

REQUEST FOR PROPOSALS

TECHNICAL ASSISTANCE FOR THE

CEARÁ STATE DIGITAL BACKBONE NETWORK BUSINESS AND GOVERNANCE MODEL

Submission Deadline: **1:00 PM**
LOCAL (Brasília) TIME
April 23, 2013

Submission Place: **Empresa de Tecnologia da Informação do Ceará**
ATTN: Mr. Fernando Carvalho
President
Av. Pontes Vieira 220 – São João do Tauape
60130-240 Fortaleza, Ceará
Brazil

Phone: 55-85-3101-6618
Fax: 55-85-3101-6601

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\$171,706 to Information Technology Company of Ceará (*Empresa de Tecnologia da Informação do Ceará – ETICE*) (the “Grantee”) in accordance with a grant agreement dated March 1, 2013 (the “Grant Agreement”). The grant will cover the cost of goods and services required for a technical assistance (“Technical Assistance”) on the proposed Ceará State Digital Backbone Network Business and Governance Model (“Project”) in Brazil (“Host Country”). The Technical Assistance will further refine the public-private business model of the digital backbone network and will evaluate options for re-structuring its management and governance body. 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

At the state government level in Ceará, ICT policy and deployment are managed by the Information Technology Company of Ceará (*Empresa de Tecnologia da Informação do Ceará – ETICE*), an autonomous public company linked to the Ceará State Planning and Management Secretariat. ETICE provides public ICT services to the state. The company utilizes its own assets, and benefits from administrative, financial and technical autonomy in its activities.

In 2007, the State of Ceará expanded broadband capability into what is known locally as the Cinturão Digital, a state-wide digital backbone network that is considered Ceará’s highest profile ICT initiative. The Cinturão Digital is Brazil’s largest and fastest public broadband network accessing nearly 90 percent of the urban population of the state. The network is comprised of a state-wide ring of approximately 3,000 kilometers of fiber optic cable, connecting 92 of the state’s 184 municipalities. This connectivity is augmented by high-capacity wireless WiMax radios for delivery of broadband connections beyond the reach of the fiber optics, and lower capacity Wi-Fi radios for delivering localized connectivity, including free community Wi-Fi in the central plazas of several cities in the state. This network is currently used for a variety of public services, including telemedicine, distance education, digital television and videoconferencing.

A key component to the success to date of the digital backbone network is the public-private business model utilized by ETICE for the design and deployment of the network. Through a partnership with the private energy utility Enel, Ceará was able to deploy the backbone network at significantly lower capital outlay than a purely private network would likely have achieved. Private firms are increasingly involved in the use and maintenance of the backbone network. ETICE has negotiated access to the network for a variety of private firms, and retains 8-10 fiber pairs capable of 10 Gigabit capacity available for sharing with companies in future public-private partnerships. The public-private model has been well received across industry segments, since a state-provided network reduces capital outlay costs and operating expenditures for private firms seeking to expand their services throughout the state. Interested stakeholders include large telecom and internet operators, cable television companies, fiber-to-the-home providers and rural telephony providers. Through this public-private approach, ETICE seeks to ensure that its investments stimulate private ICT industry development while lowering costs for delivery of public services.

ETICE is currently aiming to improve the business and governance model for the digital backbone, in order to allow all stakeholders to increase their utilization of the network and expand digital services throughout the state. To this aim, ETICE requested Technical Assistance from USTDA to further refine the

public-private business model and to evaluate options for structuring a new management and governance body for the digital backbone network. The objective of the new model is to reflect the multiple stakeholder interests in management and governance of the network, and to ensure that the network will continue to stimulate the ICT sector across multiple industry segments and secure the benefits of robust ICT support for delivery of public services. The Technical Assistance will provide an overview and comparison of potential models, review regulatory requirements for ICT partnerships, conduct outreach to relevant stakeholders and make recommendations for the structure of this governing body. Different models to be examined may include a public-private partnership or consortium. This structure will reflect ETICE's central concern for establishing a form of permanent representation of the interests of both large and small firms, from operators to potential start-up innovators.

Portions of a Definitional Mission are provided for reference in Annex 2.

1.2 OBJECTIVE

The objective of the Ceará State Digital Backbone Network Business and Governance Model Technical Assistance is to provide the state of Ceará in northeastern Brazil with a business and governance model for its digital backbone network. 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\$171,706. **The USTDA grant of \$US171,706 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\$171,706 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 Ceará State Digital Backbone Network Business and Governance Model

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\$171,706.

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 only English.

2.13 PROPOSAL SUBMISSION REQUIREMENTS

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

Empresa de Tecnologia da Informação do Ceará
ATTN: Mr. Fernando Carvalho
President

**Av. Pontes Vieira 220 – São João do Tauape
60130-240 Fortaleza, Ceará
Brazil**

**Phone: 55-85-3101-6618
Fax: 55-85-3101-6601**

An Original and eight (8) copies of your proposal must be received at the above address no later than 1:00 PM Local (Brasília) Time, on April 23, 2013.

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 and eight (8) copies 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 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\$171,706, 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:

(1) U.S. Firm's Expertise and Relevant Experience (25 Points)

U.S. Firm's demonstrated professional experience in the ICT sector with specific reference to providing market analysis, policy and regulatory, business modeling and development, and telecommunications law technical assistance to successful telecommunications infrastructure projects; demonstrated experience in developing successful management and governance structures for large-scale multi-stakeholder infrastructure, preferably in the telecommunications sector; directly relevant, multi-disciplinary telecommunications and ICT sector project management experience.

(2) U.S. Firm's Work Plan and Approach (20 Points)

U.S. Firm's proposed work plan and approach to the planning, organization, and implementation of technical assistance to ETICE and in particular how the U.S. Firm would apply its competencies to defining and guiding implementation of the optimal business model for the Ceará State Backbone, satisfying both market requirements and social development objectives. Demonstration and understanding of, and responsiveness to, program objectives and soundness of approach; Overall innovative nature of proposed activities and approach to measure, monitor, and evaluate performance and impact; Soundness of approach and methodology.

(3) Availability of Qualified Personnel (25 Points)

Demonstrated qualifications and abilities of each of the U.S. Firm's proposed key personnel in terms of the requirements of this Contract and specific roles and responsibilities. At least one Project Manager shall be

fluent in Portuguese. An academic researcher or other individual with business modeling and development experience is encouraged.

Effective management, use and deployment of technical resources shall be demonstrated; the U.S. Firm shall provide (a) detailed resumes for the Key Personnel; (b) examples of relevant work in telecommunications infrastructure projects, including a succinct statement indicating how these activities are directly relevant to the Cear State Backbone; and (c) not less than two letters of professional references from individuals who have direct and specific knowledge of the U.S. Firm’s relevant experience and the information required in the following Questionnaire:

Relevant Experience Questionnaire

Instructions: For each contract provided, respondents will complete the following worksheet.

Company Name: _____
Agency/Customer Name: _____
Point of Contact: _____
Referenced Contract/Project Name: _____
Reference Contract/Project No.: _____

Contract Type:	
Contract Start Date:	
Original Completion Date:	
Estimated/Actual Completion Date:	
Explanation of Delay, if applicable:	
Brief Contract Description (size and scope): (Use additional pages as required)	
Contact Information:	Name/Title: Phone Number: Email:
Contract Value:	

(4) Past Performance (20 Points)

The quality of the U.S. Firm's past performance will be used to assess the credibility of the U.S. Firm's proposal for performance of the work specified in this solicitation. In evaluating a U.S. Firm's past performance, it will be relevant whether the U.S. Firm has consistently provided customers and clients with quality services on time and has demonstrated success in achieving results in the areas described in the program description.

(5) Knowledge of Brazil and Latin America (10 Points)

U.S. Firm's experience in, and knowledge, of Brazil and Latin America and its specific relevance to the work that will be required under this Contract. At least one Project Manager shall be fluent in Portuguese.

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

Price will not be a factor in contractor selection.

ANNEX 1

EMPRESA DE TECNOLOGIA DA INFORMAÇÃO DO CEARÁ
AV. PONTES VIEIRA 220 – SÃO JOÃO DO TAUAPE
60130-240 FORTALEZA, CEARÁ
BRAZIL

TELEPHONE: 55-85-3101-6618

FAX: 55-85-3101-6601

**Ceará State Digital Backbone Network Business and Governance Model
(USTDA Activity No. 2013-51009A)**

POC: Anthony O'Tapi, USTDA, 1000 Wilson Boulevard, Suite 1600, Arlington, VA 22209-3901, Tel: (703) 875-4357, Fax: (703) 875-4009. Ceará State Digital Backbone Network Business and Governance Model. 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 on the proposed Ceará State Digital Backbone Network Business and Governance Model ("Project") in Brazil ("Host Country"). The Technical Assistance will further refine the public-private business model of the digital backbone network and will evaluate options for re-structuring its management and governance body.

At the state government level in Ceará, ICT policy and deployment are managed by the Information Technology Company of Ceará (Empresa de Tecnologia da Informação do Ceará – ETICE), an autonomous public company linked to the Ceará State Planning and Management Secretariat. ETICE provides public ICT services to the state. The company utilizes its own assets, and benefits from administrative, financial and technical autonomy in its activities. In 2007, the State of Ceará expanded broadband capability into what is known locally as the Cinturão Digital, a state-wide digital backbone network that is considered Ceará's highest profile ICT initiative. ETICE has requested this technical assistance from USTDA to further refine the public-private business model of the digital background network and to evaluate options for re-structuring its management and governance body.

The objective of the new model is to reflect the multiple stakeholder interests in management and governance of the network, and to ensure that the network will continue to stimulate the ICT sector across multiple industry segments and secure the benefits of robust ICT support for delivery of public services. The Technical Assistance will provide an overview and comparison of potential models, review regulatory requirements for ICT partnerships, conduct outreach to relevant stakeholders and make recommendations for the structure of this governing body. Different models to be examined may include a public-private partnership or consortium. This structure will reflect ETICE's central concern for establishing a form of permanent representation of the interests of both large and small firms, from operators to potential start-up innovators.

The U.S. firm selected will be paid in U.S. dollars from a \$171,706 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/desk study 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 directly to the Grantee by 1:00 PM Local (Brasília), April 23, 2013 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

UNITED STATES TRADE AND DEVELOPMENT AGENCY

Definitional Mission: Brazil:

ICT Sector Opportunities Definitional Mission



WASHINGTON STRATEGIC ADVISORS, LLC

22 East 36th Street
New York, New York 10016.

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Ceará State Backbone Network: Business Model and Digital Opportunities

Project Summary

The *Empresa de Tecnologia da Informação do Ceará* (ETICE) is an autonomous public company linked to the Ceará State Planning and Management Secretariat. The company provides public information and communications technology (ICT) services to the State utilizing its own assets under a regime of administrative, financial and technical autonomy. ETICE seeks to be an instrument for modernization and improved governance through ICT innovation, contributing to a more efficient, just and transparent Ceará.

Ceará State has invested heavily in recent years to realize a vision of digital inclusion, improved governance, and economic growth through ICT. ETICE has played a special supportive and catalytic role in making these investments a reality. Initiatives that ETICE has led or supported include: a State-wide fiber optic backbone, a universal broadband access policy and strategy, a State-wide public services management information system, trainings in ICT for public administration, a converged public voice-data-video network for the State, and a results-based tracking tool for public administration, among many others.

The Ceará State digital backbone (the *Cinturão Digital*) is perhaps the State's highest-profile project. The Government of Ceará has built the largest and fastest public broadband network in Brazil, accessing nearly 90% of the urban population of the State. The network has more than 3,000 kilometers of high-speed fiber optic cables connecting schools, hospitals, health clinics, and municipal administrations. This network has begun to be used for public services as diverse as telemedicine, distance education, digital television, videoconferencing and other services for improving the quality of life of *cearenses*.

ETICE and Ceará State see the digital backbone as a key tool for stimulating economic growth and furthering social development, and these objectives have guided their approach to the significant investments they have made in ICT. Public-private partnerships have been a key precept of strategy and operation from the very early stages of conception and design of the network. This public-private alliance approach enabled the State to deploy the network at significant cost savings over comparable networks, creating new opportunities for large and small ICT firms to serve the Ceará market, and ensuring access to robust infrastructure for an array of State services to enhance the public good. ETICE requested USTDA technical assistance to further refine the public-private business model, management structure and governance for the State backbone. In addition, ETICE welcomes USTDA support in coordinating and publicizing a Ceará State Backbone Digital Opportunities Meeting, where U.S. firms and others can learn about opportunities for investment, potential areas of public-private partnerships, and key ICT investments the State envisions to maximize the public good of the *Cinturão Digital* for all *cearenses*.

Project Sponsor's Capabilities and Commitment

ETICE has played a special supportive and catalytic role in making Ceará State ICT investments a reality. Initiatives that ETICE has led or supported include: a State-wide fiber optic backbone, a universal broadband access policy and strategy for the State, a State-wide public services management information system, trainings in ICT for public administration, a converged public voice-data-video network for the State, and a results-based tracking tool for public administration, among many others. ETICE led the construction of the Ceará State digital backbone, the largest and fastest public broadband network in Brazil, accessing nearly 90% of the urban population of the State. Fine-tuning the public-private business model for the State backbone is squarely ETICE's mandate.

Implementation Financing

Ceará State was able to build the *Cinturão Digital* using a combination of State budget funds and project financing through the Brazilian Development Bank. Any additions to the backbone network will likely use these same sources of project funding, with the continued effort as well to structure public-private partnerships that will keep capital costs to the State lower than for comparable networks. For the "last mile" of infrastructure that will be required for serving end-user customers, Ceará seeks the right business model that will make the backbone itself a stimulus for new investment by private companies. For these cases, the State should need no additional financing for the project.

U.S. Export Potential

(Omitted)

Development Impact:

Infrastructure Improvements and Economic Growth

The right infrastructure sharing business models, taken to State-wide scale, would make critical access infrastructure available to even remote, low-income areas of Ceará. This should have a dramatic impact on the array and speed of deployment of rural ICT services. The approach would effectively and profitably divide the capital costs of deploying rural infrastructure to make for viable economic

models in increasingly rural or underserved areas. Increased access to ICT services has a demonstrated impact on the profitability of firms¹ (and as a result on economic growth):

	Firms without ICT	Firms with ICT
Sales growth	0.4%	3.8%
Profitability	4.2%	9.3%

Improved Public Service Delivery

Ceará State has made policy commitments to expand an array of social services and e-governance applications over the *Cinturão Digital*. Mobile mesh networks, connected to back-end analytic services, will enable first responders to coordinate disaster and security incident response more effectively. The reach of GigaFor, the Ceará State Research and Education Network, will be expanded to more schools, universities, and public health institutions. State applications for accountability and results-driven management will expand their reach as well. A new public health initiative modeled on the U.S. Medicaid program will be enabled. A fine-tuned public-private business model will enable these social and government development impacts while continuing to spur ICT innovation and jobs creation through market forces, enabling Ceará State to begin to model world-class capabilities while hosting some matches of the 2014 World Cup.

Impact on the Environment

¹ Source: *Information and Communications for Development 2006*. 2006 The International Bank for Reconstruction and Development / the World Bank. Washington, DC: USA. 2006.

Some ICT infrastructure can be very power-hungry (particularly data centers). The formal scope of this project however is limited to the business model of the State backbone in terms of its management, governance, and stakeholder representation. As a result, the project could reasonably be expected to have a neutral environmental impact. Ceará State, incidentally, already has some ‘green’ projects of reference, most notably extensive wind farms and tidal power experiments deployed by the private utility Enel.² The State has an increasingly vibrant renewable energy sector harnessing sun, tides, and wind.³

The result may well be a success story in terms of environmental impact. Such a high-profile project could have a strong demonstration effect for the sector and for the country as a whole. This project could help model the potential of renewable energies on a national scale, particularly as State IT companies of several other Brazilian states study the Ceará experience as a potential model to follow in reaching their broadband access policy commitments.

Impact on U.S. Labor

ICT is a sector where U.S. firms play a leading global role. The ‘high value’ inputs into these products such as research & development, or Intellectual Property are made in the U.S. As a result, ICT firms may estimate about 60%-70% U.S. content and origin of their products even when manufacturing takes place in Asia.

As a result of the leadership of U.S. firms in ICT and renewable energy, a very high percentage of the potential several millions of dollars worth of exports generated would credibly go towards creating or funding jobs in the U.S. The proposed technical assistance to ETICE is in accordance with U.S. appropriations legislation for Foreign Operations, Export Financing and Related Programs. In particular the proposed technical assistance will not:

- create any financial incentive to a business enterprise currently located in the United States for the purpose of inducing such an enterprise to relocate outside of the United States;
- violate any internationally recognized workers rights; or
- expand production of any commodity for export by any country other than the United States.

² <http://www.thebioenergysite.com/news/7090/brazil-wind-contracts-for-enel-green-power>

³ <http://www.thebioenergysite.com/news/6944/half-brazils-energy-from-renewable-sources>

Qualifications of Key Personnel

The process of evaluating and implementing the optimal business model for the Ceará State Backbone Network will require a team with strong competencies in Telecommunications Law, ICT Development Policy, and ICT Business implementation. The U.S. Firm shall identify in their Technical Proposal professional personnel who meet or exceed the following minimum criteria:

Project Manager

The Project Manager will take primary responsibility for the timely delivery and quality of the technical assistance provided to the ETICE, and will serve as the main point of liaison with the ETICE and with USTDA.

The Project Manager shall have a graduate degree in a relevant discipline (e.g. business, telecommunications engineering, or computer science) and a minimum of ten years' multi-disciplinary telecommunications experience. He or she must have demonstrated proficiency guiding complex processes of strategy development and implementation in public and/or private sector settings and translating these into implementation. The Project Manager should possess strong familiarity with global trends in ICT business and economic development, as well as a demonstrated solid understanding of these issues in Latin America. The Project Manager will have the demonstrated ability to facilitate stakeholder meetings in Portuguese during the consulting engagement and shall have demonstrated experience facilitating negotiations or complex agreements in Portuguese.

The Project Manager should be able to demonstrate his or her ability: (1) to perform the overall task of managing a complex task of strategy formulation and consensus-building; (2) to assume responsibility for the delivery of all services; and (3) to communicate effectively in Portuguese with executive leadership of public institutions and private firms, preferably having had similar experience in previous advisory assignments. Regional experience and knowledge of the stakeholder history and interests in Brazil is desirable.

The Project Manager should be fully Portuguese-English bilingual as demonstrated by the ability to facilitate complex negotiations, lead meetings, and write formal reports in Portuguese and English.

Telecommunications Business Advisor

The Telecommunications Business Advisor will take the lead in exploring the viability of potential business models for the Ceará State Backbone and in seeking public and private stakeholder input on potential models.

The Telecommunications Business Advisor should hold a graduate degree in a relevant discipline (e.g. business, economics, telecommunications engineering, or computer science) and should have a minimum of 10 years' multi-disciplinary experience in the ICT or telecommunications sector, with at least two years' experience conducting ICT or telecommunications market analysis. They should have strong knowledge of credible econometric research showing the sector impact of ICT on economic and social development, particularly in Latin America. Strong familiarity with Brazil is desirable. The Telecommunications Business Advisor shall have Portuguese fluency as demonstrated in experience conducting in-depth analyses using Portuguese source materials and strong conversational skills to conduct interviews.

Telecommunications Lawyer

The Telecommunications Lawyer will take the lead on ensuring that business model recommendations for the Ceará State Backbone are in accordance with Brazilian law and regulations, and on drafting key legal documents for putting the business model into practice.

The Telecommunications Lawyer will have a law degree and at least 5 years' experience creating complex multi-stakeholder entities in the ICT sector, and demonstrated successful experience advising complex multi-stakeholder bodies on internal governance. Demonstrated experience drafting, reviewing or informing telecommunications law and regulation would be a distinct advantage. Deep familiarity with Brazil is desirable. The Telecommunications Lawyer shall have strong Portuguese competence as demonstrated in the ability to conduct in-depth analyses of Portuguese-language decrees, policies and legislative documents, draft key legal documents in Portuguese, and in strong conversational skills to conduct stakeholder interviews.

Justification

A technical assistance grant from USTDA has a strong likelihood of resulting in critical information infrastructure enabling new growth and innovation in the public sector service delivery in Ceará. This high profile project would create opportunities for U.S. firms to demonstrate technology leadership, while creating an amenable environment for market entry or sustainability for their Brazilian operations. The project would also likely create opportunities for U.S. renewable energy generation technology vendors. These interventions are squarely within USTDA's competencies and mandate, making them an ideal partner for the Project Sponsor to build trade relationships with the U.S. and through U.S. institutions.

III. PROFESSIONAL QUALIFICATIONS OF KEY PERSONNEL

The process of evaluating and implementing the optimal business model for the Ceará State Backbone Network will require a team with strong competencies in Telecommunications Law, ICT Development Policy, and ICT Business implementation. The U.S. Firm shall identify in their Technical Proposal professional personnel who meet or exceed the following minimum criteria:

Project Manager

The Project Manager will take primary responsibility for the timely delivery and quality of the technical assistance provided to the ETICE, and will serve as the main point of liaison with the ETICE and with USTDA.

The Project Manager shall have a graduate degree in a relevant discipline (e.g. business, telecommunications engineering, or computer science) and a minimum of ten years' multi-disciplinary telecommunications experience. He or she must have demonstrated proficiency guiding complex processes of strategy development and implementation in public and/or private sector settings and translating these into implementation. The Project Manager should possess strong familiarity with global trends in ICT business and economic development, as well as a demonstrated solid understanding of these issues in Latin America. The Project Manager will have the demonstrated ability to facilitate stakeholder meetings in Portuguese during the consulting engagement and shall have demonstrated experience facilitating negotiations or complex agreements in Portuguese.

The Project Manager should be able to demonstrate his or her ability: (1) to perform the overall task of managing a complex task of strategy formulation and consensus-building; (2) to assume responsibility for the delivery of all services; and (3) to communicate effectively in Portuguese with executive leadership of public institutions and private firms, preferably having had similar experience in previous advisory assignments. Regional experience and knowledge of the stakeholder history and interests in Brazil is desirable.

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Telecommunications Lawyer

The Telecommunications Lawyer will take the lead on ensuring that business model recommendations for the Ceará State Backbone are in accordance with Brazilian law and regulations, and on drafting key legal documents for putting the business model into practice.

The Telecommunications Lawyer will have a law degree and at least 5 years' experience creating complex multi-stakeholder entities in the ICT sector, and demonstrated successful experience advising complex multi-stakeholder bodies on internal governance. Demonstrated experience drafting, reviewing or informing telecommunications law and regulation would be a distinct advantage. Deep familiarity with Brazil is desirable. The Telecommunications Lawyer shall have strong Portuguese competence as demonstrated in the ability to conduct in-depth analyses of Portuguese-language decrees, policies and legislative documents, draft key legal documents in Portuguese, and in strong conversational skills to conduct stakeholder interviews.

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 Empresa de Tecnologia da Informação do Ceará ("Grantee"). USTDA agrees to provide the Grantee under the terms of this Grant Agreement US\$171,706 ("USTDA Grant") to fund the cost of goods and services required for a technical assistance ("Technical Assistance") on the proposed Ceará State Digital Backbone Network Business and Governance Model ("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.

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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

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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.

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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;

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(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

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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: Empresa de Tecnologia da Informação do Ceará
Av. Pontes Vieira 220 - São João do Tauape
60130-240 Fortaleza, Ceará
Brazil

Phone: 55-85-3101-6618
Fax: 55-85-3101-6601
E-mail: fcarvalho@etice.ce.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 13/141001

Activity No.: 2013-51009A

Reservation No.: 2013095

Grant No.: GH201351095

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.

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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.

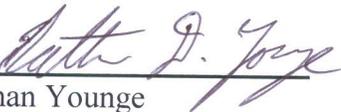
21. U.S. Technology and Equipment

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.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Government of the United States of America and the Empresa de Tecnologia da Informação do Ceará, 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**

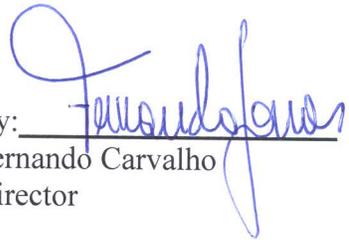
By: 
Nathan Younge
Regional Director
U.S. Trade and Development Agency

Date: 03/01/13

Witnessed:

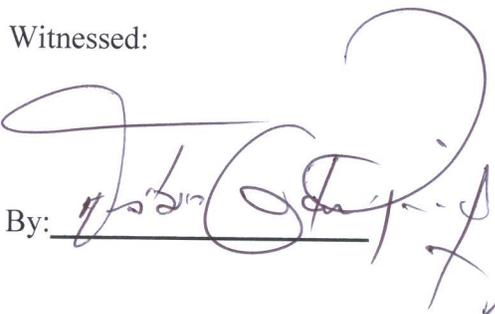
By: 

**For the Empresa de Tecnologia da
Informação do Ceará**

By: 
Fernando Carvalho
Director

Date: 03/01/2013

Witnessed:

By: 

Annex I -- Terms of Reference

Annex II -- USTDA Mandatory Clauses

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 Empresa de Tecnologia da Informação do Ceará ("Client"), dated _____ ("Grant Agreement"). The Client has selected _____ ("U.S. Firm") to perform the technical assistance ("Technical Assistance") for the Ceará State Digital Backbone Network Business and Governance Model ("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 February 28, 2014, 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 13/141001

Activity No.: 2013-510019A

Reservation No.: 2013095
Grant No.: GH201351095

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 technical assistance (“TA”) for the Ceará State Digital Backbone Network Business and Governance Model (“Model”) is to determine the optimal business model for the Ceará State Digital Backbone Network (“Project”) in terms of the policy goals of the State, Brazilian law, and the information and communications technology (“ICT”) market structure of Ceará. The TA will allow the Information Technology Company of Ceará (“ETICE”) (“Grantee”) to both catalyze private investment and improve delivery of public services.

General Considerations for Deliverables and Documents

The U.S. firm selected by the Grantee to perform the Study (“Contractor”) shall undertake a quality control review process, including a technical and editorial review, of all deliverables and documents submitted to the Grantee to ensure readability, accuracy, and consistency. The deliverables specified in these Terms of Reference shall serve to keep the Grantee informed about the Contractor’s work on the Study and to ensure that the Contractor’s findings are acceptable to the Grantee before critical decisions are made on the Study. The Contractor shall submit monthly progress reports to the Grantee.

Activities

Task 1: Preliminary Analysis

In order to become well-versed in the strategy targets and policy commitments of the Ceará State Government and to identify (with ETICE’s input) potential options for the Model in light of Brazilian laws and regulations and international good practice, the Contractor shall review models for ownership and management of relevant large-scale ICT infrastructure from around the world, with particular attention to rapidly expanding economies, and shall begin to identify (working closely with ETICE) likely success factors for the Model.

The Contractor shall conduct a preliminary analysis of the following:

- Ceará State Government policy commitments and economic development strategies;
- International models in structuring investment vehicles or management and governance entities for large-scale, multi-stakeholder ICT infrastructure such as submarine cables, national backbone networks, science and technology parks, or national research and education networks; and

- International best practices in e-Government and ICT-enabled public services, particularly focusing on cases where large-scale investments in ICT infrastructure have been undertaken.

The Contractor shall review the following, at a minimum:

- Ceará State ICT strategy documents, or the ICT strategy documents of Ceará State Agencies, Secretariats, or Offices;
- The National Broadband Plan of Brazil;¹
- Brazilian laws and regulations regarding formation of public, private, and public-private companies and consortia;
- Brazilian laws and regulations regarding the concession of public assets (particularly infrastructure assets) to private management firms or consortia;
- Brazilian laws and regulations regarding public auctions;
- At least 2 successful large-scale ICT infrastructure implementation strategies in developed or large emerging economies that are relevant to the Ceará State context; and
- Any other documents or data suggested by ETICE.

Task 1 Deliverables:

Deliverable 1.1: Preliminary Analysis Report

The Contractor shall prepare a 10-15 page preliminary analysis report (excluding appendices and an executive summary) in Portuguese, summarizing the methodology for reviewing and selecting relevant examples, and highlighting approaches to the following:

- Identifying applicable public-private ICT infrastructure management models;
- Large-scale public sector ICT infrastructure management strategies observed in at least 2 developed or large emerging economies that appear to be strongly relevant to the Ceará State context;
- Legal and regulatory considerations for implementing promising public-private management and governance models in the Brazilian context; and
- A provisional recommendation (or set of recommendations) regarding the optimal Model for the Project that will serve both private investment and Ceará State policy objectives, within the context of Brazilian laws and regulations.

Deliverable 1.2: PowerPoint Presentation

The Contractor shall prepare a 15-20 slide (approximately 20 minutes) PowerPoint presentation in Portuguese for delivery to ETICE, Ceará State agencies, and any other stakeholders identified by ETICE. The presentation shall summarize the methodology and findings of the preliminary analysis and shall present provisional recommendations for the Model for the Project that will serve both private investment and Ceará State policy objectives within the context of Brazilian laws and regulations. The presentation

¹ <http://www4.planlto.gov.br/brasilconectado>

shall include all citations and any key discussion points from the preliminary analysis report in the notes section of relevant slides.

All Task 1 deliverables shall be submitted to ETICE for review and comment before the Contractor travels to Ceará.

Task 2: Market Structure Analysis and Business Model Validation

In order to ensure that stakeholder perspectives from various ICT industry segments are reflected in the Model, the Contractor shall meet with at least 1-3 firms (depending on the size of the segment) from key ICT industry segments including, but not necessarily limited to, the following:

- Submarine cable operators;
- Large telecommunications operators;
- Rural telecommunications operators;
- Fiber-to-the-home providers;
- Wireless data providers;
- Telecommunications equipment fabricators or distributors;
- Software development, distribution, or software-as-a-service firms;
- IP media producers or distributors; and
- Research and education networks.

Specifically, the Contractor shall seek stakeholder comments and validation regarding the public-private management and governance models identified under Task 2.

Task 2 Deliverable:

Deliverable 2.1 Summary Memoranda of Stakeholder Meetings

The Contractor shall prepare meeting memoranda noting stakeholder representatives in attendance and key comments and points made by each stakeholder regarding the recommendations for the Model.

Task 3: Management, Governance, and Stewardship Entity of the Ceará State Backbone Network

Considering international best practices, the Brazilian context, and stakeholder input, the Contractor shall recommend the optimal type of management entity, mechanisms for stakeholder representation, and modalities of entity governance and operation of a management body for the Project.

The type of management entity could take various forms, such as:

- An autonomous corporate entity with public-private representation on the board;
or

- A private concessionaire company with public-private stakeholder representation specified in the concession agreement with the state government.

Mechanisms for determining stakeholder representation shall be specific to the recommended management entity, and could take various forms, such as:

- Shares in the management entity, corresponding to level of investment;
- A public auction for licenses, or other forms of access; or
- Specific language on stakeholder representation included in a concession agreement.

Modalities of entity governance and operation shall be specific to the type of recommended management entity. The Contractor shall review or define the following key aspects:

- Multi-stakeholder representation on the board or other governing body (such as operators, service providers, and state government agencies, for example);
- Definition of voting rights in order to reinforce and safeguard multi-stakeholder interests in the ICT sector;
- An operating model or management bylaws for the Project, including how decisions will be evaluated and approved;
- Mechanisms for new entrants to the management entity and for innovation strategies to leverage the Project as a stimulus for industry development in Ceará;
- External audit provisions by an independent accounting firm, and frequency of the audits;
- Government of Brazil audit mechanisms; and
- Recommended competencies that must be reflected in or available to the board (or other governing body) to ensure the optimal operation of the Project.

Task 3 Deliverables:

Deliverable 3.1: Summary Recommendation on the Governance and Administration of the Ceará State Digital Backbone Network

The Contractor shall produce a summary recommendation on board or governing body representation, nomination, and appointment of members; governance procedures; modalities of decision making and approvals; recommended staffing; and management and stewardship of funds for the operation of the Project.

Deliverable 3.2: Draft Concession Agreement / Corporate Statutes and Bylaws

Depending on the nature of the management entity recommended, the Contractor shall prepare draft legal documents for creation and management of the entity. This could take the form of a draft concession agreement or draft corporate statutes and bylaws (in accordance with Brazilian law) for the management entity. These documents shall specify, at a minimum:

- The nature of the management entity under Brazilian law;

- Place, time, and frequency of management board meetings;
- Number, tenure, and minimum qualifications of management board members;
- Title and compensation of management board members, and any potential officers or employees;
- The fiscal year of the management entity;
- The process and responsibility for amending bylaws or management;
- Rules on the approval of contracts, loans, disbursements, or financial management decisions; and
- Inspection of the management entity records and audit provisions.

Task 4: U.S. Sources of Supply

The Contractor shall identify prospective U.S. suppliers of equipment and services for the Project in accordance with Clause I of Annex II of the Grant Agreement. The Contractor shall identify the potential value of U.S. exports of equipment and services and shall prepare a searchable list of U.S. suppliers that outlines prospective U.S. sources for the procurement of goods and services related to Project implementation. The list shall include business name, point of contact, address, telephone and fax numbers, e-mail address, and a general description of products and services that may be procured.

Based on the selected optimal technical configuration of the Project, the Contractor shall also obtain preliminary cost estimates for the identified equipment and services from U.S. suppliers.

Task 4 Deliverable:

Deliverable 4.1: Summary Report on U.S. Sources of Supply

The Contractor shall prepare a report detailing the findings from Task 4.

Task 5: Development Impact Assessment

For the benefit of those interested in the Project, the Contractor shall assess the development benefits associated with the Project and develop a methodology for measuring those benefits (which shall also include the establishment of baseline indicators from which to perform such measurements).. The assessment shall include examples of the development benefits that would be expected in the Host Country if the Project is implemented as outlined in the TA. The Contractor shall focus on examples from the categories listed below and shall develop a methodology for assessing these impacts over time. The Contractor shall only list benefits in the categories that are applicable to the Project. The categories to be considered are as follows:

- *Infrastructure.* The Contractor shall provide a brief synopsis of the ICT infrastructure improvements that would result from the Project. The Contractor shall discuss the scale of construction or installation expected and shall comment on the capabilities of any recommended infrastructure improvements;

- *Technology Transfer and Productivity Improvement.* The Contractor shall provide a description of any advanced technologies that would be utilized as a result of the Project. A description of any efficiency that would be gained should be noted and any commercial contracts for licensing new technology that are recommended should be discussed;
- *Human Capacity Building.* The Contractor shall assess the number and type of local jobs that would be needed to construct and operate the proposed Project, as well as the number of employees that would require and receive training. The Contractor shall estimate the number and type of jobs that would be created during the construction or installation phase if the Contractor's recommendations are implemented, distinguishing between temporary construction jobs and those jobs that would be created or sustained once construction is complete;
- *Market-Oriented Reform.* The Contractor shall provide a description of any regulations, laws, or institutional changes that are recommended, and the anticipated impacts they would have if implemented; and
- *Other.* The Contractor shall describe any other developmental impacts or benefits that would result from the Project, for example, improved public service delivery, follow-on or replication projects, enhanced governance, or improved revenue flows to the Ceará State Government.

Task 5 Deliverable:

Deliverable 5.1: Summary Report on Development Impact Assessment

The Contractor shall prepare a report detailing the findings from Task 5.

Task 6: Environmental Analysis

The Contractor shall conduct a preliminary assessment of the Project's anticipated environmental impact with reference to local requirements and those of multilateral and national development banks (such as the World Bank, Inter-American Development Bank, and Brazilian National Development Bank). This assessment shall identify potential positive and negative impacts, discuss the extent to which negative impacts can be avoided or mitigated, and develop plans for a full environmental impact assessment in anticipation of the Project moving forward to the implementation stage.

Task 6 Deliverable:

Deliverable 6.1: Summary Report on Environmental Analysis

The Contractor shall prepare a report detailing the findings from Task 6.

Task 7: Final Report

The Contractor shall prepare and deliver to the Grantee and USTDA a substantive and comprehensive final report of all work performed under these Terms of Reference ("Final Report"). The Final Report shall be organized according to the above tasks, and shall include all deliverables and documents that have been provided to the Grantee. The Final

Report shall be prepared in accordance with Clause I of Annex II of the Grant Agreement.

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 No

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 <input type="checkbox"/> No <input type="checkbox"/>
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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 <input type="checkbox"/> No <input type="checkbox"/>
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If yes, U.S. Firm shall complete Attachment C for each subcontractor. Attached?	Yes <input type="checkbox"/> Not applicable <input type="checkbox"/>
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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.	
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Identify any specific information which is needed from the Grantee before commencing negotiations.	
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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 ten-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 <i>[To be completed by USTDA]</i>	
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Activity Title <i>[To be completed by USTDA]</i>	
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Full Legal Name of U.S. Firm	
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Full Legal Name of Shareholder	
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Business Address of Shareholder (street address only)	
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Telephone number		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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Country of Shareholder's Principal Place of Business	
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Please provide a list of directors and principal officers as detailed in Attachment A. Attached?	Yes
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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.	
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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 <i>[To be completed by USTDA]</i>	
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Activity Title <i>[To be completed by USTDA]</i>	
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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)	
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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 ten-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	