was closed since 2009 until recently, as it did not meet requirements for National Civil Aviation Agency (ANAC) certification. After the completion of runway and apron paving as well as the construction of a perimeter fence, the Airport complied with all ANAC requirements and reopened on September 15, 2011.

The State of Bahia intends to further improve the airport to serve General Aviation aircraft, allow for regional commercial services, as well as to serve cargo demand, considering that the Feira de Santana area is a major regional logistic and distribution center, located at the intersection of several major highways and near new rail lines under development. The airport can also function in a complementary manner with Salvador, the State's capital and major population center, where there have been difficulties in building a new runway, due to environmental issues. More than 20% of the Salvador Airport commercial passengers have origins or are destined to the Feira de Santana Area (which serves as the urban center for approximately 25 different nearby municipalities). Feira de Santana is now officially the center of a Metropolitan Region recently created. It is estimated that about 10,000 passengers monthly with origins from the Feira de Santana Region utilize the Salvador Airport, since there are presently no commercial services available at the Feira de Santana Airport.

Another important priority is an ongoing program to provide airfield lighting and other navigation equipment at a large number of airports so as to assure that all municipalities in the State are not any farther than 150 km from an airport operating at night. This policy is aimed at providing access to medical emergency services, transport of organs for transplants, and medicines to the remote areas of the state when needed.

Implementation Financing

The State of Bahia has access to a number of dedicated sources of funding that can be used to finance the proposed airport program. First, the Statewide Airport Transportation Program that USTDA would support through this technical assistance would provide access to the R\$100 million Federal Airport Assistance Program (PROFAA) of the Brazilian Government. In addition, the Brazilian Federal Government has announced its intention to use some of the funds from the concession of the larger INFRAERO airports for regional airport development through a new fund known as the National Fund for Civil Aviation (FNAC). A third source is the State of Bahia's own funds which are budgeted every year for air transport infrastructure improvements and expansion.

The World Bank is also currently preparing a US\$1 billion loan for the State of Bahia, part of which could definitely be used for the Feira de Santana airport development project if the Government of the State of Bahia makes it a priority.

The project was discussed with other organizations that can be potential sources of additional financing which were identified during the Definitional Mission: the Brazilian Development Bank (BNDES), private sector funding potentially secured with assistance from the International Finance Corporation (IFC), the Inter-American Development Bank (IDB), and the U.S. Overseas Private Investment Corporation (OPIC). Vendor financing is also a possibility with US Export-Import Bank (Ex-Im) financing.

Potential to Generate US Exports

The selection and scope of projects to be studied has considered the likelihood of near term project implementation, so that US exports can be generated, as well as the type of goods and services that will need to be procured and can be competitively provided by US exporters. An estimated \$19.2 million could be sourced by US exporters as a result of the projects to be implemented in the State of Bahia which will be further defined in the USTDA Technical Assistance Program. Aircraft Assembly Equipment was included due to the presence of an Aircraft Manufacturer adjacent to the Feira de Santana Airport that builds new light general aviation aircraft with a large number of components imported from the United States. This manufacturer plans to expand his production and is dependent on a viable airport functioning next to the plant.

In order to facilitate the involvement of US exporters in the projects to be studied, several tasks have been included in the proposed scope, e.g. the development of specifications that can be used by the Project Sponsor or prime contractors to acquire equipment, a one-page project brief describing the equipment to be acquired, the procurement process to be followed, as well as the export financing available to US exporters so it can be distributed by USTDA and US Department of Commerce to interested US exporters, etc. The USTDA funded Technical Assistance would also assemble brochures, technical

booklets, specs, and other relevant information on US exporters to be provided to the Project Sponsor.

Justification

The request for Technical Assistance in the updating of the Bahia Statewide Airport Plan is justified for the following main reasons:

- 1) *Export Potential is significant.* The estimates of US exports indicate that the potential value of the exports is much greater than the funding needed for the Technical Assistance. Further, many of the investments are to be implemented in the near term, increasing the potential for US exports.
- 2) *Major Ongoing Infrastructure Investments Underway.* The State of Bahia is planning large investments in infrastructure, including many in airports, beyond those being considered in this Technical Assistance Program. Several new airports are planned and a new airport has recently obtained funding from the PROFAA Program.
- 3) *Potential for US Exporters Involvement as Airport Navigation, Communications, and Lighting Equipment Providers.* The equipment needs to improve and modernize navigation, communications and airfield lighting in the Bahia State airports is a market where US companies compete and several exporters are already involved. The Technical Assistance Work Program has been structured to involve potential exporters so they can obtain early information on upcoming procurements. A larger joint procurement program for several airports can increase the potential for US exporters' competitiveness. The Technical Assistance Program will develop specifications for some of the equipment to be procured in the near term.
- 4) *Foreign Competition.* European, Chinese, Japanese and other foreign competitors are actively involved in the Brazilian airport market. The involvement of USTDA through this Technical Assistance can help promote US company involvement with the Project Sponsors and encourage use of US sourced equipment and services.
- 5) *Large Upcoming Brazilian National Airport Investment Program.* The Brazilian government's investment in airports is anticipated to grow rapidly, including a program to concession the major airports in the country. A new terminal at Natal Airport has already been concessioned. The process to concession Brasilia, São Paulo Guarulhos, and Campinas (Viracopos) has been announced. Other major airports will follow, including Galeão Airport in Rio de Janeiro State and Belo Horizonte in Minas Gerais State. The Brazilian government has also announced the creation of a new fund to finance regional airport investments around the

country. Many US companies are positioning themselves to participate in these upcoming programs. This Technical Assistance can then also help US exporters to increase their presence and experience in Brazil, and thereby improve their competitiveness as the large upcoming investments are implemented.

Recommendations

A USTDA grant for US\$345,060 is recommended to fund a six-month Technical Assistance Program to support the Bahia State Infrastructure Secretariat (SEINFRA) in updating the Statewide Airport Plan (see schedule in Annex II). This Technical Assistance will involve a Feasibility Study of needed improvements at Feira de Santana Airport, and needed improvements at all other State Airports that will serve as a basis for updating the Statewide Airport Plan, with emphasis on the equipment needs for air navigation, communications and other equipment to expand and modernize existing airports. The Technical Assistance will also include the preparation of specifications for equipment to be acquired in the near term. The Technical Assistance will consider financial viability, funding sources, priorities, project impacts, and include several activities to facilitate the involvement of US exporters as the projects are implemented.

The Study approach and budget has been developed based on the Project Sponsor making available all needed information and data for any airports that cannot be visited due to budget limitations and time constraints. It is recommended that USTDA clearly establish a deadline for the Project Sponsor to provide all needed information and data to the USTDA Contractor. Preferably, the Project Sponsor should provide all needed information to the USTDA Contractor at no cost to the USTDA Contractor by the time the project starts. The Project Sponsor should also name a Project Coordinator to assure all needed feedback and decisions are provided to the USTDA contractor in a timely manner, so as to comply with the recommended schedule.

Project Description

INTRODUCTION

The United States Trade and Development Agency (USTDA) has engaged Ascendant Program Services, LLC (Ascendant) to carry out a Definitional Mission (DM) for evaluating airport sector project opportunities in Brazil. Projects were initially proposed by three agencies, the Rio de Janeiro State Transportation Secretariat, the Paraná State Transportation Secretariat, and the Brasilia Federal District. As the Definitional Mission started, USTDA also requested that three other potential projects be considered: a statewide program for improving the airports in the State of Bahia, a study of the feasibility for improving the airport at Rio Negrinho in Santa Catarina State, and a study of the feasibility of building a new airport in Americana, near Campinas in the State of São Paulo.

Americana subsequently withdrew their request for USTDA assistance and Ascendant concluded that the improvements at Rio Negrinho airport would not justify a specific USTDA study while the project of a second airport for the Brasilia Federal District needs to mature further before it can become eligible for USTDA financing. After the TORs were prepared for the Paraná Technical Assistance Program, the State of Paraná also decided to not proceed at this time.

In selecting the projects recommended for inclusion in USTDA technical assistance, Ascendant carried out an evaluation of all the submitted projects in terms of their potential to meet USTDA guidelines based mainly on the following criteria:

- i) projects that have a high priority and strong commitment from the State and local communities,
- ii) projects that can and are likely to be ready for implementation in the near-term (three to five years),
- iii) projects which have a high probability of obtaining the needed financing (because they are eligible to utilize available funding sources, and the costs are within range of annual budgets of involved programs and agencies), and
- iv) projects that require equipment and/or services where US companies are presently involved in the Brazilian market and already generating US exports, or where US companies compete successfully in worldwide markets and have expressed interest in selling their products and services in Brazil.

Based on this evaluation, Ascendant prepared Terms of Reference (TOR) and budgets for the three highest-ranking projects in terms of their ability to meet guidelines for USTDA funding. One of the three highest-ranked projects is the Technical Assistance Program in the State of Bahia to pursue improvements at airports that are not owned and operated by INFRAERO, i.e. State and/or locally-sponsored projects.

The project sponsor for this Technical Assistance is the Bahia State Infrastructure Secretariat (SEINFRA). The purpose of this Technical Assistance is to support SEINFRA and consider priority needs as input to the update of the Statewide Airport Plan. The Technical Assistance Program will also consider the feasibility of improvements at the Feira de Santana Airport, located about 110 km from Salvador. Feira de Santana Airport was closed in 2009 since it did not meet requirements for certification by the National Civil Aviation Agency (ANAC). This Airport recently reopened after some interim improvements and the State is considering other improvements and a funding strategy to modernize and expand it so as to attract commercial services. The State is also interested in installing equipment for nighttime operations and identifying equipment to improve navigation, and communications at many of the airports in the Statewide Airport Plan.

This report provides all the information to prospective bidders, in the event that USTDA decides to approve a grant to SEINFRA. After this introduction, this report will briefly

describe the Brazilian economy, the airport sector, the Bahia State economy and the proposed project. Other sections of the report cover the topics required under the USTDA guidelines for Definitional Mission Reports, including the criteria that were considered in ranking the project, i.e. project sponsor capability, availability of implementation financing, US export potential, foreign competition, development and US labor impact, environmental impact, and justification for USTDA funding. In addition, the report describes the qualifications needed for the firm to carry out the scope, as well as a description of the scope (TOR), proposed study budget, and recommendations. Contact information for US companies and Brazilian officials is included in the last section.

BRAZIL ECONOMY AND THE AIRPORT SECTOR

Brazil is a large and populous country with over 180 million inhabitants. It has been growing at a fast pace for the last two decades, propelling the country to become the world's seventh largest economy with a GDP of US\$2.2 trillion at current exchange rates.

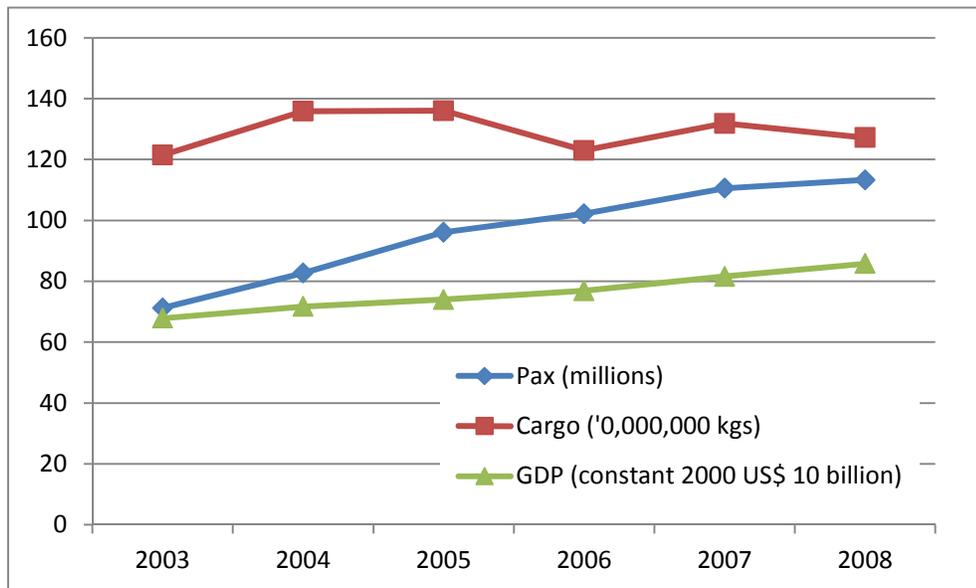
The country withstood the impact of the 2008–2010 global recession and continues to grow at an average rate of approximately 4% per year. This growth appears sustainable in the future as the country is poised to take advantage of the increasing demand for its vast natural resources, its agriculture as well as its industrial sector. Production in all sectors is due to continue to increase rapidly with important new discoveries in the oil sector and technologically-advanced export industries.

In the past 40 years, Brazilian air passenger traffic grew at a rate of close to 8% per year, freight at a rate of 6.5% while the economy grew at a rate of 2.5% per annum. In spite of these relatively high growth rates, air transport still has much room to grow. By way of comparison, twice the amount of passenger and 3.5 times the amount of freight are transported by air in the United States per unit of GDP than in Brazil. Consequently, sustained growth rates of 10% per annum for passengers and cargo should be expected in the medium to long-term in Brazil.

Airport infrastructure in Brazil is in urgent need of investment to sustain this foreseeable growth in traffic. By way of comparison, the US has 424 airports with runways over 2,438 m, Brazil has only 35 such airports. Apart from the major airports located in the state capitals, most local airports require major improvements and investments including a wide array of equipment manufactured in the United States such as Nav aids, lighting for night operations, weather stations, passenger and cargo terminal equipment and other equipment such as fuel distribution, fire trucks, etc.

Until recently, airport infrastructure in Brazil was managed and controlled by the Ministry of Defense through INFRAERO, an organization that historically has been responsible for developing and operating the airports in Brazil. Several efforts have been underway to decentralize the sector and increase the role of the private sector, as the need for improved efficiency and large investments is clear.

Brazil Air Transport



Note: Represents Infraero Airports only. Cargo figures do not include mail.
 Source: BNDES, Base de Dados dos Passageiros

In response to this situation, the Government of Brazil has recently significantly restructured the airport sector. A new Secretariat of Civil Aviation (SAC) under the Presidency with Ministerial rank was created. It is tasked to lead all Federal activities in airport infrastructure investments in the country, while increasing the role and facilitating State and local involvement in airport development. The Federal Government will continue having a strong role in the country's major airports, but a concession program is being pursued to attract private investment and increase private sector involvement in airport operations. Further, the funds obtained through the large airport concession program will be partly used to further develop regional airports.

Under Brazilian law, every State independently develops Statewide Airport Plans which are negotiated with and approved by SAC. Every airport or group of airports are the object of a Convenio signed between the State and SAC which defines the general purpose and modalities of operation (INFRAERO, State or Municipal Operation or Concession) of the airport. Airports not included in the State Plan and not the object of a signed Convenio cannot operate as public (commercial) airports nor are they eligible for Federal financial support.

Regulations specifying airport infrastructure requirements and their enforcement are the responsibility of the National Civil Aviation Agency (ANAC). US exporters need to be mindful of ANAC's regulations which, while complying with ICAO norms and standards and often also similar to FAA standards, also incorporate other requirements.

Sixty six airports (the major airports and a number of secondary airports) are operated by INFRAERO whose role is now transitioning to airport operator. At the same time, the program to concession some of these airports (mainly the terminal side) is being formulated. A tender process for the concession of a new airport in Natal has been underway and a bidder has recently been announced. Three major airports have been designated for at least partial privatization by the President: Guarulhos in São Paulo, Viracopos near Campinas and Brasilia. It appears that Galeão in Rio de Janeiro and Belo Horizonte will soon follow.

While the Federal Government has recently adopted measures aimed at boosting investment by the private sector, this concession program of INFRAERO airports will only affect investments in existing or new major terminals. The development of regional airports will be entirely left to the states and municipalities who will shoulder investments either directly or through their own privatization initiatives with some federal support through the PROFAA program as well as any additional funding that may become available from the concessions of the INFRAERO airports, through the newly created National Fund for Civil Aviation (FNAC).

In the recent past, most federal support for state-operated regional airports has been provided by the PROFAA fund that includes revenues from landing fees and other airport generated income. Amounts distributed by the Government to the States aren't significant relative to the country's needs, amounting to a little over R\$100 million per year in the recent past. States with ready projects and strong political support for their projects often can capture a large share of these funds.

BAHIA STATE ECONOMY AND AIRPORT SECTOR

Bahia is located in northeastern Brazil along the Atlantic coast. It is bordered the states of Sergipe, Alagoas, Pernambuco and Piauí to the north, Goiás and Tocantins to the west, and Minas Gerais and Espírito Santo to the south.

The population of the State of Bahia is over 14 million people, two-thirds of which are residing in urban areas. Salvador, located at the meeting point of the Atlantic Ocean and the Bay of All Saints, is the capital and the largest city with a population of over 2.6 million. Other important cities are Feira de Santana and Vitória da Conquista with populations between 300,000 and 500,000.

Bahia's economy is well-diversified and centered on industry (chemicals, petrochemicals, computer and automotive parts), agriculture (sugar cane, cacao, yucca, beans, soy and coconut), mining, tourism and services. It is the largest state in north/northeastern Brazil in terms of economic output with a Gross Domestic Product of approximately R\$ 121 billion (US\$51 billion) representing 4% of the national GDP. The industrial and service sectors are dominant components of the economy, representing 48.5% and 40.8% of GDP, respectively. As the main producer and exporter of cacao, the agricultural sector in

the state is strong and represents 10.7% of GDP. The State economy has been experiencing impressive rates of growth in recent years; between 2004 and 2008 average annual growth was 11%. The agriculture sector has been growing rapidly in the past five years, particularly in the western regions of the State.

Bahia's mineral production is the third largest in the country with key products including gold, copper concentrate, magnesite, chromite, rock salt, barite, manganese, ornamental rocks, precious stones, talcum, phosphates and uranium.

Roadway is the dominant form of transportation in the state of Bahia, with 95% of freight being transported on the state's 120,000 km long road network, of which approximately 14,000 km are paved. The state's 1,600 km-long rail network links Salvador to Minas Gerais, Pernambuco and Sergipe is operated by a private rail company. Bahia has four ports, and the Aratu, Ilhéus and Salvador seaports and the Juazeiro river port. The state's inland water transportation network is 1,400 km long and run along the San Francisco River between Pirapora in Minas Gerais and Juazeiro in Bahia.

With a rapidly growing economy, favorable cost of living and mild climate Bahia is an attractive destination for investment. There are large condominium buildings in the resort areas in the city and nearby that attract seasonal foreign residents.

The State of Bahia has 84 airports that are the responsibility of the State and local municipalities. Besides the State and local airports, there are two additional airports which were developed and operated by INFRAERO (Salvador and Ilheus). Salvador is the main airport in the State serving the capital and the tourism areas north of the city. The airport lies 20 km (12 mi) north of downtown Salvador and the road to the airport has already become one of the city's main scenic attractions. The airport served over 7.5 million passengers in 2010.

PROJECT DESCRIPTION AND OBJECTIVES

SEINFRA is developing a modern state airport network in Bahia, equipped with latest technology for navigation and communications systems, with appropriate facilities to handle the growing regional passenger services as well as to support the local economy.

SEINFRA is in process of updating the Plano Aeroviário do Estado da Bahia (PAEBA - Statewide Airport Plan), which was prepared in 2002. SEINFRA has requested Technical Assistance from USTDA to update its plan, so as to include the latest technology available, utilize appropriate analysis to define project needs and priorities, modernize the available infrastructure and equipment, as well as comply with appropriate international norms and standards.

Besides the need for modern equipment to upgrade all the major State airports, there is also a need to consider the opportunities to expand and improve the Feira de Santana Airport, which was closed from 2009 until recently because it did not meet ANAC's

certification requirements. The State of Bahia objectives include developing a Program to modernize its airports as well as upgrade and expand the Feira de Santana Airport in order to support the state and local economic development objectives. Project needs and priorities will be identified based on appropriate market analysis and international and ANAC norms and standards. Specific objectives to be addressed during the Technical Assistance Program are as follows:

- 1) Carry out a Feasibility Study to determine near and longer term improvements at Feira de Santana Airport, including:
 - a. Demand Analysis for Regional Commercial Aviation, General Aviation and Cargo Services over the next 20 years,
 - b. Facility Requirements to meet projected demand,
 - c. Develop a Master Plan for the airport, including land uses in adjacent properties around the airport,
 - d. Develop an immediate (1-3 years), near term (5 years) and longer term Improvement Program (20 years).
- 2) Develop a Statewide Program of needed improvements and priorities to develop Airport Night Operations at General Aviation Airports, and consider navigation improvements, in accordance with international and ANAC safety norms and reflecting traffic levels.

The Technical Assistance effort will produce the following products:

- 1) Technical and economic feasibility analysis for Feira de Santana Airport, and
- 2) Technical inputs for the updating process of the State of Bahia Airport Plan (PAEBA), prepared in 2002, to modernize equipment and improve safety, with emphasis on two specific areas:
 - a. Statewide Program for improving airports to develop capability for nighttime operations throughout the State, and
 - b. Statewide Program for Improved Communications and Navigation Equipment at Regional Airports

The intent is to develop a regional airport network with modern equipment and services that complements the INFRAERO Airports. Although the Salvador Airport operated by INFRAERO is not been included in the Technical Assistance, the Contractor should take into account the existing and planned facilities at this Airport in terms of how it may affect needs at Feira de Santana. The airports included in the Technical Assistance are mainly small regional and general aviation airports which are important for local markets, but they are operated separately from the larger INFRAERO airports. The projects are all intended to generate economic development as well as support local business needs.

Project Sponsor Capability and Commitment

The Project Sponsor will be SEINFRA which is the highest level organizational unit responsible for the planning, coordination, supervision, and implementation of studies, programs, and public works, in the transport, energy and communications sectors in the State, including airport infrastructure as well as cargo and logistics projects. SEINFRA's mission includes statewide transport policy development to assure an efficient and integrated transport infrastructure for all modes, including airports and to assure the development and maintenance of an adequate aviation, maritime and ground transportation infrastructure.

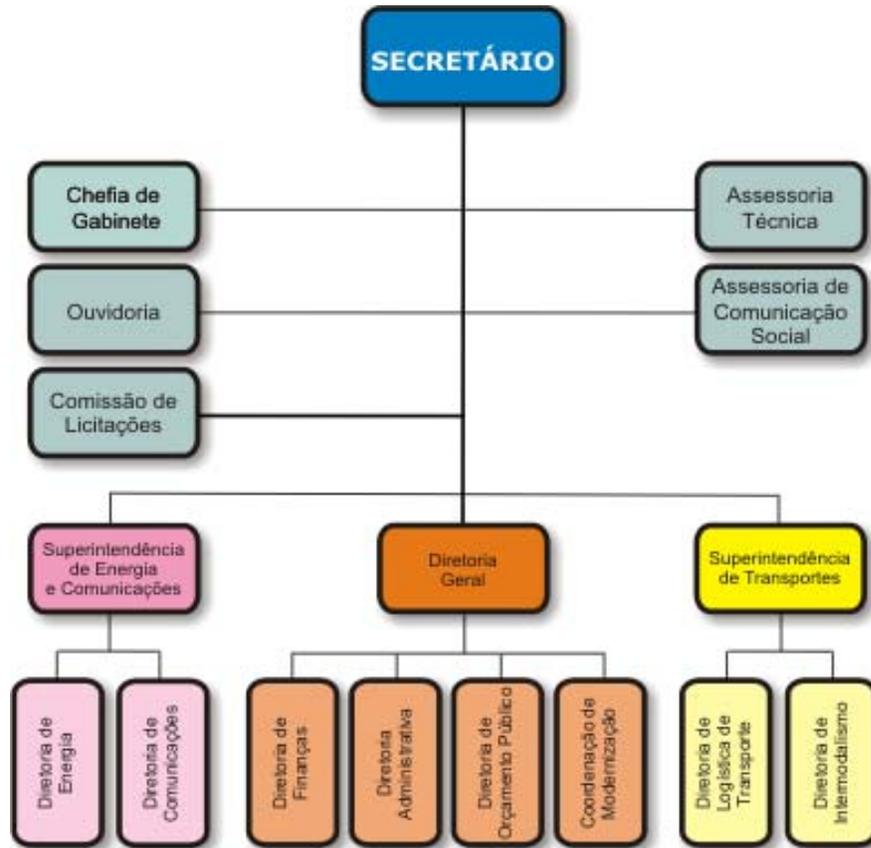
The responsibilities of SEINFRA include, among others, the following:

- Advise the Governor in the formulation, implementation, and evaluation of transport policy,
- Promote, coordinate and execute or supervise the State transport plans, programs, and projects, consistent with Federal policy.
- Coordinate regularly with public entities at the Federal, State, and municipal levels regarding the management of transport programs and services.
- Promote the availability of needed revenues using national and international public and private sources to develop transport programs.
- Establish guidelines and policies to administer State airports thru concessions and agreements in its area of responsibility.

Within SEINFRA, the Program will be coordinated through the Superintendencia de Transportes, which oversees the airport, cargo, terminals, and related programs. The Superintendencia includes a staff composed of professionals and administrators, who are responsible for the Statewide Airport Plan and intermodal transport programs, including large infrastructure planning and development projects. The Director of Intermodalism and the Intermodal Coordinator will both be involved as needed in providing information and overseeing the Technical Assistance Program.

The Superintendencia oversees airport programs, as well as the implementation of technical-economic-environmental studies and engineering design for airport projects aimed at the development, construction, rehabilitation, expansion, operation, and maintenance of the State's Airport System. The organizational structure of SEINFRA is provided in the following figure.

SEINFRA Organizational Structure



SEINFRA recognizes that air transportation has an important role in the State’s economic growth and the regional development of the State, particularly to support the tourism industry, business needs and the mobility of the State’s population. For the regional and general aviation airports, the facilities are a factor in attracting economic development, and to provide emergency medical services, particularly in those areas not easily accessible and/or far away from the major developed markets and in isolated agricultural and rural areas. SEINFRA is committed to developing the improved infrastructure, adequate to handle the increasing demand being generated by the government’s economic development programs. More specifically, SEINFRA is pursuing priority safety and expansion projects to improve and modernize airport infrastructure as identified in the Statewide Airport Plan.

Implementation Financing

The State of Bahia has access to a number of dedicated sources of funding that can be used to finance the proposed airport program.

First, the Statewide Airport Transportation Program which USTDA would support through this technical assistance would provide access to the R\$100 million PROFAA program described in Section II.B above.

In addition, the Federal Government has announced its intention to use some of the funds from the concession of the larger INFRAERO airports for regional airport development through a new fund known as FNAC. However the sources and uses of this fund are not presently known.

A third source is the State of Bahia's own funds which are budgeted every year for air transport infrastructure improvements and expansion. In 2011 that budget line was R\$ 13.1 million.

The World Bank is currently preparing a US\$1 billion loan for the State of Bahia part of which could definitely be used for the Feira de Santana airport development project, if the Government of the State of Bahia makes it a priority for use of some of these funds.

The project was discussed with other organizations that can be potential sources of additional financing which were identified during the Definitional Mission: the Brazilian Development Bank (BNDES), private sector funding potentially secured with assistance from the International Finance Corporation (IFC), the Inter-American Development Bank (IDB), the US Export-Import Bank (Ex-Im) and the Overseas Private Investment Corporation (OPIC).

BNDES and the IDB are less likely sources of funding for airport development projects in the State. Human resources dedicated to the funding of airport projects at BNDES are going to be severely taxed in the coming years with the expansion and privatization of Brazil's larger airports and the bank did not express great interest in supporting smaller operations such as the secondary airports in the State. The IDB has the additional constraint that it does not engage in sub-sovereign operations without approval at the federal level. While the inclusion of an airport in the Statewide Airport Plan for Bahia is a step towards such an approval, the Ministry of Planning would still need to agree that IDB funds be dedicated to this purpose, a process that will likely take significant time.

The IFC's main interest is in airport concessions. The IFC is not currently involved in the announced privatization of major airports in Brazil but it does have a working agreement with BNDES and hoped to be involved in future operations. While it is less interested in smaller airports it would be open for discussions of PPP operations. In particular, some members of the IFC expressed interest in exploring the possibility of financing safety improvements at a number of airports through availability payments backing supplier's credit. Such a scheme could be of interest to vendors who would have the opportunity to bid the furnishing, installation and maintenance of safety improvements at several airports, which would make the transaction more interesting to suppliers and cheaper for the State of Bahia.

The US Ex-Im Bank and OPIC are generally interested in assisting exports to Brazil. OPIC would support US investors in case some of the proposed investments were executed as Private Public Partnerships (PPPs).

US Export Potential

APPROACH

The approach to estimate US export potential was tied closely to the selection of study areas for inclusion in the Technical Assistance Program. One of the main criteria for inclusion of study areas in the TOR was to select projects that require equipment and/or services where US companies are presently involved in the Brazilian market already generating US exports, or where US companies compete successfully in worldwide markets and have expressed interest in selling their products and services in Brazil.

The State of Bahia has developed a Program to modernize its airports as well as build new airports in areas of the State where such new airports can support the State's and the local area's business, tourism and/or industry development objectives. The overall objective of the Technical Assistance is to support an update of the Statewide Airport Plan. Several Bahia airport projects and statewide airport issues were considered for USTDA support. The selected study areas for the Technical Assistance Program reflect the priorities of the Project Sponsor as well as the US Export Potential.

The major Bahia projects that were considered for USTDA support in priority order as expressed by the Project Sponsor are as follows:

- 1) Modernization of Feira de Santana Airport;
- 2) Further definition and Prioritization of the Statewide Program to improve airports in order to allow nighttime operations, improve navigation aids, and assure compliance with international and ANAC safety requirements. A total of 16 airports have been identified as requiring acquisition of equipment for night operations (including eight priority airports);
- 3) Site selection of new Litoral Norte and Puerto Seguro Airports; and
- 4) Improve the Administration of the State's Airports through alternative Concession Models for existing and new airports.

In accordance with the selection criteria, and in order to maximize the potential exports that could be generated by the technical assistance program, the site selection studies for Litoral Norte and Puerto Seguro are not proposed for funding assistance at this time. It will take longer for those projects to potentially generate US exports. Further, the study of Administration of the State's Airports and concession models is also not included in the TOR, even though it is one of the USTDA's development objectives. Neither of these study areas are likely to result in large volumes of potential US exports in the near-term.

In summary, the selection of projects to be studied has considered the likelihood of near term project implementation, the need and priority of the project, the area's recent and anticipated development, and/or the availability of financing, as well as the type of goods and services that will need to be procured and can be competitively provided by US exporters.

METHODOLOGY

To develop an estimate of the potential to generate US exports as a result of the implementation of the projects proposed to be studied, US manufacturing companies that supply the type of equipment and services to be acquired were contacted. For each of the investment categories to be studied, several exporters were contacted and asked to respond to a number of questions to assess their prior involvement in supplying Brazil airports with equipment, whether they presently have a representative in Brazil or a staff person responsible for marketing in Brazil, and further to determine their interest in the Brazilian market and the proposed projects. Exporters were also asked to state what they needed to facilitate their involvement in these projects. Details of the companies contacted are provided in Annex III.

INVESTMENTS THAT HAVE THE POTENTIAL TO GENERATE US EXPORTS

The Technical Assistance Program to study needed investments at various Bahia State Airports provides an opportunity to promote US exports in the development of the priority projects.

The development of a statewide plan for airports is required by Brazilian legislation in order for the investments to secure the necessary operating licenses as well as to be eligible for federal (PROFAA) funding. The scope of the proposed Bahia State Airports Technical Assistance Program is likely to result in the following investments that have the potential to generate US exports:

- 1) Airport Lighting and other Equipment for Nighttime Operations (eight priority airports)
 - a. Feira de Santana
 - b. Porto Seguro
 - c. Irecé
 - d. Barreiras
 - e. Teixeira de Freitas
 - f. Lençóis
 - g. Vitória da Conquista
 - h. Guanambi

- 2) Airport Lighting and other Equipment for night operations at 8 other airports

- a. Valença
 - b. Senhor do Bonfim
 - c. Bom Jesus da Lapa
 - d. Caravelas
 - e. Sento Sé
 - f. Ibotirama
 - g. Luis Eduardo Magalhães
 - h. Amargosa
- 3) Aircraft engines, propellers, parts, and other equipment for small aircraft assembly at factory adjacent to Feira de Santana Airport;
 - 4) Navigation Aids, Weather Observation Stations, Radio Communication and other Equipment at 10 of the airports listed above;
 - 5) Passenger Terminal Security, Communications, IT, and Cargo Equipment at Feira de Santana Airport; and
 - 6) Fuel Distribution, Crash Fire Rescue and other vehicles at Feira de Santana and five other airports.

US Export Potential

Based on the list of projects that have been selected to be the focus of the Technical Assistance Program as described above, estimates of Export Potential were prepared for each investment category. The table below summarizes the estimate of US export potential in each category.

Estimate of US Export Potential by Investment Category

Investment Need	Cost per Airport	Number	Total Cost (\$000)
Aircraft Lighting for Night Operation	\$750,000	16	\$12,000
Nav aids (VOR, DVOR, PAPI, VHF Radio)	\$100,000	10	\$1,000
AWOS	\$100,000	10	\$1,000
Passenger and Cargo Terminal Equipment	\$1,000,000	1	\$1,000
Aircraft Assembly Equipment	\$50,000*	60	\$3,000
Other (trucks, fuel distribution, etc.)	\$200,000	6	\$1,200
Total			\$19,200

* Cost is per aircraft assembled

It is estimated that a total of US\$19.2 million could be sourced by US exporters as a result of the projects to be implemented in the State of Bahia which will be further defined in the USTDA Technical Assistance Program. Aircraft Assembly Equipment was included due to the presence of an Aircraft Manufacturer on the Feira de Santana Airport that

builds new light general aviation aircraft with a large number of components imported from the United States. This manufacturer plans to expand his production and is dependent on a viable airport functioning next to the plant.

It should be noted that the exposure of US manufacturers in the Brazilian market which will result from the USTDA Technical Assistance will also better position them to participate in a large number of projects which are not specifically included in the Technical Assistance, but are moving forward now and have already received funding assistance through the PROFAA program of the Brazilian Federal Government this year. Notably, the State of Bahia received over R\$33 million this year for the construction of a new airport at Vitória da Conquista.

In addition, there is significant potential for US exporters to participate in the ongoing program to improve the largest airports in the country being led at the national level by the new Secretariat of Civil Aviation (SAC). The SAC concession program will involve the largest INFRAERO Airports, including Guarulhos and Viracopos Airports in São Paulo State, Brasília Airport in DF, Galeão Airport in Rio de Janeiro State and Belo Horizonte in Minas Gerais State. Additionally, very significant developments in Brazil's regional airport sector are expected throughout the country in the near term. While these indirect export potential volumes are not included in the estimates presented in this document, the Technical Assistance tasks are designed to maximize the impact of the exposure.

PROPOSED APPROACH TO FACILITATE US EXPORTERS INVOLVEMENT IN PROJECT IMPLEMENTATION

In order to facilitate the involvement of US exporters in the projects to be studied through the USTDA supported technical assistance program, the TORs have included the following tasks:

- 1) Develop specifications that can be used by the Project Sponsor or prime contractors to acquire equipment.
- 2) Contact US manufacturers of needed equipment and provide a list of suppliers interested in sourcing needed equipment to project sponsors.
- 3) Develop a one-page project brief that describes the equipment to be acquired, the procurement process to be followed, as well as the export financing available to US exporters. This can be included as an Appendix to Final Report as well as be available to be distributed by USTDA and US Department of Commerce to interested US exporters.
- 4) Develop a summary of the process to be followed to procure equipment, including steps to register US companies with the procurement agencies.
- 5) Develop a list of contacts in Brazil that can help US exporters, including the main Brazilian contractors that may serve as prime contractors and may therefore, acquire some of the equipment, the Brazilian companies that can serve as distributors of the US equipment, and other information that can be distributed to

interested exporters to maximize the potential involvement of US exporters in project implementation.

- 6) Require that brochures, technical booklets, specs, and other relevant info regarding equipment recommended to be acquired or services to be procured to be included as annex to Final Report.
- 7) Require that a copy of the relevant sections of report describing equipment to be acquired and services to be procured should also be provided to all firms contacted that expressed interest in supplying the sponsor with the needed equipment.
- 8) Include a small task to assist in the follow-up export promotion activities after completion of the Final Report. US consultant firms should be willing to provide this additional service at minimal cost as it will provide them an opportunity to remain in touch with the project sponsors and also a way to assist them in the intended project implementation.

It is also proposed that the follow-up evaluation include contacting US exporters that expressed interest in supplying equipment and/or services, not only to determine their volume of exports associated with the project, but also by updating the project information prepared during the Technical Assistance Program. The potential exporters would then receive latest information on Brazilian local Procurement Agencies and the timing on anticipated procurements, etc. At the same time, the Project Sponsor would get latest information on the interested US exporters, their available equipment, services, brochures, etc., tailored specifically to any upcoming procurements.

Foreign Competition and Market Entry Issues

Brazilian and Foreign firms (mostly European and Japanese, but increasingly for selected products and construction services also Chinese) compete to provide many of the products and services listed in the Export Potential section above. Notwithstanding, the high quality and advanced technology of US products and services enable US firms to successfully compete in these markets. Further, the selection of equipment suppliers may also be affected by financing terms and the local service available to maintain and repair equipment, as well what the warranty covers. Currency exchange can also affect competitiveness for US products and services. The Brazilian Real has been strong in the recent past, but the dollar has strengthened in the past few months. The relationship with other currencies used by main competitors for the business, such as the Euro, can also affect bid results. These currency exchange factors will vary over time.

Financing by some Brazilian entities such as BNDES may include some restrictions on eligible products. Although there have been historical obstacles for foreign companies to enter the Brazilian market where domestic products and services are available, Brazil has been recently encouraging foreign investment and the introduction of the latest technological advances to improve its airport infrastructure, including the process underway to concession airports. USTDA has a rich and successful experience in Brazil.

Evaluations of past assistance such as the 2006 Intelligent Transportation project or the 2009 Ceará Government Communications network project demonstrate that US firms are able to successfully compete in the market. Availability of Ex-Im Bank funds also can facilitate vendor financing for certain equipment purchases.

Because of market entry and various legal and regulatory issues, most US firms competing in the Brazilian market need to associate and establish relationships with Brazilian companies. This is similar to the approach most firms use when entering a market in most countries, and Brazil is no exception. In the construction sector, there are many large contractors in Brazil who have traditionally teamed up with US firms for projects outside of Brazil. Equipment manufacturers and companies that manufacture products in Brazil often also have licensing agreements or relationships with US firms which provide the opportunity for US firms to expand their market reach. Most US companies contacted in this DM noted that they already have or have been in the process of negotiating agreements with local Brazilian firms. There are then many opportunities for US firms to successfully compete in the projects that are being supported in this USTDA Technical Assistance Program.

Development Impact

The likely development impacts from the projects supported by the Technical Assistance will be discussed from the two perspectives, Primary Development Benefits and Alternatives, considering the definitions established for USTDA support.

PRIMARY DEVELOPMENT BENEFITS

USTDA considers primary development benefits in four categories, i.e. Infrastructure, Human Capacity Building, Technology Transfer and Productivity Improvements, and Market Oriented Reforms. Each of these items will be discussed for the projects being considered for the Technical Assistance. In general, all the projects being considered can be expected to have positive economic development impacts and facilitate economic growth in the State.

Infrastructure

The project would help define equipment needs to improve safety and services through night operations and improved communications and navigation equipment at several airports. As such, these projects can improve security for the population in the airport's hinterland and increase availability and service level for emergency medical services. Similarly, an improved airport in Feira de Santana can provide an improved level of transportation to the region's businesses, visitors, and residents. The availability of increased transportation choices, whether for meeting business needs or serving tourists and residents in an area can be a major contributor to the area's economy, and are important additions to the area's infrastructure.

Human Capacity Building

All study areas of the Technical Assistance will promote the creation of more skilled jobs as equipment is introduced and airports are expanded. Further, increased availability of airport services and infrastructure are important to support major growth industries in the State, which will create a large number of permanent jobs in the coming decade. Although the training will not be carried out through this USTDA Technical assistance, the new navigation and communications equipment being considered will also require some job training for its operation as well as training of maintenance and repair specialists. Additional jobs will also be created in construction, although those will not be permanent jobs, but only for the construction period.

Technology Transfer and Productivity Improvement

While the projects are not expected to transfer new technologies that are not presently available in Bahia, the introduction of new equipment in certain areas will transfer new technologies into additional uses and additional areas of the state. The addition of improved navigation and communications equipment as well as the availability of nighttime airport operations in additional areas of the State can enhance productivity for business users and can increase the efficiency of use of the facilities and the overall transportation system.

Market Oriented Reform

The project will consider the involvement of the private sector in the development and operation of the Feira de Santana Airport. Potential vendor financing will also be considered for equipment acquisition. The State of Bahia has traditionally developed and operated its airports through public sector institutions. It has recently used public-private partnerships for airport improvements and operations in a limited way. This project will consider extending this approach to the Feira de Santana Airport, which could complement the ongoing efforts to privatize major airports in Brazil.

ALTERNATIVES

The main alternative that exists is to continue with the status quo, without night operations at most airports, with no commercial services at the Feira de Santana Airport, and without improved navigation and communications equipment. This base alternative will increase the potential for accidents, and result in a lower level of services to businesses and the local population, as well as visitors and tourists. The alternative to only pursue some of the airports improvements will also be considered through the analysis and other impact studies which will be carried out.

Impact on the Environment

It is expected that some of the proposed projects resulting from the Technical Assistance may pose potential impacts to the surrounding environment, either through the expansion of existing infrastructure or construction of improvements at the airports. Air and noise pollution may be possible impacts in both the construction and operation phases of the proposed developments. In general though, all of the projects involve relatively small investments at existing airports so they may have minimal impacts. Further, some social impacts will be positive, such as the improvements associated with night operations and the new communications and navigation equipment (which can be important for emergency medical services).

In all cases, the Project Sponsor is required to develop the projects following environmental regulations and permitting procedures. In order to appropriately identify the potential impacts associated with the projects developed as part of the Technical Assistance Program, the Contractor shall undertake a preliminary review of the impacts of the recommended projects on the environment, consistent with local environmental requirements and standards established by international financing institutions. This review shall identify any potential negative impacts and discuss the extent to which they can be minimized. Areas to be considered include noise, air quality, erosion control, and other potential impacts, with the intent to identify areas where these impacts should be mitigated at various stages of project development. In most cases, particularly considering the scale of the proposed projects, airport improvements can be designed and built to mitigate many of the adverse impacts that may result.

Brazil has a very developed environmental code that provides for protection of fragile environments and the mitigation of impacts caused by airport projects such as those being considered in this Technical Assistance. Under the existing regulations, no work can take place unless significant negative impacts on the environment have been considered and mitigated. In Bahia, the State Instituto do Meio Ambiente (IMA) and the Instituto de Gestão das Águas (INGA) are the agencies responsible for developing and coordinating guidelines for the protection and conservation of the environment and management of water resources with the aim of promoting sustainable development in the State of Bahia. The Projects that result from the Technical Assistance will need to obtain necessary approvals and permits from in conformance with state and federal environmental laws.

Impact on US Labor

There is no reason to believe that this project would have any negative impact on US jobs. Specifically:

- The proposed investments do not provide financial incentives to any US firm to relocate to the State of Bahia.
- There are no known violations of internationally-recognized workers' rights in the State of Bahia and the proposed investments do not induce or support such activities.
- The proposed investments do not provide direct assistance for expanding the production of any commodity for exports.

The project is expected to have a positive impact on US exports directly and indirectly as follows:

- The export potential described in Section V.D above will generate jobs with US manufacturers and exporters, and
- The continuation and strengthening of Brazil's development will provide additional opportunities for US businesses. It should be noted that the growth of Brazil's economy is strongly and positively correlated with US exports, which increased almost three-fold between 2002 and 2010 (from \$12.3 billion to \$35.4 billion according to the US Census Bureau).

Qualifications to Conduct Study

The selection of a Contractor firm to carry out this Technical Assistance Program should be based on the following criteria:

- **Staff Technical Experience – Statewide Airport Planning (20 points):** Team's experience (including detailed resumes showing language capabilities and specific projects in the main study areas that are the objective of this Technical Assistance Program). Staff expertise and qualifications should specifically demonstrate experience in statewide aviation planning, including previous experience in development of regional and general aviation airports; and experience in runway lighting, navigational aids and communications systems, airport planning, technical specification development, procurement and cost estimating for airport investments. Knowledge and familiarity with ICAO, FAA and TSA regulations must also be demonstrated. The team should also demonstrate experience working on statewide airport development programs, involving Federal, State and local officials.
- **Staff Technical Experience – Airport Facility Planning and Development (10 points):** Team's experience (including detailed resumes showing capabilities) in airport infrastructure development, private sector approaches to airport facility development, and implementation and financing of airport projects.
- **Staff Financial, Economic and Environment Analysis Experience (20 points):** Team's experience in financial, economic and environment analysis for airports,

project financing, development of statewide capital investment programs for airport and infrastructure projects, and development impacts of regional airport projects. Specific experience with financing mechanisms for airport projects in Brazil and Latin American markets is desired. Previous experience in airport privatization should also be demonstrated.

- **Staff Air Transport Market Analysis Experience (10 points):** Team should have experience in demand analysis, market research and market assessments for commercial and general aviation, including prior experience developing such facilities to handle both passengers and cargo.
- **Work Plan and Methodology (25 points):** Adequacy of the proposed work plan and suggested overall approach to address the Terms of Reference and the different Technical Assistance Program objectives. Approaches to the consultation process with SEINFRA as well as reasonableness of technical approach and staff utilization schedule. The specific study areas methodology, the proposed team organization to achieve the objectives, and the overall work plan to produce the products to be delivered will be evaluated.
- **Firm's Technical and Regional Experience (15 points):** Firm's prior experience in statewide aviation planning, airport facility development and airport feasibility studies is required. Familiarity with the aviation sector in Brazil and South America should be demonstrated.

Justification for USTDA Funding

The request for Technical Assistance in the updating of the Bahia Statewide Airport Plan is justified for the following main reasons:

- 1) *Export Potential is significant.* The estimates of US exports indicate that the potential value of the exports is much greater than the funding needed for the Technical Assistance. Furthermore, many of the investments are expected to be implemented in the near term, increasing the potential for US exports.
- 2) *Major Ongoing Infrastructure Investments Underway.* The State of Bahia is planning large investments in infrastructure, including those in airports beyond those being considered in this Technical Assistance Program. Several new airports are planned and a new airport has recently obtained funding from the Federal Brazilian PROFAA Program.
- 3) *Potential for US Exporters Involvement as Airport Navigation, Communications, and Lighting Equipment Providers.* The equipment needs to improve and

modernize navigation, communications and airfield lighting in the Bahia State airports is a market where US companies compete and several exporters are already involved. The Technical Assistance Work Program has been structured to involve potential exporters so they can obtain early information on upcoming procurements. A larger joint procurement program for several airports can increase the potential for US exporters' competitiveness. The Technical Assistance Program will develop specifications for some of the equipment to be procured in the near term.

- 4) *Foreign Competition.* European, Chinese, Japanese and other foreign competitors are actively involved in the Brazilian airport market. The involvement of USTDA through this Technical Assistance can help promote US company involvement with the Project Sponsors and encourage use of US sourced equipment and services.

- 5) *Large Upcoming Brazilian National Airport Investment Program.* The Brazilian government's investment in airports is anticipated to grow rapidly, including a program to concession the major airports in the country. A new terminal at Natal Airport has already been concessioned. The process to concession Brasilia, São Paulo Guarulhos, and Campinas (Viracopos) has been announced. Other major airports will follow, including Galeão Airport in Rio de Janeiro State and Belo Horizonte in Minas Gerais State. The Brazilian government has also announced the creation of a new fund to finance regional airport investments around the country. Many US companies are positioning themselves to participate in these upcoming programs. This Technical Assistance can then also help US exporters to increase their presence and experience in Brazil, and thereby improve their competitiveness as the large upcoming investments are implemented.

Study Budget

Direct Labor

Project Manager - The Project Manager (PM) shall be an Airport Engineer, Architect, or Planner. This individual shall be responsible for the management of the entire Study, including the demand analysis, planning, equipment needs assessments, and feasibility study. The PM must have a minimum of 15 years of experience in Airport Planning and Development in progressively responsible positions, with substantial personal involvement in statewide airport planning, facility planning and development, feasibility studies, and master planning. The PM's professional experience should include international experience, preferably in Latin America with some involvement in Brazil. The PM should preferably be fluent in Portuguese or as a minimum, in Spanish.

Air Traffic Forecasting Specialist – The Air Traffic Forecasting Specialist shall be an economist, planner, or market/business analyst, with a minimum of 10 years professional experience and substantial prior experience in air traffic forecasting, air service development, and/or airport planning. This Specialist should demonstrate involvement in at least five prior airport demand forecasting assignments in similar airports (with passenger volumes less than 500,000 passengers annually). Prior Experience in Latin America and Brazil and knowledge of Portuguese and/or Spanish is preferred but not essential.

Financial Analyst/Economist - The Airport Financial Analyst/Economist shall be an economist, financial analyst, or market/business analyst, with a minimum of 15 years professional experience and substantial prior experience in economic analysis, financial analysis, revenue projections, CAPEX for multi-year programs, OPEX estimates, and project finance. This analyst should demonstrate involvement in at least five prior financial and/or economic analyses for transportation projects, preferably airports. The specialist should also have been involved in statewide or multi-year capital programs covering many transportation facilities. Prior Experience in Latin America and Brazil and knowledge of Portuguese and/or Spanish is preferred but not essential.

Airport Engineer - The Airport Engineer shall be a Civil Engineer, who shall be responsible for the airport facility needs assessment and cost estimates as well as inputs into the feasibility studies. The Airport Engineer must have a minimum of 10 years of experience in Airport Engineering, Airport Planning, and/or Airport Development projects, with substantial personal involvement in airport planning, equipment needs assessments, and cost estimating. The Airport Engineer's professional experience should include international experience, preferably in Latin America. Knowledge of Portuguese or Spanish is preferred, but not essential.

Airport Equipment Specialist - The Airport Equipment Specialist shall be an Airport Engineer, Mechanical or Electrical Engineer, who shall be responsible for the equipment needs assessment and cost estimates for all airports under study. The Equipment Specialist shall work closely with the Airport Engineer. The Airport Equipment Specialist must have a minimum of 10 years of experience involving airport equipment design, acquisition, installation and/or operation. The Equipment Specialist should demonstrate substantial personal involvement in airport equipment design, acquisition, installation, and/or operation for at least five equipment acquisition projects, as well as personal experience in putting together specifications for the acquisition of different airport communications, navigation, weather stations, or other airfield equipment. The Airport Equipment Specialist's professional experience should include international experience, preferably in Latin America. Knowledge of Portuguese or Spanish, is preferred, but not essential.

Environmental Specialist - The Environmental Specialist shall be an environmental scientist, environmental planner, or environmental lawyer, with a minimum of 15 years

professional experience and substantial prior experience in environmental impacts, regulations, and/or compliance. This specialist should demonstrate involvement in at least five prior environmental assessments, impact statements, and or mitigation or management plans for transportation projects, preferably airports. The specialist should also have been involved in environmental assessments for at least one airport. Prior Experience in Latin America and Brazil and knowledge of Portuguese and/or Spanish is preferred but not essential.

Project Coordinator - The Project Coordinator shall provide administrative and other support to the Project Manager in managing the project and can be an Engineer, Architect, Planner, or junior professional in any other relevant field. This professional shall be responsible for coordination of the Technical Assistance Program, working closely with the Project Manager, as well as all professionals and local sponsor staff. The Project Coordinator must have a minimum of three years of experience in Airport Planning and Development studies or Technical Assistance Programs. The Project Coordinator's professional experience preferably should include international experience or can be a local Brazilian professional. The Project Coordinator must be fluent in Portuguese or as a minimum, in Spanish.

Technical Support – Technical support staff shall assist in developing CADD drawings and cost estimates working for the engineers and other professionals as needed.

Report Production Support - The Report Production staff consists of word processing, translation, and graphics specialists who assist the Project Manager and Project Coordinator in producing the Interim Reports, Draft Final Report and Final Report. The Report Production Support Staff must be fluent in Portuguese and English.

Foreign Travel

The Project Manager, Airport Forecaster, Airport Engineer, and Equipment Specialist shall travel to Brazil for the Project Initiation Meeting, Site Visits, and Interviews with Key Stakeholders. The Project Manager, the Airport Forecaster, and the Airport Engineer shall also travel to Brazil for the Consultation Meetings on Interim Report No.1. Further, The Project Manager, the Equipment Specialist and the Financial Analyst/Economist shall travel to Brazil for the Consultation Meetings on Interim Report No. 2.

Project Initiation Meetings – Trip assumed as 15 days for two individuals and five days for two individuals.

Consultation Meeting No. 1 – Trip assumed as five days for each individual.

Consultation Meeting No. 2 – Trip assumed as five days for each individual.

Other Expenses

Communications and Express mail – Includes long distance telephone, roaming charges, express mail, and other similar expenses – estimated as a lump sum of \$2,000.

Translation and Report Costs – includes translation of Final Report, other report production, copies, and similar related expenses.

Recommendations

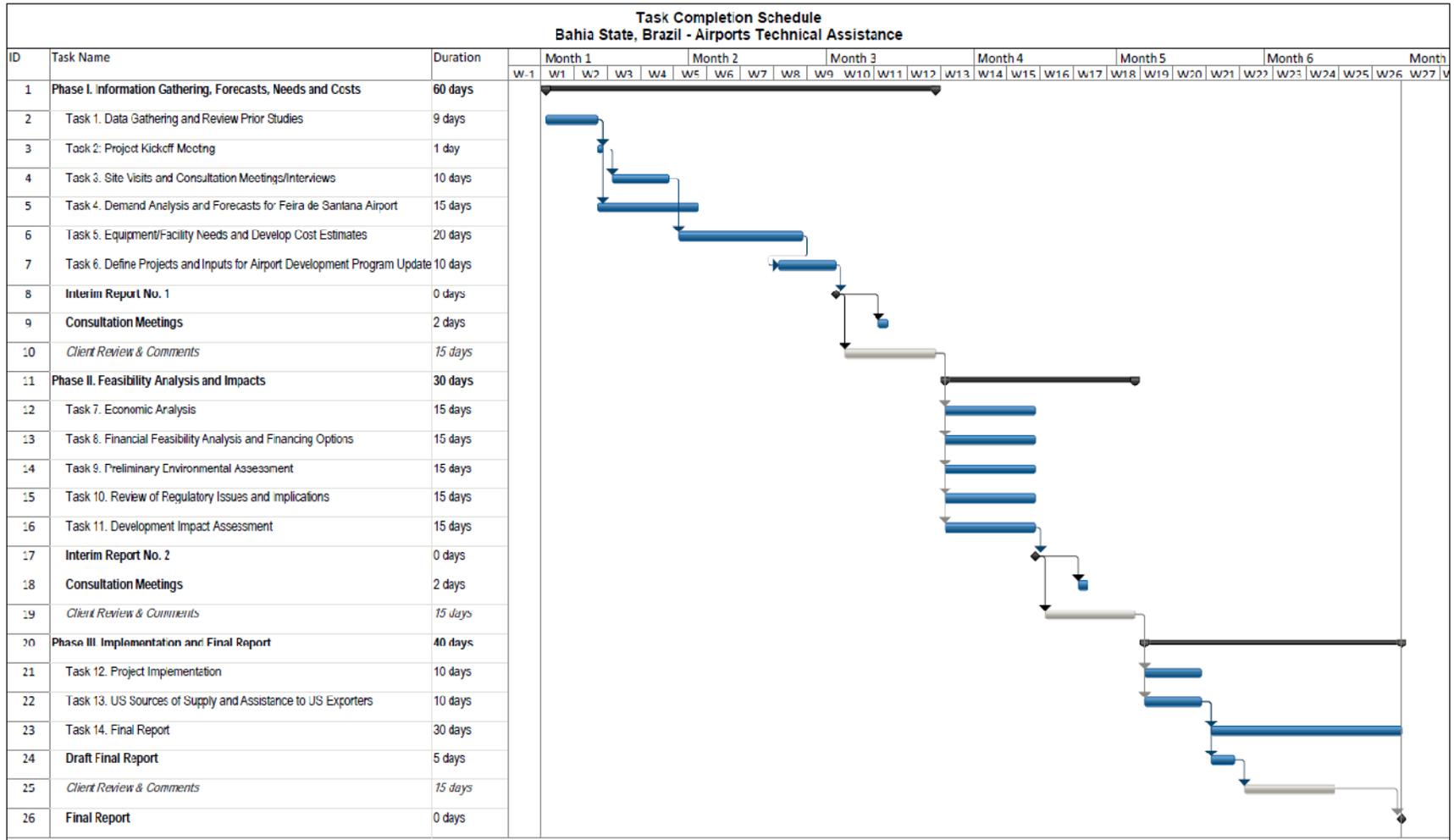
A USTDA grant for US\$345,060 is recommended to fund a six-month Technical Assistance Program to support the Bahia State Infrastructure Secretariat (SEINFRA) in updating their Statewide Airport Plan (see schedule in Annex II). This Technical Assistance shall carry out a Feasibility Study of needed improvements at Feira de Santana Airport, and needed improvements at all other State Airports as a basis for updating the Statewide Airport Plan, with emphasis on the equipment needs for air navigation, communications and other equipment to expand and modernize existing airports. The Technical Assistance shall also include the preparation of specifications for equipment to be acquired in the near-term. The Technical Assistance shall consider financial viability, funding sources, priorities, project impacts, and include several activities to facilitate the involvement of US exporters as the projects are implemented.

The Study approach and budget has been developed based on the Project Sponsor making available all needed information and data for any airports that cannot be visited due to budget limits and time constraints. It is recommended that USTDA clearly establish a deadline for the Project Sponsor to provide all needed information and data to the USTDA Contractor. Preferably, the Project Sponsor should provide all needed information to the USTDA Contractor at no cost to the USTDA Contractor by the time the project starts. The Project Sponsor should also name a Project Coordinator to assure all needed feedback and decisions are provided to the USTDA contractor in a timely manner, so as to comply with the recommended schedule.

Contacts

A list of individuals contacted during the execution of the Definitional Mission has been provided in Annex III, including addresses, phone and fax numbers and email addresses.

ANNEX II – TASK COMPLETION SCHEDULE



ANNEX III: LIST OF CONTACTS

Organization	First Name	Last Name	Title	Address	City	Zip	State	Country	Phone	Fax
US Trade & Development Agency	Gabrielle	Mandel	Country Manager	1000 Wilson Blvd	Arlington	22209	VA	USA	1 703 875 4357	
US Trade & Development Agency	Rodrigo	Mota	Country Representative, Brazil	Consulate General of the USA, Rua Henri Dunant 700	São Paulo	04709-110	SP	Brazil	11 51867335	11 5186739
INFRAERO	Eduardo Pires	Ferreira	Aessor Especial da Presidencia	Estrada do Aeroporto Setor de Concessionarias Lote 5 Edificio Sede	Brasilia	71608-900	DF	Brazil	61 33122979	
Federal Aviation Administration	Joao	Silva	Civil Aviation Specialist	SES, Qd 801, Lote 03	Brasilia	70403-900	DF	Brazil	61 33127293	61 3312729
ANAC	Rodrigo	Moser	Department of Airport Infrastructure	SCS Qd 09 Lote C, Ed Pq Cidade Corporate 7 andar	Brasilia	70308-200	DF	Brazil	61 33144248	
Secretaria de Aviacion Civil	Juliano	Noman					DF	Brazil	61 33129002	
Secretaria de Aviacion Civil	Valerio	Menescal	Gerente	Esplanada dos Ministerios Bloco Q 9 andar Sala 944	Brasilia	70049-900	DF	Brazil	61 33124915	61 3312420
Secretaria de Aviacion Civil	Alberto	Sayao		Esplanada dos Ministerios Bloco Q 9 andar Sala 944	Brasilia	70049-900	DF	Brazil		
INFRAERO	Walter Americo	Da Costa Souza	Superintendente de Planejamento Aeroportuario e de Operacoes	SCS Qd 04 Bl A No 58 Ed infraero 3 andar	Brasilia	70304-902	DF	Brazil	61 33123578	61 3312257
ANAC	Dorieldo Luis	Dos Prazeres								
Embassy of the USA	Devin	Rambo	Commercial Attache	SES, Qd 801, Lote 03	Brasilia	70403-900	DF	Brazil	61 33127403	61 3312765
US Department of Commerce	Danielle	Andrews	Commercial Specialist	SES, Qd 801, Lote 03	Brasilia	70403-900	DF	Brazil	61 33127458	61 3312765
Secretaria de Infraestrutura, Governo de Bahia	Otto	Alencar	Secretario	CAB 4 Avenida 440 Paralela	Salvador	41745-000	BA	Brazil	71 31158505	71 3115216
Secretaria de Infraestrutura, Governo de Bahia	Ivan	Barbosa	Superintendente de Transportes	CAB 4 Avenida 440 Paralela	Salvador	41745-000	BA	Brazil	71 31152168	71 3115218
Secretaria de Infraestrutura, Governo de Bahia	Maria Amelia	Amaral	Diretora de Intermodalismo	CAB 4 Avenida 440 Paralela	Salvador	41745-000	BA	Brazil	71 31152168	71 3115218
Secretaria de Infraestrutura, Governo de Bahia	Marcus	Cavalcanti	Chefe de Gabinete	CAB 4 Avenida 440 Paralela	Salvador	41745-000	BA	Brazil	71 31158506	71 3115216
Secretaria de Infraestrutura, Governo de Bahia	Denisson	Oliveira	Coordenador de Intermodalismo	CAB 4 Avenida 440 Paralela	Salvador	41745-000	BA	Brazil	71 31152138	71 3115218
Assembleia Legislativa Estado da Bahia	Ze	Neto	Deputado Estadual Lider Do Governo	1 Avenida 130 Predio Nelson David Ribeiro Gab 207	Salvador	41745-001	BA	Brazil	71 31157270	71 3115552
Ciudad de Feira de	Tarcizio	Pimenta	Prefeito	Av. Senhor dos	Feira de	44010-	BA	Brazil	75	

Organization	First Name	Last Name	Title	Address	City	Zip	State	Country	Phone	Fax
Santana				Passos 980	Santana	231			36024500	
Paradise Industria Aeronautica Ltda	Noe	De Oliveira Souza Filho	Diretor	Av. Antonio Sergio Carneiro, Barrio Aeroporto	Feira de Santana	44075-972	BA	Brazil	75 81752468	
Departamento de infraestrutura de Transporte, Governo de Bahia	Jaime	Cruz	Gerente Feira de Santana							
Ciudad de Feira de Santana	Carlos	Brito	Secretario Municipal de Planejamento							
Ciudad de Feira de Santana	Jose	Pinheiro	Secretario Municipal de Desenvolvimento Urbano							
Assembleia Legislativa Estado da Bahia	Carol	Seixas	Asesoria de Comunicacao, Mandato da Luta Diputado Ze Neto						75 32232728	
IFC	Mauricio Portugal	Ribeiro	Head of Infrastructure for Brazil Public Private Partnerships Advisory Services	Rua Redentor 14 Ipanema	Rio de Janeiro	22421-030	RJ	Brazil	21 25255866	21 2525587
BNDES	Fernando Tavares	Camacho	Gerente Area de Estruturacao de Projetos	Av. Republica do Chile 330 Torre Oeste 14 andar	Rio de Janeiro	20031-170	RJ	Brazil	21 21726509	
BNDES	Henrique Amarante	Da Costa Pinho	Superintendente Area de Estruturacao de Projetos	Av. Republica do Chile 330 Torre Oeste 14 andar	Rio de Janeiro	20031-170	RJ	Brazil	21 21728119	21 2172888
BNDES	Leonardo	Ferreira Leao de Alencar Oliveira	Gerente Area de Estruturacao de Projetos	Av. Republica do Chile 330 Torre Oeste 14 andar	Rio de Janeiro	20031-170	RJ	Brazil	21 21728688	
World Bank Transport Sector Unit LAC Region	Gregoire	Gauthier	Transport Engineer	1818 H St NW	Washington	20433	DC	USA	202 473 7099	202 676 9594
ExIm Bank of the United States	Xiomara	Creque-Bromberg	Regional Director Americas/Eastern Europe Global Business Development	811 Vermont Ave, NW	Washington	20571	DC	USA	202 565 3477	202 565 3961
OPIC	Nancy	Rivera	Managing Director Structured Finance	1100 New York Ave, NW	Washington	20527	DC	USA	202 336 8500	202 842 0290
OPIC	Ali	Ayub	Senior Investment	1100 New York Ave, NW	Washington	20527	DC	USA	202 336 8498	202 842 0290
InterAmerican Development Bank	Esteban	Diez-Roux	Lead transport Specialist	1300 New York Ave NW	Washington	20577	DC	USA	202 623 3890	

List of US Suppliers Contacted

Organization	First Name	Last Name	Product	Phone	email	Date of Contact	Comments
Bell Helicopters	Gary	Jacobs	Helicopters	+1 817 280 1177	gjacobs@bellhelicopter.textron.com	5/18/2011	Interested under right circumstances. Familiar with TDA, has done study for TDA in India - future contact is: Chuck Marsh, Sales Manager, Latin America 817-280-6876
ADB Airfield Solutions	Alfredo Miguel	Vazquez	Lighting and Current Control Systems	+1 614 452 8157	Miguel.vazquez-lavado@adb-air.com	5/16/2011	Interested. Has a rep in Brazil
Halibrite	Larry	Loud	Lighting and Airfield Equipment	+1 800 553 6269	loud@halibrite.com	5/16/2011	Interested in Brazil.
Crouse Hinds	Alfredo	Hernandez	Lighting and Electrical Equipment	+1 860 683 4300	alfredo-hernandez@crouse-hinds.com	6/7/2011	Have a large representation in Brazil
Manairco	Joel	Beinbrech	Lighting and Current Control Systems	+1 800 524 2121	joelb@manairco.com	6/8/2011	Interested in Brazil. Some Voltage issues in the past.
MIA Business Ventures	Manny	Gonzalez	Consulting Services	+1 305 869 3880	MJGonzalez@miami-airport.com	7/14/2011	Interested in Brazil. In JV with Odebrecht
Taylor-DeJongh	Paolo	Curiel	Financing	+1-202- 777- 2117	pcuriel@taylor-dejongh.com	4/21/2011	Interested in Brazil under right circumstances
Alanna Consulting Group	Mark	DeSantis	Airport IT Systems	+1 877 492 9224	mdeasantis@alannaconsulting.com		Interested in Brazil
Leigh Fisher	Michael	Tubridy	Consulting Services	+1 703 796 6217	Michael.Tubridy@leighfisher.com	5/18/11	Has been in touch with ANAC, GDF and private companies for new Brasilia Airport. Very interested in Brazil Market
Ghafari Associates	Jim	Jobes	Consulting Services	+1 312 857 2918	jjobes@ghafari.com	5/17/11	Has been following developments in Brazil and has done a proposal for Brasilia Airport. Interested in Brazilian market
Louis Berger	Guillermo	Ubilla	Consulting Services	+1 201 331 7775	ubilla@louisberger.com	9/27/2011	Have been working in Brazil - definitely interested in Brazilian market

Organization	First Name	Last Name	Product	Phone	email	Date of Contact	Comments
PHI	Bruce	Cobb	Helicopter services and Heliports	+1 918 284 1596	alvin.cobb@cox.net	6/20/2011	Interested in Brazil helicopter services and possibly building heliports - mainly to provide technical assistance - has been in contact with possible Brazilian partners -willing to invest in heliports if there is service contract with base traffic level
ERA Helicopters	Robert	Reguero	Helicopter Services	+1 281 899 4826	rreguero@erahelicopters	6//16//11	Have been working in Brazil - have local partners. Brazil contacts: Newton Lins, CEO of Aeroleo Taxi Aereo and Era Partner in Brazil and Francisco Ramos, GM of Aeroleo.
Hobeco	Gilson	Feitosa	Automated Weather stations	+55 21 2518 2237	gilson@hobeco.net	6/17/2011	Represent companies for AWS equipment in Brazil - Vaisala
DeVore Aviation	Thomas R.	Littleford	Visual Approach NAVAIDS	+1 50 5345 8713	tlittleford@devoreaviation.com	6/15//11	Interested in Brazil - requested additional info on specific projects
Belfort Instrument Company	Ralph F	Petragnani	Aviation Weather equipment	+1 410 342 2626	rpetragnani@belfortinstrument.com	6/15/2011	Interested in Brazil - requested additional info on specific projects
ICF SH&E	Eliot	Lees	Consulting Services	+1 617 218 2500	Elees@sh-e.com	10/7/2011	Interested in Brazil
Newmark Knight Frank	Carlos	Pacheco	Real Estate development	+55 11 37558894	carlos.pacheco@newmarkkf.com.br	6/2/2011	Active in all aspects of real estate development in Brazil
Mentor Radio LLC	Richard	Myers	Communications Equipment	+55 21 6265 2315	rmyers@mentorradio.com	6/16/2011	Interested in Brazil. Small company that can benefit from more information from USDA if he is to compete.
InnoVest Group LC	Fariba	Nazemi	Consulting Services	+1 703 250 0399	fnazemi@theinnovestgroup.com	4/29/2011	Active in all aspects of project development in Brazil

Organization	First Name	Last Name	Product	Phone	email	Date of Contact	Comments
The Haskell Company	Nandu	Shah	Design-Build Contractor	+1 904 791-4595		10/6/11	Design-Build Contractor active in Latin America and interested in Brazil –only for design-build projects – does not provide financing. Can do design quickly for fast track heliport projects Latin America VP - Contact – Luis Jimenez 1-904-357-4877

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 the Secretaria de Infraestrutura do Estado da Bahia ("Grantee"). USTDA agrees to provide the Grantee under the terms of this Grant Agreement US\$345,060 ("USTDA Grant") to fund the cost of goods and services required for a technical assistance ("Technical Assistance") on the proposed Bahia Statewide Airport Modernization Project ("Project") in Brazil ("Host Country").

1. USTDA Funding

The funding to be provided under this Grant Agreement shall be used to fund the costs of Agreement of Understanding to Perform the Technical Assistance between the Grantee and the U.S. firm selected by the Grantee ("U.S. Firm") under which the U.S. Firm will perform the Technical Assistance ("Agreement of Understanding"). Payment to the U.S. Firm 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 Technical Assistance ("Terms of Reference") are attached as Annex I and are hereby made a part of this Grant Agreement. The Technical Assistance will examine the technical, financial, environmental, and other critical aspects of the proposed Project. The Terms of Reference for the Technical Assistance shall also be included in the Agreement of Understanding.

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. Therefore, USTDA, the Grantee, and the U.S. Firm shall not directly or indirectly provide, offer or promise to provide money or anything of value to any public official in violation of any United States or Host Country laws relating to corruption or bribery.

4. Grantee Responsibilities

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

5. Agreement of Understanding Matters and USTDA's Rights as Financier

(A) Grantee Competitive Selection Procedures

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

(B) USTDA's Right to Approve U.S. Firm Selection

The Grantee shall notify USTDA at the address of record set forth in Article 16 below upon selection of the U.S. Firm to perform the Technical Assistance. USTDA then shall notify the Grantee whether or not USTDA approves the Grantee's U.S. Firm selection. Upon USTDA approval of the Grantee's U.S. Firm selection, the Grantee shall notify in writing the U.S. firms that submitted unsuccessful proposals to perform the Technical Assistance that they were not selected. The Grantee and the U.S. Firm then shall enter into an Agreement of Understanding for performance of the Technical Assistance.

(C) USTDA's Right to Approve Agreement of Understanding Between Grantee and U.S. Firm

(1) Agreement of Understanding

The Grantee and the U.S. Firm shall enter into an Agreement of Understanding for performance of the Technical Assistance. The Grantee (or the U.S. Firm on the Grantee's behalf) shall transmit to USTDA, at the address set forth in Article 16 below, a photocopy of an English language version of the signed Agreement of Understanding or a final negotiated draft version of the Agreement of Understanding. USTDA then shall notify the Grantee and the U.S. Firm whether or not USTDA approves the Agreement of Understanding.

(2) Amendments and Assignments

The Grantee or the U.S. Firm may submit any proposed amendment to the Agreement of Understanding, including any proposed amendment to any annex thereto, or any proposed assignment of the Agreement of Understanding, to USTDA at the address set forth in Article 16 below. USTDA then shall notify the Grantee and the U.S. Firm whether or not USTDA approves the proposed amendment or assignment.

(D) USTDA Not a Party to the Agreement of Understanding

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 Agreement of Understanding and any amendments thereto, including assignments, the selection of all U.S. Firms, the Terms of Reference, the Final Report, and any and all documents related to any Agreement of Understanding 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 Technical Assistance and shall not be construed as making USTDA a party to the Agreement of Understanding. 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 Agreement of Understanding or any sub-contract, 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 U.S. Firm, or relieve the U.S. Firm of any liability which the U.S. Firm 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 Agreement of Understanding or any sub-contract thereunder must be consistent with this Grant Agreement. In the event of any inconsistency between the Grant Agreement and the Agreement of Understanding or any sub-agreement of Understanding funded by the Grant Agreement, the Grant Agreement shall control.

6. Disbursement Procedures

(A) USTDA Approval of Agreement of Understanding Required

USTDA will make disbursements of Grant funds directly to the U.S. Firm only after USTDA approves the Grantee's Agreement of Understanding with the U.S. Firm.

(B) U.S. Firm Invoice Requirements

The Grantee should request disbursement of funds by USTDA to the U.S. Firm for performance of the Technical Assistance 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. Technical Assistance Schedule

(A) Technical Assistance Completion Date

The completion date for the Technical Assistance, which is November 30, 2013, is the date by which the parties estimate that the Technical Assistance will have been completed.

(B) Time Limitation on Disbursement of USTDA Grant Funds

Except as USTDA may otherwise agree, (i) 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 (ii) no USTDA funds may be disbursed more than four (4) years after the Effective Date of the Grant Agreement.

9. USTDA Mandatory Agreement of Understanding Clauses

All Agreement of Understandings funded under this Grant Agreement shall include the USTDA Mandatory Agreement of Understanding Clauses set forth in Annex II to this Grant Agreement. All sub-agreements funded or partially funded with USTDA Grant funds shall include the USTDA Mandatory Agreement of Understanding 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 this 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 this 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 professional services funded by USTDA under this Grant Agreement:

- (a) the U.S. Firm must be a U.S. firm;
- (b) the U.S. Firm may use U.S. subcontractors without limitation;
- (c) employees of U.S. Firm or U.S. subcontractors shall be U.S. citizens or non-U.S. citizens lawfully admitted for permanent residence in the United States, except as provided pursuant to subpart (d) below;
- (d) up to twenty percent (20%) of the USTDA Grant amount may be used to pay for services performed by (i) Host Country subcontractors, and/or (ii) Host Country nationals who are employees of the U.S. Firm;
- (e) a Host Country subcontractor may only be used for specific services from the Terms of Reference identified in the subagreement;
- (f) subcontractors from countries other than the United States or Host Country may not be used;
- (g) goods purchased for performance of the Technical Assistance and associated delivery services (e.g., international transportation and insurance) must have their nationality, source and origin in the United States; and
- (h) goods and services incidental to Technical Assistance 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 this Grant Agreement shall not be used to pay any taxes, tariffs, duties, fees or other levies imposed under laws in effect in Host Country, except for taxes of a de minimis nature imposed on local lodging, food, transportation, or airport arrivals or departures. Neither the Grantee nor the U.S. Firm will seek reimbursement from USTDA for taxes, tariffs, duties, fees or other levies, except for taxes of a de minimis nature referenced above.

13. USTDA Project Evaluation

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, the Grantee agrees to respond to any reasonable inquiries from USTDA about the status of the Project. Inquiries will include, but not be limited to, whether the Final Report recommendations have been or will be used to implement the Project, anticipated Project implementation timeline, and likely source of financing. In addition, the Grantee agrees to notify USTDA any time the Grantee selects a new primary contact person for this Project during the five-year period referenced above.

14. Recordkeeping and Audit

The Grantee agrees to maintain books, records, and other documents relating to the Technical Assistance and this Grant Agreement adequate to demonstrate implementation of its responsibilities under this Grant Agreement, including the selection of U.S. Firms, receipt and approval of Agreement of Understanding deliverables, and approval or disapproval of U.S. Firm 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 Technical Assistance and the Grant Agreement.

15. Representation of Parties

For all purposes relevant to this 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 its Secretary. The parties hereto may, by written notice, designate additional representatives for all purposes under this Grant Agreement.

16. 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 an electronic medium that produces a tangible record of the transmission, such as a facsimile or e-mail message, and will be deemed duly given or sent when delivered to such party at the following:

To: Marcus Benicio Foltz Cavalcanti
Chief of Staff
Secretaria de Infraestrutura do Estado da Bahia
Salvador, BA CEP
Brazil

Phone: 011-55-71-3115-8506
E-Mail: marcusacavalcanti@seinfra.ba.gov.br

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
E-Mail: grantnotices@ustda.gov and lac@ustda.gov

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

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

Appropriation No.: 11 12/131001
Activity No.: 2012-51019A
Reservation No.: 2012212
Grant No.: GH201251212

17. Implementation Letters

To assist the Grantee in the implementation of the Technical Assistance, USTDA may, from time to time, issue implementation letters that will provide additional information about matters covered by this Grant Agreement. USTDA may also issue implementation letters to (i) extend the estimated completion date set forth in Article 8(A) above, or (ii) change the fiscal data set forth in Article 16 above. The parties may also use jointly agreed upon implementation letters to confirm and record their mutual understanding of matters covered by this Grant Agreement.

18. Grant Agreement Amendments

Either party may submit to the other party at any time a proposed amendment to the Grant Agreement. A Grant Agreement amendment shall be effective only if it has been signed by both parties.

19. Termination Clause

Either party may terminate this Grant Agreement by giving the other party written notice thereof. The termination of the Grant Agreement will end any obligations of the parties to provide financial or other resources for the Technical Assistance, except for payments that may be made pursuant to Clause I of the USTDA Mandatory Agreement of Understanding Clauses set forth in Annex II to this Grant Agreement. This article and

Articles 5, 12, 13, 14, and 21 of the Grant Agreement shall survive termination of the Grant Agreement.

20. 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.

21. U.S. Technology and Equipment

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

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

For the Government of the United States of America

For the Secretaria de Infraestrutura do Estado da Bahia

By: 
Leocadia I. Zak
Director
U.S. Trade and Development Agency

By: 
Marcus Benicio Foltz Cavalcanti
Chief of Staff

Date: 7/25/12

Date: 25/7/12

Witnessed:

By: 
Michael J. Jacobsen
Acting Consul General
U.S. Consulate General - São Paulo

Witnessed:

By: 
Denisson de Oliveira
Chairman of Airport Development

Annex I -- Terms of Reference

Annex II -- USTDA Mandatory Clauses

Annex I

Terms of Reference

Objective

The objective of the Bahia Statewide Airport Modernization Technical Assistance is to assist the State of Bahia's Infrastructure Secretariat (SEINFRA) to

- 1) Determine near and longer term improvements at Feira de Santana Airport; and
- 2) Develop a statewide program of needed improvements and priorities to develop airport night operations at general aviation airports, and consider navigation improvements, in accordance with international and Brazilian National Civil Aviation Agency (ANAC) safety norms and reflecting traffic levels.

The State's intent is to develop a regional airport network with modern equipment and services that complements the INFRAERO Airports. Although the airports operated by INFRAERO have not been included in the Technical Assistance, the U.S. Firm shall take into account the existing and planned facilities at INFRAERO airports to the extent they may affect needs at other airports in the State that are included in this Technical Assistance.

The Technical Assistance tasks are as follows:

Task 1: Data Collection and Review

Data provided by SEINFRA will likely be in Portuguese and it will be the U.S. Firm's responsibility to translate the information for its use, if necessary.

Upon notice of award, the U.S. Firm shall provide SEINFRA with a list of data requirements and request copies of available relevant studies prior to traveling to Brazil for the initial meetings and site visits. The main objectives of this task are: i) to define the necessary information for the development of the Technical Assistance and ii) establish the process to obtain all available information to be used by the U.S. Firm over the duration of the project.

Task 2: Kick-off Meeting

Upon notice of award, the U.S. Firm shall schedule an initial meeting with SEINFRA and other appropriate study participants, who will be involved in monitoring, guiding, and reviewing the results of the Technical Assistance. After the initial meeting in Salvador, a

meeting shall also take place in Feira de Santana, with the participation of local planning staff and other interested agencies.

The general purpose of the initial meetings with SEINFRA includes:

- Introduction of the U.S. Firm team to SEINFRA;
- Review status of the Bahia Statewide Airport Plan and Program as well as the Feira de Santana Airport;
- Clarify the objectives and scope of the Technical Assistance;
- Review the Work Plan and the schedule; and
- Respond to any questions SEINFRA may have.

During the initial meetings, the U.S. Firm shall also make arrangements to gather all available relevant information regarding the operation and current facilities at the Feira de Santana Airport, the airports to be considered for night operations, as well as the State's economic base, resources, markets, population, industrial development and transport systems in the airports' current and potential area of influence. The information shall be obtained from the current master plans, SEINFRA, federal databases, the State's economic development plan, and from any other sources needed.

Task 3: Site Visits and Assessment

The U.S. Firm shall visit Feira de Santana Airport and as many airports as possible within the 10 days budgeted for site visits, but no less than all eight priority airports listed in Task 5, as needed for carrying out the scope. During the visit to the Feira de Santana Airport, the U.S. Firm shall conduct a general assessment of the existing and needed infrastructure and equipment, with particular attention to:

- Navigation equipment and systems, instrument landing systems, telecommunications systems, meteorological and other equipment required for navigation;
- Lighting systems, pavement markings and guidance signs on runways, taxiways and aprons;
- Terminal building expansion equipment needs, e.g. flight information display systems, baggage information display systems, IT systems and other electrical and mechanical installations of the terminal;
- Baggage and cargo handling systems and equipment at the terminal;
- Security equipment (passenger and baggage screening), perimeter and access control systems to restricted areas, etc.;
- Rescue, fire-fighting and emergency medical assistance equipment,
- Fuel supply and distribution equipment, and
- Any other infrastructure, system, or equipment relevant for the current or future management and operations at the airport.

During the on-site visits of the Feira de Santana Airport, photographs shall be taken and deficiencies encountered shall be recorded.

For any other airports visited, the U.S. Firm shall emphasize issues associated with adding equipment for night operations and improved communications and navigation. For airports not visited, the U.S. Firm shall request similar information from SEINFRA regarding equipment available and proposed equipment acquisition for night operations, communications, navigation and other equipment.

In addition to the site visits, the U.S. Firm shall carry out consultation meetings with users, airport officials, government representatives, as well as regional commerce, industry representatives, and others for the purposes of carrying out the Technical Assistance in Feira de Santana Airport. In particular, the U.S. Firm shall meet with regional carriers that may have some interest in starting commercial regular service at the Feira de Santana Airport. These meetings and interviews shall be aimed at obtaining the opinions of each group regarding the current situation, needs and the potential future development of the airport, and to collect any other available information.

Task 4: Demand Analysis and Forecasts for Feira de Santana Airport

The demand analysis shall be carried out only for the Feira de Santana Airport. The U.S. Firm shall carry out an analysis of the market potential for passenger and air cargo transport services in the area of influence of the Feira de Santana Airport as a base for the development of forecasts of aircraft, passengers, and cargo activity. The U.S. Firm shall review historical demand for each market segment to the extent available, since the airport was closed between 2009 and September 2011. The U.S. Firm shall also identify business opportunities for the airport.

In order to best assess the air transport market in Feira de Santana, the market analysis shall include all influencing factors, including:

- Trends in the air transport market in the area and the neighboring regions;
- The relationship to the Salvador airport market;
- Prior traffic forecasts (including actual traffic while the airport operated until 2008 to the extent available) and underlying assumptions;
- Major drivers and potential for growth of business; and
- Interviews with regional air carriers that may be interested in serving this market.

In addition, the U.S. Firm shall conduct an analysis of the peak periods for use of airport facilities to determine the peak hour for planning purposes, to the extent relevant. The U.S. Firm shall carry out peak hour analysis both for passenger flows through the terminal and for aircraft operations where appropriate. The U.S. Firm shall also analyze historical trends of the composition of the fleet using the Airport (including the period the airport operated before closing) to help compute peak apron usage and to consider peak terminal area requirements.

The U.S. Firm shall define probable development scenarios for forecasting future demand, based on the main drivers of potential demand, including airline route development, airport development and business opportunities.

The U.S. Firm shall prepare airport forecasts for based aircraft, air traffic movements, passengers, and cargo, at an appropriate level as may be required for definition of future facility requirements and the financial analysis. Forecast aircraft movements shall be broken down into commercial aviation, cargo, general aviation, and military aviation. If applicable, passenger forecasts shall be broken down by arriving, departing and transfer.

The U.S. Firm shall develop 20-year forecasts by five-year periods for the facility and equipment needs analysis. The U.S. Firm shall prepare annual projections as needed for the financial analysis.

The U.S. Firm shall consider three demand scenarios: high (optimistic), average (most likely) and conservative (pessimistic). Each of these three scenarios shall be established based on the results of market analysis.

For the most likely scenario, where needed, aircraft operations and passengers in the peak hour period shall be estimated. Once these projections have been developed, their reasonability shall be confirmed through consultation with SEINFRA, as well as with representatives of air transport companies which have expressed interested in operating at the airport, airlines and/or shipping companies.

During the forecast development and analysis, the U.S. Firm shall also consider the sensitivity of demand to different variables like domestic and state GDP growth, agricultural and other development, tourism growth rate, the capacity and service levels at the Salvador airport, etc., to develop the high, low, and most likely forecasts.

Task 5: Equipment/Facility Needs Analysis and Development of Cost Estimates

This task shall be carried out for all airports in the State, with emphasis on those that have been identified by SEINFRA as candidates for night operations and improved navigation equipment based on the Statewide Airport Plan policies. At least the following airports are anticipated to require airport lighting equipment for night operations, the first eight of which are considered priority:

- 1) Feira de Santana;
- 2) Porto Seguro;
- 3) Irecé;
- 4) Barreiras;
- 5) Teixeira de Freitas;
- 6) Lençóis;
- 7) Vitória da Conquista;
- 8) Guanambi;
- 9) Valença;

- 10) Senhor do Bonfim;
- 11) Bom Jesus da Lapa;
- 12) Caravelas;
- 13) Sento Sé;
- 14) Ibotirama;
- 15) Luis Eduardo Magalhães; and
- 16) Amargosa.

In addition, the top eight priority airports listed above are in need of navigation aids, weather observation stations, radio communication and/or other equipment.

The U.S. Firm shall analyze current and near term equipment needs at the airports, particularly improvements needed for night operations, communications and navigation, as well as safety equipment. The night operations and equipment requirements shall be based on the review of available equipment at each airport as provided by SEINFRA, the policies established in the statewide airport plan as well as International Civil Aviation Organization (ICAO) and Federal Aviation Administration (FAA) international, ANAC, and other industry standards. Equipment needs should specifically include:

- Navigation equipment and systems, telecommunications systems, meteorological and other equipment required for safe operations; and
- Lighting system and signs for runway, taxiways and apron.

The U.S. Firm shall also consider other equipment needs at the airports, as identified in the statewide airport plan or based on additional information provided by SEINFRA.

SEINFRA anticipates that as a minimum, the following equipment should be considered at the following airports:

- Airport lighting and other equipment for night operations (estimated to be needed at 18 airports (eight identified as priority as per list in task 5);
- Navigation aids, weather observation stations, radio communication and other equipment at Feira de Santana and priority airports listed above;
- Fuel distribution, crash fire rescue and other vehicles at Feira de Santana and selected airports listed above;
- Aircraft engines, propellers, parts, and other equipment for small aircraft assembly at factory adjacent to Feira de Santana Airport (only for the purpose of estimating trade potential in Task 13); and
- Passenger Terminal Security, Communications, IT, and Cargo Equipment at Feira de Santana Airport.

Based on the improvements and equipment additions recommended, the U.S. Firm shall identify and estimate all the capital investments required for procuring equipment, in accordance with the priorities in the Statewide Airport Plan.

Feira de Santana Airport

The demand parameters and their relationship to facility capacity, as well as safety standards shall be used to determine facility and equipment needs at the Feira de Santana Airport, as input to the feasibility analysis. Facilities and equipment needs shall include the following, where appropriate, based on the demand forecasts and the current situation:

- Navigation equipment and systems, instrument landing system, telecommunications systems, meteorological and other equipment required for safe operations;
- Lighting systems, pavement markings and guidance signs on runways, taxiways and aprons;
- Terminal building expansion equipment needs, e.g. IT, and other electrical and mechanical installations of the terminal;
- Baggage and cargo handling systems and equipment at the terminal;
- Security equipment (passenger and baggage screening), perimeter and access control systems to restricted areas, etc.;
- Rescue, Fire-fighting and emergency medical assistance equipment; and
- Any other infrastructure, system, or equipment relevant for the current or future management and operations at the airport.

Based on the improvements and expansions recommended, the U.S. Firm shall identify and estimate all the capital investments required for procuring equipment, as well as rehabilitating and constructing infrastructure works, in accordance with the investment schedule proposed for the short, medium and long term planning periods.

Task 6: Define Projects and Inputs for Airport Development Program Update

This task shall be carried out for the two study areas of this Technical Assistance, as follows: 1) equipment needs for night operations and communications/navigation equipment at airports with such needs based on the statewide airport plan policies, 2) equipment/facility needs at the Feira de Santana airport.

In order to better define the projects to be implemented considering the equipment and facility needs identified in Task 5, the U.S. Firm shall prioritize all proposed investments and establish a schedule for implementing the improvements and investment needs on an annual basis for the first five years, with other longer term investments scheduled in five year increments, according to identified priorities.

The output of this task shall be a detailed list and specific plan of improvements to be implemented on an annual basis in the short-term (1-5 years) in accordance with the objectives of SEINFRA, in order to satisfy the immediate safety needs and objectives for night operations and communications/navigation equipment, as well as satisfy the long term demand for air transport service in the Feira de Santana airport.

The list of investment needs shall be organized so as to include the various groups of investments associated with each of the State's objectives, i.e. night operations, equipment acquisition and modernization, and implementing near term and long term programs at the Feira de Santana Airport.

Once the investment lists have been compiled for all airports, the U.S. Firm shall define each project in a one-page form that provides the following information for each identified need:

- Airport name – airside or landside;
- Description of need – construction or equipment;
- Rationale/justification and relationship to Bahia's objectives;
- Investment category objective (night operations, safety and security, need for meeting future demand, other);
- Cost estimate and schedule (for first 5 years, by year, and by 5 year period for later periods); and
- Priority ranking evaluation based on U.S. Firm's professional judgment and available information from airport visits, operational data, historical and forecast traffic, Bahia's objectives, State Plan, and Master Plan documents).

Before the list is finalized, it shall be included in Interim Report No. 1 and discussed with SEINFRA and other stakeholders.

Deliverable #1: The U.S. Firm shall prepare and submit the Interim Report No. 1 covering the results of Tasks 1-6 in Portuguese in two sections, as follows:

- Night Operations and Communications/Navigation Project Requirements;
and
- Feasibility Study for Feira de Santana Airport.

The U.S. Firm shall then discuss the results of the demand projections, equipment/facility requirements and cost estimates with SEINFRA and other stakeholders.

Task 7: Economic Analysis

The U.S. Firm shall carry out an economic analysis for the Feira de Santana Airport improvements that have been defined in Task 6, and shall note any alternatives to achieve the same project objectives, where these possibilities are available. The U.S. Firm shall also develop a cash flow analysis for disbursement of the project investment requirements, considering where appropriate, any dedicated revenues from airport operations. Availability of local materials and equipment for the projects shall also be reviewed.

The U.S. Firm shall also summarize, and to the extent possible quantify, the following possible benefits and impacts for the regional airports and the Feira de Santana airport, where applicable:

- Improved safety and security of air transport operations;
- Savings in travel time and costs for the different groups of users;
- Savings in fuel and operating costs for the airlines and other operators;
- Air quality emissions;
- Noise levels; and
- General opportunities and benefits that the project will generate for the economy, such as economic development, increased tourism and foreign trade.

The U.S. Firm shall present a summary of the economic analysis in support of its conclusions and recommendations about the Project's economic feasibility.

Task 8: Financial Feasibility Analysis and Financing Options

The U.S. Firm shall conduct a financial feasibility analysis and consider financing options for the projects included in the investment plan, particularly taking into consideration how to structure the program so as to maximize use of private capital and reduce the required upfront contribution of the state.

Equipment Needs at Regional Airports

The analysis shall consider availability of funding from the Brazilian Federal Program of Assistance to Regional Airports (PROFAA), the new National Fund for Civil Aviation (FNAC), and matching state or local funding as well as the possibility for vendor financing to supplement public funds

Feira de Santana Airport

The U.S. Firm shall carry out a simple financial viability analysis for the proposed investments at the Feira de Santana Airport based on the traffic projections, estimated investment amounts, financing costs, if any, and other costs. The analysis shall include, among other things, the project's profitability for a private sector concessionaire under different scenarios. Funding sources such as the Brazilian National Development Bank (BNDES), International Finance Corporation, or Inter-American Development Bank financing shall be discussed with SEINFRA.

The financial model shall use baseline historical financial data to generate cash flows, including the Capital Investment (CAPEX) requirements, financing, revenues, and annual operating costs for the established planning horizon.

The financial analysis shall determine viability of the project, in terms of its net present value, internal rate of return (IRR), and other financial criteria generally accepted in the

international financial community. A sensitivity and risk analysis shall be developed to evaluate the impact of changes in assumptions on the Project's critical variables, such as demand, investment amounts, etc. For those alternatives, which consider credit from domestic or international financial institutions, an available cash flow sensitivity analysis shall be carried out for debt payment (debt coverage service levels), according to international accepted norms for this type of operations.

In order to define whether the investment is attractive, the U.S. Firm shall estimate a minimum IRR for the Project. The analysis and identification of financing sources shall culminate in a financial and investment plan that is to be utilized to support capital investment decisions by SEINFRA and/or the airports, to support presentations to prospective Brazilian and foreign investors and/or the federal agencies.

Task 9: Preliminary Environmental Assessment

The U.S. Firm shall carry out a preliminary environmental assessment for the Feira de Santana Airport's investment program, to identify any potential environmental impacts related to the recommended Project and areas that will need to be considered during the project's implementation to minimize and/or mitigate impacts.

The U.S. Firm shall also review any available prior environmental analysis for the Statewide Airport Plan or any airport specific plans. The U.S. Firm shall then also review the guidelines for environmental assessments at airports for different types of projects, in order to meet local, state, and federal regulations as well as international standards established by financial institutions, international development agencies, and aviation organizations, such as the World Bank, Inter-American Development Bank, International Civil Aviation Organization (ICAO), and Federal Aviation Administration (FAA).

The U.S. Firm shall summarize environmental requirements, procedures and management plans that are needed for each project type in order to comply with existing requirements. Further, based on the environmental and social factors identified during the assessment, the U.S. Firm shall define the preliminary scope of the environmental and social programs and management plans that may be needed; as well as any general recommendations for appropriate monitoring and follow-up plans during the construction phase. For safety-oriented projects, the environmental requirements typically do not require extensive analysis and if so, that shall be noted.

Task 10: Review of Regulatory Issues and Implications

The U.S. Firm shall discuss and document any regulatory changes under consideration that may affect the projects under consideration. In Brazil, airports are regulated by ANAC. Under the recent reorganization of the sector, a new Minister-level agency has been created, the Secretariat of Civil Aviation (SAC). The SAC's stated intent is to emphasize the larger airports of national significance while allowing the States and local governments to develop and operate airports to serve regional and local needs. At the same time, SAC, with the involvement of BNDES, is starting a process to consider

appropriate ways to involve private sector capital in the further development and operation of the largest commercial airports in the country, previously solely operated by INFRAERO.

The U.S. Firm shall summarize the implications of the sector's national regulatory environment and any other developments involving economic or environmental regulations that may affect the projects.

Task 11: Development Impact Assessment

The U.S. Firm shall review the potential development impacts for the Project, with emphasis on the four different categories of development impacts that USTDA tracks: Infrastructure, Human Capacity Building, Technology Transfer and Productivity Gains, and Market Oriented Reforms. The analysis shall consider the near term impact(s), but also as appropriate, any additional long term developmental benefits from the projects.

The definition of the USTDA categories of development impacts that the U.S. Firm must evaluate are described below, with some references to the type of development impacts of the projects being considered in this Technical Assistance. The development impact factors are intended to provide the Project's decision-makers and other interested parties with a broader view of the Projects' potential effects as well as provide information for USTDA Program Evaluation Needs.

Infrastructure

USTDA defines an infrastructure benefit as one that "contributes to the improvement and security of the physical, financial, and social infrastructure of the developing world." The infrastructure category encompasses improvements that increase the availability of services, energy, and communication and transportation networks, as well as water and solid waste management. These changes often help to facilitate trade, stimulate private sector growth, improve health, and protect a country's air and water supply. For the SEINFRA Airport Technical Assistance, all of the investments being considered are intended to improve the transport infrastructure (more specifically, the aviation infrastructure). Furthermore, the main objectives of the projects being considered are to facilitate trade, stimulate private sector growth, and improve safety and security associated with the use of the airports.

As such, much of the benefits realized by this USTDA-funded activity shall be expected to be in the infrastructure category. The U.S. Firm shall be required to consider these impacts and develop a summary statement for each of the projects under consideration.

Human Capacity Building

USTDA-funded activities often generate training and new job opportunities for the local area that either result from the construction of the projects or are needed to operate and/or deploy equipment and facilities. Such projects build human capacity by helping workers

learn new skills and/or become more gainfully employed. USTDA considers a project to have human capacity building impact "if ten or more [permanent] jobs are created and/or ten or more people receive significant training."

For this project(s), permanent jobs will be created when the equipment and/or facilities being considered are operational. The U.S. Firm shall develop estimates of the employment generation expected to result from each of the projects under consideration, including positions needed to implement, manage, and operate the proposed projects. Further, the U.S. Firm shall note the number of people who will receive training and a brief description of the training program required.

Technology Transfer & Productivity Improvement

As defined by USTDA, the technology transfer & productivity improvement category comprises "the introduction of advanced technologies or licenses that improve processes and/or systems, resulting in greater economic productivity or more efficient use of resources."

For this project, new technology shall be considered for navigation, communications, cargo handling, security, and other systems at the airports under consideration. The U.S. Firm should describe systems and equipment to be implemented, summarizing efficiencies and improvements in processes and use of resources.

Market-Oriented Reforms

USTDA defines market-oriented reform benefits as changes that encourage more transparent regulatory systems and institutions, support the privatization of state-owned enterprises, promote greater competition in non-competitive economic sectors, lower non-tariff barriers to trade, strengthen intellectual property rights, or modernize international trade systems and regulations.

For this project, the potential for increasing private sector investments in the State Airport System development and operation shall be considered in the financial analysis and is also under consideration by SEINFRA in other cases. In addition, the USTDA Technical Assistance shall provide information to the project sponsor to improve access to the procurement system for equipment acquisition. The U.S. Firm shall provide a description of the potential private sector investment and other market-oriented reforms, including access to the procurement system that result from the Technical Assistance.

In addition to the above four major areas of development impacts, the U.S. Firm shall also consider other development impacts and incorporate them into the Development Impact Assessment.

Deliverable #2: At the end of Task 11, the U.S. Firm shall prepare and submit Interim Report No. 2 covering the results of Tasks 7-11 in Portuguese and in two parts, as follows: Night Operations and Communications/Navigation Project Requirements, and Feasibility Study for the Feira de Santana Airport.

The U.S. Firm shall then travel to the State of Bahia to discuss the results of the financial, economic, environmental, and regulatory analysis with SEINFRA and other stakeholders.

Task 12: Project Implementation

The U.S. Firm shall identify next steps for project implementation for the two study areas. Many of the Technical Assistance deliverables will serve as inputs to the update of the Statewide Airport Plan, i.e. the program for improvements at Feira de Santana and the equipment needs at airports statewide. In addition for the safety, night operations, and communications/navigation equipment, the U.S. Firm shall develop a procurement schedule and specifications.

Procurement Schedule and Specifications for Equipment

The U.S. Firm shall develop a schedule for procurement and specifications to acquire priority equipment for night operations, communications, navigation, etc., in accordance with the results of Tasks 7-11. These specifications shall be developed so that they can be used by SEINFRA, airports, project sponsors, and/or prime U.S. Firms as they proceed with the acquisition of the needed equipment. The procurement schedule and specifications shall also be produced as a separate document that can be used to inform US exporters interested in supplying the needed equipment.

Feira de Santana Airport

For the Feira de Santana Airport, the U.S. Firm shall identify next steps to proceed with the implementation of the recommended project. The U.S. Firm shall also prepare a schedule for implementation of the first five years of the Master Plan at the airport for input to SEINFRA as they update the Statewide Airport Plan.

The results of Task 12 shall be incorporated in the Final Report to be presented in both English and Portuguese at the end of the project.

Task 13: U.S. Sources of Supply

The U.S. Firm shall identify the potential value of US exports of equipment and services based on the projects to be pursued during the next five years as per the implementation plans developed in Task 12 and also considering the US export potential of the aircraft manufacturing plant adjacent to the Feira de Santana Airport. The U.S. Firm shall also contact US manufacturers of needed equipment and provide a list of suppliers interested in sourcing needed equipment to project sponsors.

The list of US suppliers shall include company name, contact information (including telephone and email), contact person and a general description of products and services that may be procured from each company. The list shall be prepared after contact with the potential suppliers to determine their interest in competing in the Brazil marketplace, whether they have representatives in Brazil, and their prior experience in responding to procurements for similar equipment in the aviation sector.

In order to facilitate US exporters' involvement in the implementation of the projects, the U.S. Firm shall also make copies available of the draft equipment specifications to interested US suppliers. If they provide comments on the specifications, the U.S. Firm should consider those comments where appropriate.

Further, the U.S. Firm shall develop a one-page project brief for each procurement that briefly describes the equipment to be acquired, the procurement process to be followed, the contacts for the procurement agency, as well as the export financing available to US exporters. This project brief should be included as an Appendix to the Final Report, to help the project sponsors promote interest in the equipment procurements, as well as to be made available and/or distributed by USTDA and US Department of Commerce to interested US exporters.

The U.S. Firm shall also develop a summary of the procurement process to be followed to procure equipment, including steps to register US companies with the procurement agencies. Further, the U.S. Firm shall develop a list of contacts in Brazil that can help US exporters, including the main Brazilian U.S. Firms that may serve as prime U.S. Firms and may therefore, acquire some of the equipment, the Brazilian companies that can serve as distributors of the US equipment, and other information that can be distributed to interested exporters to maximize the potential involvement of US exporters in project implementation.

In addition, the Final Report shall include brochures, technical booklets, specifications, and other relevant info from US suppliers, regarding the type of equipment to be acquired. These materials shall be referenced in the Implementation Plan chapter of the Final Report and shall be provided as an annex to the Final Report.

Task 14: Final Report

At the end of Task 13, the U.S. Firm shall prepare a draft Final Report in both English and Portuguese. The Final Report shall be organized according to the above tasks, and shall include all deliverables and documents that have been provided to SEINFRA and any comments received from SEINFRA on the Interim Reports. The Final Report shall be prepared in accordance with Clause J of Annex II of the Grant Agreement. The draft Final Report shall be submitted in electronic format to SEINFRA for review and comment.

The Draft Final Report shall include an Executive Summary that adequately and accurately summarizes the principal activities undertaken in conjunction with the

Technical Assistance and the major findings, conclusions and recommendations Each task of these Terms of Reference shall form a separate chapter of the Final Report.

The U.S. Firm shall provide USTDA with both a hard copy of the public and confidential versions of the Final Report in English. The U.S. Firm shall also prepare and provide to USTDA and the U.S. Consulate in Sao Paulo, a Public Version of the Final Report on CD-ROM. The U.S. Firm shall provide SEINFRA with both the public and confidential versions of the Final Report in Portuguese in hard copy and electronic format to SEINFRA, after receipt of comments by SEINFRA.

Notes

- 1) The U.S. Firm is responsible for compliance with U.S. export licensing requirements, if applicable, in the performance of the above Terms of Reference.
- 2) The U.S. Firm and SEINFRA shall be careful to ensure that the public version of the Final Report contains no security-related or confidential information.
- 3) SEINFRA and USTDA shall have an irrevocable, worldwide, royalty-free, nonexclusive right to use and distribute the Final Report and all work products that are developed under these Terms of Reference.
- 4) Confidential information relative to the technical assistance shall be presented under a separate report and labeled "Confidential Information Report".

Annex II

USTDA Mandatory Agreement of Understanding Clauses

A. USTDA Mandatory Clauses Controlling

The parties to this Agreement of Understanding acknowledge that this Agreement of Understanding 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 Secretaria de Infraestrutura do Estado da Bahia ("Client"), dated _____ ("Grant Agreement"). The Client has selected _____ ("U.S. Firm") to perform the technical assistance ("Technical Assistance") for the Bahia Statewide Airport Modernization project ("Project") in Brazil ("Host Country"). The Client and the U.S. Firm are the parties to this Agreement of Understanding, and they hereinafter are referred to collectively as the "Agreement of Understanding Parties." Notwithstanding any other provisions of this Agreement of Understanding, the following USTDA Mandatory Agreement of Understanding Clauses shall govern. All subagreements entered into by U.S. Firm funded or partially funded with USTDA Grant funds shall include these USTDA Mandatory Agreement of Understanding Clauses, except for clauses B(1), G, H, I, and J. In addition, in the event of any inconsistency between the Grant Agreement and the Agreement of Understanding or any subagreement thereunder, the Grant Agreement shall be controlling.

B. USTDA as Financier

(1) USTDA Approval of Agreement of Understanding

This Agreement of Understanding, and any amendment thereto, including any amendment to any annex thereto, and any proposed assignment of this Agreement of Understanding, 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 Agreement of Understanding conforms to modifications required by USTDA during the Agreement of Understanding review process and the Agreement of Understanding has been formally approved by USTDA. To make this review in a timely fashion, USTDA must receive from either the Client or the U.S. Firm an English language version of a final negotiated draft Agreement of Understanding or a signed Agreement of Understanding to the attention of the General Counsel's office at USTDA's address listed in Clause N below.

(2) USTDA Not a Party to the Agreement of Understanding

It is understood by the Agreement of Understanding Parties that USTDA has reserved certain rights such as, but not limited to, the right to approve the terms of this Agreement of Understanding and amendments thereto, including assignments, the selection of all U.S. Firms, the Terms of Reference, the Final Report, and any and all documents related to any Agreement of Understanding funded under the Grant

Agreement. The Agreement of Understanding 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 Technical Assistance and shall not be construed as making USTDA a party to the Agreement of Understanding. The Agreement of Understanding 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 Agreement of Understanding Parties or the parties to any subagreements, jointly or separately; and in consideration of USTDA's role as financier, the Agreement of Understanding Parties further agree that USTDA's rights may be exercised without thereby incurring any responsibility or liability, in Agreement of Understanding, tort, or otherwise, to the Agreement of Understanding Parties or the parties to any subagreement. Any approval or failure to approve by USTDA shall not bar the Client or USTDA from asserting any right they might have against the U.S. Firm, or relieve the U.S. Firm of any liability which the U.S. Firm 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 professional services funded by USTDA under the Grant Agreement:

- (a) the U.S. Firm must be a U.S. firm;
- (b) the U.S. Firm may use U.S. subcontractors without limitation;
- (c) employees of U.S. U.S. Firm or U.S. subcontractors shall be U.S. citizens or non-U.S. citizens lawfully admitted for permanent residence in the United States, except as provided pursuant to subpart (d) below;
- (d) up to twenty percent (20%) of the USTDA Grant amount may be used to pay for services performed by (i) Host Country subcontractors, and/or (ii) Host Country nationals who are employees of the U.S. Firm;
- (e) a Host Country subcontractor may only be used for specific services from the Terms of Reference identified in the subagreement;
- (f) subcontractors from countries other than the United States or Host Country may not be used;
- (g) goods purchased for performance of the Technical Assistance and associated delivery services (e.g., international transportation and insurance) must have their nationality, source and origin in the United States; and

(h) goods and services incidental to Technical Assistance 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 U.S. Firm 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 Agreement of Understanding. 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 period of performance of work provided for by this Agreement of Understanding, and for a period of three (3) years after final disbursement by USTDA. The U.S. Firm 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 U.S. Firm shall provide adequate Workman's Compensation Insurance coverage for work performed under this Agreement of Understanding.

G. Reporting Requirements

The U.S. Firm 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 Technical Assistance. In addition, if at any time the U.S. Firm receives follow-on work from the Client, the U.S. Firm shall so notify USTDA and designate the U.S. Firm's contact point including name, telephone, fax number, and e-mail address. Since this information may be made publicly available by USTDA, any information which is confidential shall be designated as such

by the U.S. Firm 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 Agreement of Understanding

Disbursement of Grant funds will be made only after USTDA approval of this Agreement of Understanding.

(2) Payment Schedule Requirements

A payment schedule for disbursement of Grant funds to the U.S. Firm shall be included in this Agreement of Understanding. 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 Agreement of Understanding performance milestones; and (3) the final payment may be no less than fifteen percent (15%) of the total USTDA Grant amount, payable upon approval by USTDA of a Final Report that has been (i) prepared and submitted in accordance with the requirements set forth in Clause I below, and (ii) approved in writing by the Client in the manner provided for by Clause H(3)(b)(iii) below. Invoicing procedures for all payments are described below.

(3) U.S. Firm Invoice Requirements

USTDA will make all disbursements of USTDA Grant funds directly to the U.S. Firm. The U.S. Firm 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 U.S. Firm for performance of the Agreement of Understanding by submitting the following to USTDA:

(a) U.S. Firm's Invoice

The U.S. Firm's invoice shall include reference to an item listed in the Agreement of Understanding payment schedule, the requested payment amount, and an appropriate certification by the U.S. Firm, as follows:

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

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

(ii) For Agreement of Understanding performance milestone payments:

"The U.S. Firm has performed the work described in this invoice in accordance with the terms of its Agreement of Understanding with the Client and is entitled to payment thereunder. To the extent the U.S. Firm has not complied with the terms and conditions of the Agreement of Understanding, including the USTDA Mandatory Agreement of Understanding Clauses contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA."

(iii) For final payment:

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

(b) Client's Approval of the U.S. Firm's Invoice

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

(ii) For Agreement of Understanding 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 U.S. Firm have been performed satisfactorily, in accordance with applicable Agreement of Understanding 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 U.S. Firm have been performed satisfactorily, in accordance with applicable Agreement of Understanding provisions and the terms and conditions of the USTDA Grant Agreement. The Final Report submitted by the U.S. Firm has been reviewed and approved by the Client. "

(c) USTDA Address for Disbursement Requests

Requests for disbursement shall be submitted to the attention of the Finance Department at USTDA's address listed in Clause N below, or by e-mail to invoices@ustda.gov.

I. Termination

(1) Method of Termination

Either Agreement of Understanding Party may terminate this Agreement of Understanding upon giving written notice to the other party and USTDA. This notice shall be effective after either 30 days, or any other period set forth elsewhere in this Agreement of Understanding. Furthermore, this Agreement of Understanding shall terminate immediately upon notification of USTDA's termination of the Grant Agreement or the term of availability of any funds thereunder.

(2) Ramifications of Termination

In the event that this Agreement of Understanding is terminated prior to completion, the U.S. Firm will be eligible, subject to USTDA approval, for payment for the value of the work performed pursuant to the terms of this Agreement of Understanding. Likewise, in the event of such termination, USTDA is entitled to receive from the U.S. Firm all USTDA Grant funds previously disbursed to the U.S. Firm (including but not limited to mobilization payments) which exceed the value of the work performed pursuant to the terms of this Agreement of Understanding.

(3) Survivability

Clauses B, D, G, H, I, and O of the USTDA Mandatory Agreement of Understanding Clauses shall survive the termination of this Agreement of Understanding.

J. 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 U.S. Firm shall provide the following to USTDA:

(a) One (1) complete hard copy 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 U.S. Firm 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) hard 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 U.S. Firm to ensure that no confidential information is contained on the CD-ROMs.

The U.S. Firm shall also provide one (1) hard copy of the Public Version of the Final Report to the Commercial or 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 U.S. Firm who prepared the report, a report title, USTDA's logo, and USTDA's address. If the complete version of the Final Report contains confidential information, the U.S. Firm shall be responsible for labeling the front cover of that version of the Final Report with the term "Confidential Version." The U.S. Firm 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 address, and USTDA's mission statement. Camera-ready copy of USTDA Final Report specifications will be available from USTDA upon request.

(c) The U.S. Firm 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 U.S. Firm who prepared the report, a report title, and the following language:

"The U.S. Firm certifies that this CD-ROM contains the Public Version of the Final Report and that all contents are suitable for public distribution."

(d) The U.S. Firm 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, and e-mail address shall be included for U.S. Firm 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, and e-mail address 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.

(g) The Client, USTDA, and the Commercial and/or Economic Section(s) of the U.S. Embassy in Host Country shall have irrevocable, worldwide, royalty-free, non-exclusive rights to use and distribute the Final Report.

K. Modifications

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

L. Technical Assistance Schedule

(1) Technical Assistance Completion Date

The completion date for the Technical Assistance, which is November 30, 2013, is the date by which the Agreement of Understanding Parties estimate that the Technical Assistance 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 Agreement of Understanding for goods and services which are provided prior to the Effective Date of the Grant Agreement; and (b) no USTDA funds may be disbursed more than four (4) years after the Effective Date of the Grant Agreement.

M. Business Practices

The Agreement of Understanding Parties recognize the existence of standards of conduct for public officials and commercial entities in their respective countries. Therefore, the Agreement of Understanding Parties shall fully comply with all United States and Host Country laws relating to corruption or bribery. For example, the U.S. Firm and its subcontractors shall fully comply with the requirements of the Foreign Corrupt Practices Act, as amended (15 U.S.C. §§ 78dd-1 *et seq.*). Each Agreement of Understanding Party agrees that it shall require that any agent or representative hired to represent it in connection with the Technical Assistance will comply with this paragraph and all laws which apply to activities and obligations of that Agreement of Understanding Party, including, but not limited to, those laws and obligations referenced above.

N. USTDA Address and Fiscal Data

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

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

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

Fiscal Data:

Appropriation No.: 11 12/131001
Activity No.: 2012-51019A

Reservation No.: 2012212
Grant No.: GH201251212

O. Taxes

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

P. Export Licensing

The U.S. Firm and all subcontractors are responsible for compliance with U.S. export licensing requirements, if applicable, in the performance of the Terms of Reference.

Q. Contact Persons

The Client designates the following person as the contact person for matters concerning this Agreement of Understanding:

Name:
Title:
Phone:
Fax:
E-Mail:

The U.S. Firm designates the following person as the contact person for matters concerning this Agreement of Understanding:

Name:
Title:
Phone:
Fax:
E-Mail:

If anyone designated by a Agreement of Understanding Party as a contact person ceases service as a contact person at any point during the ten-year period following the date of signing of this Agreement of Understanding, the Agreement of Understanding Party that had designated that contact person shall provide USTDA and the other Agreement of Understanding Party with the name and contact information of a replacement contact person.

R. Liability

This Agreement of Understanding may include a clause that limits the liability of the Agreement of Understanding Parties, provided that such a clause does not (i) disclaim liability for special, incidental, general, or punitive damages, or (ii) limit the total amount

of damages recoverable to an amount less than the total amount disbursed to the U.S. Firm pursuant to this Agreement of Understanding.

S. Arbitration

If the Agreement of Understanding Parties submit any dispute arising under this Agreement of Understanding for arbitration, the scope of any such arbitration shall be limited to the Agreement of Understanding Parties' rights and/or obligations under this Agreement of Understanding and may not extend to any right or obligation of USTDA. The arbitrator(s) shall not arbitrate issues directly affecting the rights or obligations of USTDA.

ANNEX 5

Annex I

Terms of Reference

Objective

The objective of the Bahia Statewide Airport Modernization Technical Assistance is to assist the State of Bahia's Infrastructure Secretariat (SEINFRA) to

- 1) Determine near and longer term improvements at Feira de Santana Airport; and
- 2) Develop a statewide program of needed improvements and priorities to develop airport night operations at general aviation airports, and consider navigation improvements, in accordance with international and Brazilian National Civil Aviation Agency (ANAC) safety norms and reflecting traffic levels.

The State's intent is to develop a regional airport network with modern equipment and services that complements the INFRAERO Airports. Although the airports operated by INFRAERO have not been included in the Technical Assistance, the U.S. Firm shall take into account the existing and planned facilities at INFRAERO airports to the extent they may affect needs at other airports in the State that are included in this Technical Assistance.

The Technical Assistance tasks are as follows:

Task 1: Data Collection and Review

Data provided by SEINFRA will likely be in Portuguese and it will be the U.S. Firm's responsibility to translate the information for its use, if necessary.

Upon notice of award, the U.S. Firm shall provide SEINFRA with a list of data requirements and request copies of available relevant studies prior to traveling to Brazil for the initial meetings and site visits. The main objectives of this task are: i) to define the necessary information for the development of the Technical Assistance and ii) establish the process to obtain all available information to be used by the U.S. Firm over the duration of the project.

Task 2: Kick-off Meeting

Upon notice of award, the U.S. Firm shall schedule an initial meeting with SEINFRA and other appropriate study participants, who will be involved in monitoring, guiding, and reviewing the results of the Technical Assistance. After the initial meeting in Salvador, a

meeting shall also take place in Feira de Santana, with the participation of local planning staff and other interested agencies.

The general purpose of the initial meetings with SEINFRA includes:

- Introduction of the U.S. Firm team to SEINFRA;
- Review status of the Bahia Statewide Airport Plan and Program as well as the Feira de Santana Airport;
- Clarify the objectives and scope of the Technical Assistance;
- Review the Work Plan and the schedule; and
- Respond to any questions SEINFRA may have.

During the initial meetings, the U.S. Firm shall also make arrangements to gather all available relevant information regarding the operation and current facilities at the Feira de Santana Airport, the airports to be considered for night operations, as well as the State's economic base, resources, markets, population, industrial development and transport systems in the airports' current and potential area of influence. The information shall be obtained from the current master plans, SEINFRA, federal databases, the State's economic development plan, and from any other sources needed.

Task 3: Site Visits and Assessment

The U.S. Firm shall visit Feira de Santana Airport and as many airports as possible within the 10 days budgeted for site visits, but no less than all eight priority airports listed in Task 5, as needed for carrying out the scope. During the visit to the Feira de Santana Airport, the U.S. Firm shall conduct a general assessment of the existing and needed infrastructure and equipment, with particular attention to:

- Navigation equipment and systems, instrument landing systems, telecommunications systems, meteorological and other equipment required for navigation;
- Lighting systems, pavement markings and guidance signs on runways, taxiways and aprons;
- Terminal building expansion equipment needs, e.g. flight information display systems, baggage information display systems, IT systems and other electrical and mechanical installations of the terminal;
- Baggage and cargo handling systems and equipment at the terminal;
- Security equipment (passenger and baggage screening), perimeter and access control systems to restricted areas, etc.;
- Rescue, fire-fighting and emergency medical assistance equipment,
- Fuel supply and distribution equipment, and
- Any other infrastructure, system, or equipment relevant for the current or future management and operations at the airport.

During the on-site visits of the Feira de Santana Airport, photographs shall be taken and deficiencies encountered shall be recorded.

For any other airports visited, the U.S. Firm shall emphasize issues associated with adding equipment for night operations and improved communications and navigation. For airports not visited, the U.S. Firm shall request similar information from SEINFRA regarding equipment available and proposed equipment acquisition for night operations, communications, navigation and other equipment.

In addition to the site visits, the U.S. Firm shall carry out consultation meetings with users, airport officials, government representatives, as well as regional commerce, industry representatives, and others for the purposes of carrying out the Technical Assistance in Feira de Santana Airport. In particular, the U.S. Firm shall meet with regional carriers that may have some interest in starting commercial regular service at the Feira de Santana Airport. These meetings and interviews shall be aimed at obtaining the opinions of each group regarding the current situation, needs and the potential future development of the airport, and to collect any other available information.

Task 4: Demand Analysis and Forecasts for Feira de Santana Airport

The demand analysis shall be carried out only for the Feira de Santana Airport. The U.S. Firm shall carry out an analysis of the market potential for passenger and air cargo transport services in the area of influence of the Feira de Santana Airport as a base for the development of forecasts of aircraft, passengers, and cargo activity. The U.S. Firm shall review historical demand for each market segment to the extent available, since the airport was closed between 2009 and September 2011. The U.S. Firm shall also identify business opportunities for the airport.

In order to best assess the air transport market in Feira de Santana, the market analysis shall include all influencing factors, including:

- Trends in the air transport market in the area and the neighboring regions;
- The relationship to the Salvador airport market;
- Prior traffic forecasts (including actual traffic while the airport operated until 2008 to the extent available) and underlying assumptions;
- Major drivers and potential for growth of business; and
- Interviews with regional air carriers that may be interested in serving this market.

In addition, the U.S. Firm shall conduct an analysis of the peak periods for use of airport facilities to determine the peak hour for planning purposes, to the extent relevant. The U.S. Firm shall carry out peak hour analysis both for passenger flows through the terminal and for aircraft operations where appropriate. The U.S. Firm shall also analyze historical trends of the composition of the fleet using the Airport (including the period the airport operated before closing) to help compute peak apron usage and to consider peak terminal area requirements.

The U.S. Firm shall define probable development scenarios for forecasting future demand, based on the main drivers of potential demand, including airline route development, airport development and business opportunities.

The U.S. Firm shall prepare airport forecasts for based aircraft, air traffic movements, passengers, and cargo, at an appropriate level as may be required for definition of future facility requirements and the financial analysis. Forecast aircraft movements shall be broken down into commercial aviation, cargo, general aviation, and military aviation. If applicable, passenger forecasts shall be broken down by arriving, departing and transfer.

The U.S. Firm shall develop 20-year forecasts by five-year periods for the facility and equipment needs analysis. The U.S. Firm shall prepare annual projections as needed for the financial analysis.

The U.S. Firm shall consider three demand scenarios: high (optimistic), average (most likely) and conservative (pessimistic). Each of these three scenarios shall be established based on the results of market analysis.

For the most likely scenario, where needed, aircraft operations and passengers in the peak hour period shall be estimated. Once these projections have been developed, their reasonability shall be confirmed through consultation with SEINFRA, as well as with representatives of air transport companies which have expressed interested in operating at the airport, airlines and/or shipping companies.

During the forecast development and analysis, the U.S. Firm shall also consider the sensitivity of demand to different variables like domestic and state GDP growth, agricultural and other development, tourism growth rate, the capacity and service levels at the Salvador airport, etc., to develop the high, low, and most likely forecasts.

Task 5: Equipment/Facility Needs Analysis and Development of Cost Estimates

This task shall be carried out for all airports in the State, with emphasis on those that have been identified by SEINFRA as candidates for night operations and improved navigation equipment based on the Statewide Airport Plan policies. At least the following airports are anticipated to require airport lighting equipment for night operations, the first eight of which are considered priority:

- 1) Feira de Santana;
- 2) Porto Seguro;
- 3) Irecé;
- 4) Barreiras;
- 5) Teixeira de Freitas;
- 6) Lençóis;
- 7) Vitória da Conquista;
- 8) Guanambi;
- 9) Valença;

- 10) Senhor do Bonfim;
- 11) Bom Jesus da Lapa;
- 12) Caravelas;
- 13) Sento Sé;
- 14) Ibotirama;
- 15) Luis Eduardo Magalhães; and
- 16) Amargosa.

In addition, the top eight priority airports listed above are in need of navigation aids, weather observation stations, radio communication and/or other equipment.

The U.S. Firm shall analyze current and near term equipment needs at the airports, particularly improvements needed for night operations, communications and navigation, as well as safety equipment. The night operations and equipment requirements shall be based on the review of available equipment at each airport as provided by SEINFRA, the policies established in the statewide airport plan as well as International Civil Aviation Organization (ICAO) and Federal Aviation Administration (FAA) international, ANAC, and other industry standards. Equipment needs should specifically include:

- Navigation equipment and systems, telecommunications systems, meteorological and other equipment required for safe operations; and
- Lighting system and signs for runway, taxiways and apron.

The U.S. Firm shall also consider other equipment needs at the airports, as identified in the statewide airport plan or based on additional information provided by SEINFRA.

SEINFRA anticipates that as a minimum, the following equipment should be considered at the following airports:

- Airport lighting and other equipment for night operations (estimated to be needed at 18 airports (eight identified as priority as per list in task 5);
- Navigation aids, weather observation stations, radio communication and other equipment at Feira de Santana and priority airports listed above;
- Fuel distribution, crash fire rescue and other vehicles at Feira de Santana and selected airports listed above;
- Aircraft engines, propellers, parts, and other equipment for small aircraft assembly at factory adjacent to Feira de Santana Airport (only for the purpose of estimating trade potential in Task 13); and
- Passenger Terminal Security, Communications, IT, and Cargo Equipment at Feira de Santana Airport.

Based on the improvements and equipment additions recommended, the U.S. Firm shall identify and estimate all the capital investments required for procuring equipment, in accordance with the priorities in the Statewide Airport Plan.

Feira de Santana Airport

The demand parameters and their relationship to facility capacity, as well as safety standards shall be used to determine facility and equipment needs at the Feira de Santana Airport, as input to the feasibility analysis. Facilities and equipment needs shall include the following, where appropriate, based on the demand forecasts and the current situation:

- Navigation equipment and systems, instrument landing system, telecommunications systems, meteorological and other equipment required for safe operations;
- Lighting systems, pavement markings and guidance signs on runways, taxiways and aprons;
- Terminal building expansion equipment needs, e.g. IT, and other electrical and mechanical installations of the terminal;
- Baggage and cargo handling systems and equipment at the terminal;
- Security equipment (passenger and baggage screening), perimeter and access control systems to restricted areas, etc.;
- Rescue, Fire-fighting and emergency medical assistance equipment; and
- Any other infrastructure, system, or equipment relevant for the current or future management and operations at the airport.

Based on the improvements and expansions recommended, the U.S. Firm shall identify and estimate all the capital investments required for procuring equipment, as well as rehabilitating and constructing infrastructure works, in accordance with the investment schedule proposed for the short, medium and long term planning periods.

Task 6: Define Projects and Inputs for Airport Development Program Update

This task shall be carried out for the two study areas of this Technical Assistance, as follows: 1) equipment needs for night operations and communications/navigation equipment at airports with such needs based on the statewide airport plan policies, 2) equipment/facility needs at the Feira de Santana airport.

In order to better define the projects to be implemented considering the equipment and facility needs identified in Task 5, the U.S. Firm shall prioritize all proposed investments and establish a schedule for implementing the improvements and investment needs on an annual basis for the first five years, with other longer term investments scheduled in five year increments, according to identified priorities.

The output of this task shall be a detailed list and specific plan of improvements to be implemented on an annual basis in the short-term (1-5 years) in accordance with the objectives of SEINFRA, in order to satisfy the immediate safety needs and objectives for night operations and communications/navigation equipment, as well as satisfy the long term demand for air transport service in the Feira de Santana airport.

The list of investment needs shall be organized so as to include the various groups of investments associated with each of the State's objectives, i.e. night operations, equipment acquisition and modernization, and implementing near term and long term programs at the Feira de Santana Airport.

Once the investment lists have been compiled for all airports, the U.S. Firm shall define each project in a one-page form that provides the following information for each identified need:

- Airport name – airside or landside;
- Description of need – construction or equipment;
- Rationale/justification and relationship to Bahia's objectives;
- Investment category objective (night operations, safety and security, need for meeting future demand, other);
- Cost estimate and schedule (for first 5 years, by year, and by 5 year period for later periods); and
- Priority ranking evaluation based on U.S. Firm's professional judgment and available information from airport visits, operational data, historical and forecast traffic, Bahia's objectives, State Plan, and Master Plan documents).

Before the list is finalized, it shall be included in Interim Report No. 1 and discussed with SEINFRA and other stakeholders.

Deliverable #1: The U.S. Firm shall prepare and submit the Interim Report No. 1 covering the results of Tasks 1-6 in Portuguese in two sections, as follows:

- Night Operations and Communications/Navigation Project Requirements;
and
- Feasibility Study for Feira de Santana Airport.

The U.S. Firm shall then discuss the results of the demand projections, equipment/facility requirements and cost estimates with SEINFRA and other stakeholders.

Task 7: Economic Analysis

The U.S. Firm shall carry out an economic analysis for the Feira de Santana Airport improvements that have been defined in Task 6, and shall note any alternatives to achieve the same project objectives, where these possibilities are available. The U.S. Firm shall also develop a cash flow analysis for disbursement of the project investment requirements, considering where appropriate, any dedicated revenues from airport operations. Availability of local materials and equipment for the projects shall also be reviewed.

The U.S. Firm shall also summarize, and to the extent possible quantify, the following possible benefits and impacts for the regional airports and the Feira de Santana airport, where applicable:

- Improved safety and security of air transport operations;
- Savings in travel time and costs for the different groups of users;
- Savings in fuel and operating costs for the airlines and other operators;
- Air quality emissions;
- Noise levels; and
- General opportunities and benefits that the project will generate for the economy, such as economic development, increased tourism and foreign trade.

The U.S. Firm shall present a summary of the economic analysis in support of its conclusions and recommendations about the Project's economic feasibility.

Task 8: Financial Feasibility Analysis and Financing Options

The U.S. Firm shall conduct a financial feasibility analysis and consider financing options for the projects included in the investment plan, particularly taking into consideration how to structure the program so as to maximize use of private capital and reduce the required upfront contribution of the state.

Equipment Needs at Regional Airports

The analysis shall consider availability of funding from the Brazilian Federal Program of Assistance to Regional Airports (PROFAA), the new National Fund for Civil Aviation (FNAC), and matching state or local funding as well as the possibility for vendor financing to supplement public funds

Feira de Santana Airport

The U.S. Firm shall carry out a simple financial viability analysis for the proposed investments at the Feira de Santana Airport based on the traffic projections, estimated investment amounts, financing costs, if any, and other costs. The analysis shall include, among other things, the project's profitability for a private sector concessionaire under different scenarios. Funding sources such as the Brazilian National Development Bank (BNDES), International Finance Corporation, or Inter-American Development Bank financing shall be discussed with SEINFRA.

The financial model shall use baseline historical financial data to generate cash flows, including the Capital Investment (CAPEX) requirements, financing, revenues, and annual operating costs for the established planning horizon.

The financial analysis shall determine viability of the project, in terms of its net present value, internal rate of return (IRR), and other financial criteria generally accepted in the

international financial community. A sensitivity and risk analysis shall be developed to evaluate the impact of changes in assumptions on the Project's critical variables, such as demand, investment amounts, etc. For those alternatives, which consider credit from domestic or international financial institutions, an available cash flow sensitivity analysis shall be carried out for debt payment (debt coverage service levels), according to international accepted norms for this type of operations.

In order to define whether the investment is attractive, the U.S. Firm shall estimate a minimum IRR for the Project. The analysis and identification of financing sources shall culminate in a financial and investment plan that is to be utilized to support capital investment decisions by SEINFRA and/or the airports, to support presentations to prospective Brazilian and foreign investors and/or the federal agencies.

Task 9: Preliminary Environmental Assessment

The U.S. Firm shall carry out a preliminary environmental assessment for the Feira de Santana Airport's investment program, to identify any potential environmental impacts related to the recommended Project and areas that will need to be considered during the project's implementation to minimize and/or mitigate impacts.

The U.S. Firm shall also review any available prior environmental analysis for the Statewide Airport Plan or any airport specific plans. The U.S. Firm shall then also review the guidelines for environmental assessments at airports for different types of projects, in order to meet local, state, and federal regulations as well as international standards established by financial institutions, international development agencies, and aviation organizations, such as the World Bank, Inter-American Development Bank, International Civil Aviation Organization (ICAO), and Federal Aviation Administration (FAA).

The U.S. Firm shall summarize environmental requirements, procedures and management plans that are needed for each project type in order to comply with existing requirements. Further, based on the environmental and social factors identified during the assessment, the U.S. Firm shall define the preliminary scope of the environmental and social programs and management plans that may be needed; as well as any general recommendations for appropriate monitoring and follow-up plans during the construction phase. For safety-oriented projects, the environmental requirements typically do not require extensive analysis and if so, that shall be noted.

Task 10: Review of Regulatory Issues and Implications

The U.S. Firm shall discuss and document any regulatory changes under consideration that may affect the projects under consideration. In Brazil, airports are regulated by ANAC. Under the recent reorganization of the sector, a new Minister-level agency has been created, the Secretariat of Civil Aviation (SAC). The SAC's stated intent is to emphasize the larger airports of national significance while allowing the States and local governments to develop and operate airports to serve regional and local needs. At the same time, SAC, with the involvement of BNDES, is starting a process to consider

appropriate ways to involve private sector capital in the further development and operation of the largest commercial airports in the country, previously solely operated by INFRAERO.

The U.S. Firm shall summarize the implications of the sector's national regulatory environment and any other developments involving economic or environmental regulations that may affect the projects.

Task 11: Development Impact Assessment

The U.S. Firm shall review the potential development impacts for the Project, with emphasis on the four different categories of development impacts that USTDA tracks: Infrastructure, Human Capacity Building, Technology Transfer and Productivity Gains, and Market Oriented Reforms. The analysis shall consider the near term impact(s), but also as appropriate, any additional long term developmental benefits from the projects.

The definition of the USTDA categories of development impacts that the U.S. Firm must evaluate are described below, with some references to the type of development impacts of the projects being considered in this Technical Assistance. The development impact factors are intended to provide the Project's decision-makers and other interested parties with a broader view of the Projects' potential effects as well as provide information for USTDA Program Evaluation Needs.

Infrastructure

USTDA defines an infrastructure benefit as one that "contributes to the improvement and security of the physical, financial, and social infrastructure of the developing world." The infrastructure category encompasses improvements that increase the availability of services, energy, and communication and transportation networks, as well as water and solid waste management. These changes often help to facilitate trade, stimulate private sector growth, improve health, and protect a country's air and water supply. For the SEINFRA Airport Technical Assistance, all of the investments being considered are intended to improve the transport infrastructure (more specifically, the aviation infrastructure). Furthermore, the main objectives of the projects being considered are to facilitate trade, stimulate private sector growth, and improve safety and security associated with the use of the airports.

As such, much of the benefits realized by this USTDA-funded activity shall be expected to be in the infrastructure category. The U.S. Firm shall be required to consider these impacts and develop a summary statement for each of the projects under consideration.

Human Capacity Building

USTDA-funded activities often generate training and new job opportunities for the local area that either result from the construction of the projects or are needed to operate and/or deploy equipment and facilities. Such projects build human capacity by helping workers

learn new skills and/or become more gainfully employed. USTDA considers a project to have human capacity building impact "if ten or more [permanent] jobs are created and/or ten or more people receive significant training."

For this project(s), permanent jobs will be created when the equipment and/or facilities being considered are operational. The U.S. Firm shall develop estimates of the employment generation expected to result from each of the projects under consideration, including positions needed to implement, manage, and operate the proposed projects. Further, the U.S. Firm shall note the number of people who will receive training and a brief description of the training program required.

Technology Transfer & Productivity Improvement

As defined by USTDA, the technology transfer & productivity improvement category comprises "the introduction of advanced technologies or licenses that improve processes and/or systems, resulting in greater economic productivity or more efficient use of resources."

For this project, new technology shall be considered for navigation, communications, cargo handling, security, and other systems at the airports under consideration. The U.S. Firm should describe systems and equipment to be implemented, summarizing efficiencies and improvements in processes and use of resources.

Market-Oriented Reforms

USTDA defines market-oriented reform benefits as changes that encourage more transparent regulatory systems and institutions, support the privatization of state-owned enterprises, promote greater competition in non-competitive economic sectors, lower non-tariff barriers to trade, strengthen intellectual property rights, or modernize international trade systems and regulations.

For this project, the potential for increasing private sector investments in the State Airport System development and operation shall be considered in the financial analysis and is also under consideration by SEINFRA in other cases. In addition, the USTDA Technical Assistance shall provide information to the project sponsor to improve access to the procurement system for equipment acquisition. The U.S. Firm shall provide a description of the potential private sector investment and other market-oriented reforms, including access to the procurement system that result from the Technical Assistance.

In addition to the above four major areas of development impacts, the U.S. Firm shall also consider other development impacts and incorporate them into the Development Impact Assessment.

Deliverable #2: At the end of Task 11, the U.S. Firm shall prepare and submit Interim Report No. 2 covering the results of Tasks 7-11 in Portuguese and in two parts, as follows: Night Operations and Communications/Navigation Project Requirements, and Feasibility Study for the Feira de Santana Airport.

The U.S. Firm shall then travel to the State of Bahia to discuss the results of the financial, economic, environmental, and regulatory analysis with SEINFRA and other stakeholders.

Task 12: Project Implementation

The U.S. Firm shall identify next steps for project implementation for the two study areas. Many of the Technical Assistance deliverables will serve as inputs to the update of the Statewide Airport Plan, i.e. the program for improvements at Feira de Santana and the equipment needs at airports statewide. In addition for the safety, night operations, and communications/navigation equipment, the U.S. Firm shall develop a procurement schedule and specifications.

Procurement Schedule and Specifications for Equipment

The U.S. Firm shall develop a schedule for procurement and specifications to acquire priority equipment for night operations, communications, navigation, etc., in accordance with the results of Tasks 7-11. These specifications shall be developed so that they can be used by SEINFRA, airports, project sponsors, and/or prime U.S. Firms as they proceed with the acquisition of the needed equipment. The procurement schedule and specifications shall also be produced as a separate document that can be used to inform US exporters interested in supplying the needed equipment.

Feira de Santana Airport

For the Feira de Santana Airport, the U.S. Firm shall identify next steps to proceed with the implementation of the recommended project. The U.S. Firm shall also prepare a schedule for implementation of the first five years of the Master Plan at the airport for input to SEINFRA as they update the Statewide Airport Plan.

The results of Task 12 shall be incorporated in the Final Report to be presented in both English and Portuguese at the end of the project.

Task 13: U.S. Sources of Supply

The U.S. Firm shall identify the potential value of US exports of equipment and services based on the projects to be pursued during the next five years as per the implementation plans developed in Task 12 and also considering the US export potential of the aircraft manufacturing plant adjacent to the Feira de Santana Airport. The U.S. Firm shall also contact US manufacturers of needed equipment and provide a list of suppliers interested in sourcing needed equipment to project sponsors.

The list of US suppliers shall include company name, contact information (including telephone and email), contact person and a general description of products and services that may be procured from each company. The list shall be prepared after contact with the potential suppliers to determine their interest in competing in the Brazil marketplace, whether they have representatives in Brazil, and their prior experience in responding to procurements for similar equipment in the aviation sector.

In order to facilitate US exporters' involvement in the implementation of the projects, the U.S. Firm shall also make copies available of the draft equipment specifications to interested US suppliers. If they provide comments on the specifications, the U.S. Firm should consider those comments where appropriate.

Further, the U.S. Firm shall develop a one-page project brief for each procurement that briefly describes the equipment to be acquired, the procurement process to be followed, the contacts for the procurement agency, as well as the export financing available to US exporters. This project brief should be included as an Appendix to the Final Report, to help the project sponsors promote interest in the equipment procurements, as well as to be made available and/or distributed by USTDA and US Department of Commerce to interested US exporters.

The U.S. Firm shall also develop a summary of the procurement process to be followed to procure equipment, including steps to register US companies with the procurement agencies. Further, the U.S. Firm shall develop a list of contacts in Brazil that can help US exporters, including the main Brazilian U.S. Firms that may serve as prime U.S. Firms and may therefore, acquire some of the equipment, the Brazilian companies that can serve as distributors of the US equipment, and other information that can be distributed to interested exporters to maximize the potential involvement of US exporters in project implementation.

In addition, the Final Report shall include brochures, technical booklets, specifications, and other relevant info from US suppliers, regarding the type of equipment to be acquired. These materials shall be referenced in the Implementation Plan chapter of the Final Report and shall be provided as an annex to the Final Report.

Task 14: Final Report

At the end of Task 13, the U.S. Firm shall prepare a draft Final Report in both English and Portuguese. The Final Report shall be organized according to the above tasks, and shall include all deliverables and documents that have been provided to SEINFRA and any comments received from SEINFRA on the Interim Reports. The Final Report shall be prepared in accordance with Clause J of Annex II of the Grant Agreement. The draft Final Report shall be submitted in electronic format to SEINFRA for review and comment.

The Draft Final Report shall include an Executive Summary that adequately and accurately summarizes the principal activities undertaken in conjunction with the

Technical Assistance and the major findings, conclusions and recommendations Each task of these Terms of Reference shall form a separate chapter of the Final Report.

The U.S. Firm shall provide USTDA with both a hard copy of the public and confidential versions of the Final Report in English. The U.S. Firm shall also prepare and provide to USTDA and the U.S. Consulate in Sao Paulo, a Public Version of the Final Report on CD-ROM. The U.S. Firm shall provide SEINFRA with both the public and confidential versions of the Final Report in Portuguese in hard copy and electronic format to SEINFRA, after receipt of comments by SEINFRA.

Notes

- 1) The U.S. Firm is responsible for compliance with U.S. export licensing requirements, if applicable, in the performance of the above Terms of Reference.
- 2) The U.S. Firm and SEINFRA shall be careful to ensure that the public version of the Final Report contains no security-related or confidential information.
- 3) SEINFRA and USTDA shall have an irrevocable, worldwide, royalty-free, nonexclusive right to use and distribute the Final Report and all work products that are developed under these Terms of Reference.
- 4) Confidential information relative to the technical assistance shall be presented under a separate report and labeled "Confidential Information Report".

Annex II

USTDA Mandatory Agreement of Understanding Clauses

A. USTDA Mandatory Clauses Controlling

The parties to this Agreement of Understanding acknowledge that this Agreement of Understanding 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 Secretaria de Infraestrutura do Estado da Bahia ("Client"), dated _____ ("Grant Agreement"). The Client has selected _____ ("U.S. Firm") to perform the technical assistance ("Technical Assistance") for the Bahia Statewide Airport Modernization project ("Project") in Brazil ("Host Country"). The Client and the U.S. Firm are the parties to this Agreement of Understanding, and they hereinafter are referred to collectively as the "Agreement of Understanding Parties." Notwithstanding any other provisions of this Agreement of Understanding, the following USTDA Mandatory Agreement of Understanding Clauses shall govern. All subagreements entered into by U.S. Firm funded or partially funded with USTDA Grant funds shall include these USTDA Mandatory Agreement of Understanding Clauses, except for clauses B(1), G, H, I, and J. In addition, in the event of any inconsistency between the Grant Agreement and the Agreement of Understanding or any subagreement thereunder, the Grant Agreement shall be controlling.

B. USTDA as Financier

(1) USTDA Approval of Agreement of Understanding

This Agreement of Understanding, and any amendment thereto, including any amendment to any annex thereto, and any proposed assignment of this Agreement of Understanding, 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 Agreement of Understanding conforms to modifications required by USTDA during the Agreement of Understanding review process and the Agreement of Understanding has been formally approved by USTDA. To make this review in a timely fashion, USTDA must receive from either the Client or the U.S. Firm an English language version of a final negotiated draft Agreement of Understanding or a signed Agreement of Understanding to the attention of the General Counsel's office at USTDA's address listed in Clause N below.

(2) USTDA Not a Party to the Agreement of Understanding

It is understood by the Agreement of Understanding Parties that USTDA has reserved certain rights such as, but not limited to, the right to approve the terms of this Agreement of Understanding and amendments thereto, including assignments, the selection of all U.S. Firms, the Terms of Reference, the Final Report, and any and all documents related to any Agreement of Understanding funded under the Grant

Agreement. The Agreement of Understanding 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 Technical Assistance and shall not be construed as making USTDA a party to the Agreement of Understanding. The Agreement of Understanding 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 Agreement of Understanding Parties or the parties to any subagreements, jointly or separately; and in consideration of USTDA's role as financier, the Agreement of Understanding Parties further agree that USTDA's rights may be exercised without thereby incurring any responsibility or liability, in Agreement of Understanding, tort, or otherwise, to the Agreement of Understanding Parties or the parties to any subagreement. Any approval or failure to approve by USTDA shall not bar the Client or USTDA from asserting any right they might have against the U.S. Firm, or relieve the U.S. Firm of any liability which the U.S. Firm 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 professional services funded by USTDA under the Grant Agreement:

- (a) the U.S. Firm must be a U.S. firm;
- (b) the U.S. Firm may use U.S. subcontractors without limitation;
- (c) employees of U.S. U.S. Firm or U.S. subcontractors shall be U.S. citizens or non-U.S. citizens lawfully admitted for permanent residence in the United States, except as provided pursuant to subpart (d) below;
- (d) up to twenty percent (20%) of the USTDA Grant amount may be used to pay for services performed by (i) Host Country subcontractors, and/or (ii) Host Country nationals who are employees of the U.S. Firm;
- (e) a Host Country subcontractor may only be used for specific services from the Terms of Reference identified in the subagreement;
- (f) subcontractors from countries other than the United States or Host Country may not be used;
- (g) goods purchased for performance of the Technical Assistance and associated delivery services (e.g., international transportation and insurance) must have their nationality, source and origin in the United States; and

(h) goods and services incidental to Technical Assistance 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 U.S. Firm 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 Agreement of Understanding. 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 period of performance of work provided for by this Agreement of Understanding, and for a period of three (3) years after final disbursement by USTDA. The U.S. Firm 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 U.S. Firm shall provide adequate Workman's Compensation Insurance coverage for work performed under this Agreement of Understanding.

G. Reporting Requirements

The U.S. Firm 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 Technical Assistance. In addition, if at any time the U.S. Firm receives follow-on work from the Client, the U.S. Firm shall so notify USTDA and designate the U.S. Firm's contact point including name, telephone, fax number, and e-mail address. Since this information may be made publicly available by USTDA, any information which is confidential shall be designated as such

by the U.S. Firm 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 Agreement of Understanding

Disbursement of Grant funds will be made only after USTDA approval of this Agreement of Understanding.

(2) Payment Schedule Requirements

A payment schedule for disbursement of Grant funds to the U.S. Firm shall be included in this Agreement of Understanding. 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 Agreement of Understanding performance milestones; and (3) the final payment may be no less than fifteen percent (15%) of the total USTDA Grant amount, payable upon approval by USTDA of a Final Report that has been (i) prepared and submitted in accordance with the requirements set forth in Clause I below, and (ii) approved in writing by the Client in the manner provided for by Clause H(3)(b)(iii) below. Invoicing procedures for all payments are described below.

(3) U.S. Firm Invoice Requirements

USTDA will make all disbursements of USTDA Grant funds directly to the U.S. Firm. The U.S. Firm 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 U.S. Firm for performance of the Agreement of Understanding by submitting the following to USTDA:

(a) U.S. Firm's Invoice

The U.S. Firm's invoice shall include reference to an item listed in the Agreement of Understanding payment schedule, the requested payment amount, and an appropriate certification by the U.S. Firm, as follows:

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

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

(ii) For Agreement of Understanding performance milestone payments:

"The U.S. Firm has performed the work described in this invoice in accordance with the terms of its Agreement of Understanding with the Client and is entitled to payment thereunder. To the extent the U.S. Firm has not complied with the terms and conditions of the Agreement of Understanding, including the USTDA Mandatory Agreement of Understanding Clauses contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA."

(iii) For final payment:

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

(b) Client's Approval of the U.S. Firm's Invoice

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

(ii) For Agreement of Understanding 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 U.S. Firm have been performed satisfactorily, in accordance with applicable Agreement of Understanding 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 U.S. Firm have been performed satisfactorily, in accordance with applicable Agreement of Understanding provisions and the terms and conditions of the USTDA Grant Agreement. The Final Report submitted by the U.S. Firm has been reviewed and approved by the Client. "

(c) USTDA Address for Disbursement Requests

Requests for disbursement shall be submitted to the attention of the Finance Department at USTDA's address listed in Clause N below, or by e-mail to invoices@ustda.gov.

I. Termination

(1) Method of Termination

Either Agreement of Understanding Party may terminate this Agreement of Understanding upon giving written notice to the other party and USTDA. This notice shall be effective after either 30 days, or any other period set forth elsewhere in this Agreement of Understanding. Furthermore, this Agreement of Understanding shall terminate immediately upon notification of USTDA's termination of the Grant Agreement or the term of availability of any funds thereunder.

(2) Ramifications of Termination

In the event that this Agreement of Understanding is terminated prior to completion, the U.S. Firm will be eligible, subject to USTDA approval, for payment for the value of the work performed pursuant to the terms of this Agreement of Understanding. Likewise, in the event of such termination, USTDA is entitled to receive from the U.S. Firm all USTDA Grant funds previously disbursed to the U.S. Firm (including but not limited to mobilization payments) which exceed the value of the work performed pursuant to the terms of this Agreement of Understanding.

(3) Survivability

Clauses B, D, G, H, I, and O of the USTDA Mandatory Agreement of Understanding Clauses shall survive the termination of this Agreement of Understanding.

J. 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 U.S. Firm shall provide the following to USTDA:

(a) One (1) complete hard copy 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 U.S. Firm 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) hard 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 U.S. Firm to ensure that no confidential information is contained on the CD-ROMs.

The U.S. Firm shall also provide one (1) hard copy of the Public Version of the Final Report to the Commercial or 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 U.S. Firm who prepared the report, a report title, USTDA's logo, and USTDA's address. If the complete version of the Final Report contains confidential information, the U.S. Firm shall be responsible for labeling the front cover of that version of the Final Report with the term "Confidential Version." The U.S. Firm 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 address, and USTDA's mission statement. Camera-ready copy of USTDA Final Report specifications will be available from USTDA upon request.

(c) The U.S. Firm 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 U.S. Firm who prepared the report, a report title, and the following language:

"The U.S. Firm certifies that this CD-ROM contains the Public Version of the Final Report and that all contents are suitable for public distribution."

(d) The U.S. Firm 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, and e-mail address shall be included for U.S. Firm 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, and e-mail address 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.

(g) The Client, USTDA, and the Commercial and/or Economic Section(s) of the U.S. Embassy in Host Country shall have irrevocable, worldwide, royalty-free, non-exclusive rights to use and distribute the Final Report.

K. Modifications

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

L. Technical Assistance Schedule

(1) Technical Assistance Completion Date

The completion date for the Technical Assistance, which is November 30, 2013, is the date by which the Agreement of Understanding Parties estimate that the Technical Assistance 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 Agreement of Understanding for goods and services which are provided prior to the Effective Date of the Grant Agreement; and (b) no USTDA funds may be disbursed more than four (4) years after the Effective Date of the Grant Agreement.

M. Business Practices

The Agreement of Understanding Parties recognize the existence of standards of conduct for public officials and commercial entities in their respective countries. Therefore, the Agreement of Understanding Parties shall fully comply with all United States and Host Country laws relating to corruption or bribery. For example, the U.S. Firm and its subcontractors shall fully comply with the requirements of the Foreign Corrupt Practices Act, as amended (15 U.S.C. §§ 78dd-1 *et seq.*). Each Agreement of Understanding Party agrees that it shall require that any agent or representative hired to represent it in connection with the Technical Assistance will comply with this paragraph and all laws which apply to activities and obligations of that Agreement of Understanding Party, including, but not limited to, those laws and obligations referenced above.

N. USTDA Address and Fiscal Data

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

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

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

Fiscal Data:

Appropriation No.: 11 12/131001
Activity No.: 2012-51019A

Reservation No.: 2012212
Grant No.: GH201251212

O. Taxes

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

P. Export Licensing

The U.S. Firm and all subcontractors are responsible for compliance with U.S. export licensing requirements, if applicable, in the performance of the Terms of Reference.

Q. Contact Persons

The Client designates the following person as the contact person for matters concerning this Agreement of Understanding:

Name:
Title:
Phone:
Fax:
E-Mail:

The U.S. Firm designates the following person as the contact person for matters concerning this Agreement of Understanding:

Name:
Title:
Phone:
Fax:
E-Mail:

If anyone designated by a Agreement of Understanding Party as a contact person ceases service as a contact person at any point during the ten-year period following the date of signing of this Agreement of Understanding, the Agreement of Understanding Party that had designated that contact person shall provide USTDA and the other Agreement of Understanding Party with the name and contact information of a replacement contact person.

R. Liability

This Agreement of Understanding may include a clause that limits the liability of the Agreement of Understanding Parties, provided that such a clause does not (i) disclaim liability for special, incidental, general, or punitive damages, or (ii) limit the total amount

of damages recoverable to an amount less than the total amount disbursed to the U.S. Firm pursuant to this Agreement of Understanding.

S. Arbitration

If the Agreement of Understanding Parties submit any dispute arising under this Agreement of Understanding for arbitration, the scope of any such arbitration shall be limited to the Agreement of Understanding Parties' rights and/or obligations under this Agreement of Understanding and may not extend to any right or obligation of USTDA. The arbitrator(s) shall not arbitrate issues directly affecting the rights or obligations of USTDA.

ANNEX 6



USTDA-Funded Feasibility Study, Technical Assistance, or Training Grant

U.S. Firm Information Form

This form is designed to enable the U.S. Trade and Development Agency ("USTDA") to obtain information about entities and individuals proposed for participation in USTDA-funded activities. Information in this form is used to conduct screening of entities and individuals to ensure compliance with legislative and executive branch prohibitions on providing support or resources to, or engaging in transactions with, certain individuals or entities with which USTDA must comply.

USTDA Activity Number *[To be completed by USTDA]*

Activity Type <i>[To be completed by USTDA]</i>	Feasibility Study	Technical Assistance	Other (specify)
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Activity Title *[To be completed by USTDA]*

Full Legal Name of U.S. Firm

Business Address (street address only)

Telephone		Fax		Website	
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Year Established (include any predecessor company(s) and year(s) established, if appropriate).
Please attach additional pages as necessary.

Please provide a list of directors and principal officers as detailed in Attachment A. Attached? Yes

Type of Ownership	Publicly Traded Company
	Private Company
	Other (please specify)

If Private Company or Other (if applicable), provide a list of shareholders and the percentage of their ownership. In addition, for each shareholder that owns 15% or more shares in U.S. Firm, please complete Attachment B.

Is the U.S. Firm a wholly-owned or partially owned subsidiary?	Yes
	No

If so, please provide the name of the U.S. Firm's parent company(s). In addition, for any parent identified, please complete Attachment B.

Is the U.S. Firm proposing to subcontract some of the proposed work to another firm?	Yes
	No

If yes, U.S. Firm shall complete Attachment C for each subcontractor. Attached?	Yes
	Not applicable

Project Manager

Name	Surname	
	Given Name	
Address		
Telephone		
Fax		
Email		

Negotiation Prerequisites

Discuss any current or anticipated commitments which may impact the ability of the U.S. Firm or its subcontractors to complete the Activity as proposed and reflect such impact within the project schedule.	
--	--

Identify any specific information which is needed from the Grantee before commencing negotiations.	
--	--

U.S. Firm may attach additional sheets, as necessary.

U.S. Firm's Representations

U.S. Firm shall certify to the following (or provide any explanation as to why any representation cannot be made):

1. U.S. Firm is a [check one] Corporation LLC Partnership Sole Proprietor Other:
 duly organized, validly existing and in good standing under the laws of the State of:
 The U.S. Firm 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 USTDA Activity. The U.S. Firm 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.
2. The U.S. Firm has included herewith, a copy of its Articles of Incorporation (or equivalent charter or document issued by a designated authority in accordance with applicable laws that provides information and authentication regarding the legal status of an entity) and a Certificate of Good Standing (or equivalent document) issued within 1 month of the date of signature below by the State of:
 The U.S. Firm commits to notify USTDA and the Grantee if it becomes aware of any change in its status in the state in which it is incorporated. USTDA retains the right to request an updated certificate of good standing.
3. Neither the U.S. Firm nor any of its principal officers have, within the three-year period preceding the submission of this proposal, 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.
4. Neither the U.S. Firm, 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 3 above.
5. There are no federal or state tax liens pending against the assets, property or business of the U.S. Firm. The U.S. Firm, has not, within the three-year period preceding the submission of this proposal, been notified of any delinquent federal or state taxes in an amount that exceeds US\$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.
6. The U.S. Firm has not commenced a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself of its debts under any bankruptcy, insolvency or other similar law. The U.S. Firm has not had filed against it an involuntary petition under any bankruptcy, insolvency or similar law.
7. The U.S. Firm certifies that it complies with USTDA Nationality, Source, and Origin Requirements and shall continue to comply with such requirements throughout the duration of the USTDA-funded activity. The U.S. Firm commits to notify USTDA and the Grantee if it becomes aware of any change which might affect U.S. Firm's ability to meet the USTDA Nationality, Source, and Origin Requirements.

The U.S. Firm shall notify USTDA if any of the representations are no longer true and correct.

U.S. Firm certifies that the information provided in this form is true and correct. U.S. Firm understands and agrees that the U.S. Government may rely on the accuracy of this information in processing a request to participate in a USTDA-funded activity. If at any time USTDA has reason to believe that any person or entity has willfully and knowingly provided incorrect information or made false statements, USTDA may take action under applicable law. The undersigned represents and warrants that he/she has the requisite power and authority to sign on behalf of the U.S. Firm.

Name	<input type="text"/>	Signature	<input type="text"/>
Title	<input type="text"/>		
Organization	<input type="text"/>	Date	<input type="text"/>



ATTACHMENT B

USTDA-Funded Feasibility Study, Technical Assistance, or Training Grant

U.S. Firm Information Form – Shareholder(s) and Parent Company(s)

If applicable, U.S. Firm provided a list of shareholders and the percentage of their ownership. This form shall be completed for each shareholder that owns 15% or more shares in U.S. Firm, as well as any parent corporation of the U.S. Firm ("Shareholder"). In addition, this form shall be completed for each shareholder identified in Attachment B that owns 15% or more shares in any Shareholder, as well as any parent identified in Attachment B.

USTDA Activity Number [To be completed by USTDA]	
--	--

Activity Title [To be completed by USTDA]	
---	--

Full Legal Name of U.S. Firm	
------------------------------	--

Full Legal Name of Shareholder	
--------------------------------	--

Business Address of Shareholder (street address only)	
---	--

Telephone number		Fax Number	
------------------	--	------------	--

Year Established (include any predecessor company(s) and year(s) established, if appropriate). Please attach additional pages as necessary.	
---	--

Country of Shareholder's Principal Place of Business	
--	--

Please provide a list of directors and principal officers as detailed in Attachment A. Attached?	Yes
--	-----

Type of Ownership	<input type="checkbox"/> Publicly Traded Company
	<input type="checkbox"/> Private Company
	<input type="checkbox"/> Other

If applicable, provide a list of shareholders and the percentage of their ownership. In addition, for each shareholder that owns 15% or more shares in Shareholder, please complete Attachment B.	
---	--

Is the Shareholder a wholly-owned or partially owned subsidiary?	<input type="checkbox"/> Yes
	<input type="checkbox"/> No

If so, please provide the name of the Shareholder's parent(s). In addition, for any parent identified, please complete Attachment B.	
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Shareholder may attach additional sheets, as necessary.



ATTACHMENT C

USTDA-Funded Feasibility Study, Technical Assistance, or Training Grant

Subcontractor Information Form

This form is designed to enable the U.S. Trade and Development Agency ("USTDA") to obtain information about entities and individuals proposed for participation in USTDA-funded activities. Information in this form is used to conduct screening of entities and individuals to ensure compliance with legislative and executive branch prohibitions on providing support or resources to, or engaging in transactions with, certain individuals or entities with which USTDA must comply.

USTDA Activity Number [To be completed by USTDA]	
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Activity Title [To be completed by USTDA]	
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Full Legal Name of Prime Contractor U.S. Firm ("U.S. Firm")	
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Full Legal Name of Subcontractor	
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Business Address of Subcontractor (street address only)	
---	--

Telephone Number	
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Fax Number	
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Year Established (include any predecessor company(s) and year(s) established, if appropriate). Please attach additional pages as necessary.	
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Subcontractor Point of Contact

Name	Surname	
	Given Name	

Address	
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Telephone	
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Fax	
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Email	
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Subcontractor's Representations

Subcontractor shall provide the following (or any explanation as to why any representation cannot be made), made as of the date of the proposal:

1. Subcontractor is a <i>[check one]</i>	<input type="checkbox"/> Corporation	<input type="checkbox"/> LLC	<input type="checkbox"/> Partnership	<input type="checkbox"/> Sole Proprietor	<input type="checkbox"/> Other
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duly organized, validly existing and in good standing under the laws of: _____ .

The subcontractor has all the requisite corporate power and authority to conduct its business as presently conducted, to participate in this proposal, and if the U.S. Firm is selected, to execute and deliver a subcontract to the U.S. Firm for the performance of the USTDA Activity and to perform the USTDA Activity. The subcontractor 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.

2. Neither the subcontractor nor any of its principal officers have, within the three-year period preceding the submission of the Offeror's proposal, 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 subcontractor, 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 subcontractor. The subcontractor, 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 subcontractor 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 subcontractor has not had filed against it an involuntary petition under any bankruptcy, insolvency or similar law.

6. The Subcontractor certifies that it complies with the USTDA Nationality, Source, and Origin Requirements and shall continue to comply with such requirements throughout the duration of the USTDA-funded activity. The Subcontractor commits to notify USTDA, the Contractor, and the Grantee if it becomes aware of any change which might affect U.S. Firm's ability to meet the USTDA Nationality, Source, and Origin Requirements.

The selected Subcontractor shall notify the U.S. Firm, Grantee and USTDA if any of the representations included in its proposal are no longer true and correct.

Subcontractor certifies that the information provided in this form is true and correct. Subcontractor understands and agrees that the U.S. Government may rely on the accuracy of this information in processing a request to participate in a USTDA-funded activity. If at any time USTDA has reason to believe that any person or entity has willfully and knowingly provided incorrect information or made false statements, USTDA may take action under applicable law. The undersigned represents and warrants that he/she has the requisite power and authority to sign on behalf of the Subcontractor.

Name		Signature	
Title			
Organization		Date	