

# **ANNEX F-ISS**

**V2**

## **MEDIUM RANGE RADAR ISS**

### **Industrial and Technological Benefits (ITB)**

#### **Model Bidder Instructions**

**Version 3.0**

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## **Table of Contents**

1.0	INTRODUCTION
2.0	GENERAL INSTRUCTIONS
3.0	CANADA'S ITB OBJECTIVES
4.0	ITB TRANSACTIONS
5.0	ITB MANDATORY REQUIREMENTS
6.0	STATEMENT OF ITB WORK
7.0	BANKING
8.0	INVESTMENT FRAMEWORK
	Annex A - Mandatory ITB Requirements Certificate

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## **1. INTRODUCTION**

- 1.1. It is the intent of the Canadian Government, (referred to herein as “Canada”) that this Project provide Industrial and Technological Benefits (ITB) that will contribute to the continuing viability of Canadian companies’ capabilities in advanced technology manufacturing and services and to improve their ability to compete in both domestic and international markets.
- 1.2. Canada’s objectives recognize the importance of ITB in procurement and therefore they will be a factor to be evaluated in the awarding of the Contract.
- 1.3. Bidders must submit an acceptable ITB Proposal at bid closing. The ITB Proposal will be deemed acceptable by the ITB Authority if it i) meets the ITB Mandatory Requirements outlined in Section 5; and, ii) achieves minimum points during Evaluation as outlined in Section 3 of the ITB Evaluation Plan.
- 1.4. ITB Evaluation results will be conveyed to the PWGSC Contracting Authority, who will then integrate them on a pass/fail basis into the overall bid evaluation results.
- 1.5. It is the responsibility of the ITB Authority, in cooperation with the Regional Development Agencies, to ensure that ITB Proposals are evaluated as outlined in the ITB Evaluation Plan.

## **2. GENERAL INSTRUCTIONS**

- 2.1. In preparing its ITB Proposal, the Bidder should be guided by these ITB Bidder Instructions, as well as by the ITB Evaluation Plan and the ITB Terms and Conditions. All three documents provide important guidance, definitions and/or contractual provisions related to the ITB Policy.
- 2.2. The ITB Proposal should be submitted in a separate, self-contained volume. Only the ITB Proposal is reviewed during the ITB evaluation. In order to facilitate the ITB evaluation process, any material contained in another section of the bid but relevant to the ITB Proposal should be repeated in the ITB Proposal.
- 2.3. Six (6) hard copies and one electronic copy of the ITB Proposal are required.
- 2.4. The Bidder’s ITB Proposal and its receipt, storage and protection by the ITB Authority is governed by applicable federal laws and processes.

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### **3. CANADA'S INDUSTRIAL AND TECHNOLOGICAL BENEFITS OBJECTIVES**

- 3.1. The Bidder's ITB Proposal should clearly indicate how the proposed business activities will be achieved if it wins this Contract. The optimum ITB Proposal will result in the long-term creation and exploitation of capabilities, knowledge, advanced technologies and markets of lasting impact on Canadian industry.
- 3.2. Proposed ITB activities with a Canadian Company should result in the enhancement of Canadian capability to undertake other work of a similar nature. They should make a positive contribution to the continuing viability, growth, innovation, export growth and overall development of the Canadian ITB recipient.
- 3.3. The regional development objectives of Canada are to encourage long term quality improvements to the capability, capacity, international competitiveness and growth potential of Canadian firms in those regions where Canada has established specific initiatives to promote economic growth and diversification through procurement. These Designated Regions of Canada, as defined in the ITB Terms and Conditions, include: Atlantic; Quebec; Northern Ontario; Southern Ontario; West; and, North. Canadian industry in all the Designated Regions of Canada should have the opportunity to participate in the Medium Range Radar ISS Project. ITB Transactions proposed by the Bidder in support of regional development will be assessed on this Project.
- 3.4. It is an objective of Canada to encourage the participation of Canadian Small and Medium Businesses (SMB) as suppliers on major federal procurements and to increase their competitiveness and export market access. Canadian SMB should have the opportunity to participate in the Medium Range Radar ISS Project. ITB Transactions proposed by the Bidder in support of SMB supplier development and subcontracting will be assessed on this Project.
- 3.5. Canadian industry should have the opportunity to participate in, when possible, the maximum high quality, low risk, Direct ITB activities associated with the delivery of the Work on this Project.
- 3.6. In addition, Canadian industry should have the opportunity to participate in high quality, low risk, Indirect ITB activities, generally at the same level of technology or higher as the Work on this Project.

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#### **4. ITB TRANSACTIONS**

- 4.1. The business activities proposed in support of the ITB Objectives outlined above must be in the form of specific ITB Transactions. A Proposed ITB Transaction is a work package that would become a contractual obligation of the Contractor in any ensuing Contract.
- 4.2. An ITB Transaction proposed for the Medium Range Radar ISS Project cannot be the same or substantially similar to a proposed or existing ITB Transaction associated with an ITB obligation on another project.
- 4.3. There are two types of ITB Transactions: Direct ITB Transactions and Indirect ITB Transactions.
  - 4.3.1. **Direct ITB Transactions**
    - 4.3.1.1. Direct ITB Transactions are those achieved through the provision of the goods and services required to deliver the **Medium Range Radar ISS Project**
    - 4.3.1.2. Canadian resources should be utilized to the maximum extent possible to develop, produce, integrate and deliver the **Medium Range Radar ISS Project**.
  - 4.3.2. **Indirect ITB Transactions**
    - 4.3.2.1. Indirect ITB Transactions are those achieved through business activities not related to the **Medium Range Radar ISS Project**.
    - 4.3.2.2. Indirect Transactions proposed by the Bidder should involve advanced technology products, services and activities that are generally at the same level of technology, or higher, as the Work on this Project.
    - 4.3.2.3. Indirect ITB Transactions must have a Canadian Content Value (CCV) of no less than 30 percent of the total value of a given activity.

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#### 4.3.3. ITB Eligibility Criteria

- 4.3.3.1. Any business activity proposed as an ITB Transaction in support of Canada's ITB Objectives must meet the Eligibility Criteria for ITB Transactions outlined in the ITB Terms and Conditions. These criteria will be used in evaluating the Bidder's ITB Proposal submitted at bid closing and will form the basis for ITB Transaction eligibility under any ensuing Contract. Bidders are asked to provide complete details and documentation in support of ITB Transaction eligibility within their ITB Proposals submitted at bid closing.

#### 4.3.4. Validating ITB Transactions

- 4.3.4.1. The ITB Authority reserves the right to validate, within one year of Contract award, the eligibility of any proposed ITB Transaction included in the Bidder's ITB Proposal. This validation could involve the ITB Eligibility Criteria Validation details are outlined in the ITB Terms and Conditions.

### 5. **ITB MANDATORY REQUIREMENTS**

- 5.1. There are six (6) mandatory requirements that the Bidder must meet with its ITB Proposal. The omission of any part of the following six (6) requirements will result in the Bidder's ITB Proposal being deemed not acceptable:
- 5.1.1. Requirement One: The Bidder's ITB Proposal must commit to achieving ITB activities, measured in Canadian Content Value (CCV), valued at 100% of the Contract value (including any Contract options), to be achieved within the period beginning March 3, 2008 and ending at the Contract End Date. For the winning Bidder, their 100% ITB Commitment will become an ITB obligation which must be achieved under Article 2 of the pursuant Contract.
- 5.1.2. Requirement Two: In its ITB Proposal due at bid closing, the Bidder must:
- 5.1.2.1. specify its bid price, not including taxes and rounded to the nearest dollar;
- 5.1.2.2. identify eligible ITB Transactions which are detailed, fully described and equal in total to not less than 30% of the bid price without options, measured in CCV;

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- 5.1.2.3. commit to identifying, one (1) year after the Effective Date of the Contract, additional eligible ITB Transactions which are detailed, fully described and bring the cumulative total of identified eligible ITB Transactions to not less than 60% of the Contract value, measured in CCV;
  - 5.1.2.4. commit to identifying, three (3) years after the Effective Date of the Contract, additional eligible ITB Transactions which are detailed, fully described and bring the cumulative total of identified eligible ITB Transactions to 100% of the Contract value, measured in CCV.
  - 5.1.3. Requirement Three: The Bidder must commit to achieving not less than 15% of the Contract value in Small and Medium Business ITB Transactions, measured in CCV.
  - 5.1.4. Requirement Four: The Bidder must accept and agree to the terms associated with Performance Guarantees (Holdbacks and/or Liquidated Damages).
  - 5.1.5. Requirement Five: The Bidder must accept all of the ITB Terms and Conditions.
  - 5.1.6. Requirement Six: The Bidder's ITB Proposal must contain the following components:
    - 5.1.6.1. Executive Summary of ITB Commitments;
    - 5.1.6.2. Company Business Plan;
    - 5.1.6.3. ITB Management Plan;
    - 5.1.6.4. Regional Development Plan;
    - 5.1.6.5. Small and Medium Business Development Plan;
    - 5.1.6.6. Detailed ITB Transaction Sheets, accompanied by a summary chart of all ITB Transactions; and,
    - 5.1.6.7. Mandatory ITB Requirements Certificate, signed by a duly authorized company official. See Annex A.

- 6. **STATEMENT OF ITB WORK:** The following sections detail the requested content of each of the ITB Proposal mandatory components referred to above in Section 5.1.8. Bidders are strongly encouraged to thoroughly review and respond to the instructions listed below. Failure to adequately respond to the instructions may result in the Plan or Transaction receiving a poor score or being rejected as ineligible.

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## 6.1. Executive Summary of ITB Commitments

- 6.1.1. The Executive Summary should summarize how the Bidder will address Canada's ITB Objectives in Section 3 and how each of these Objectives will be achieved through the proposed ITB Plans and Transactions.
- 6.1.2. The Executive Summary should constitute an integrated overview of the complete ITB Proposal. The information in the Executive Summary should only summarize and/or be drawn from content in other sections in the ITB Proposal.

## 6.2. Company Business Plan

- 6.2.1. The purpose of the Company Business Plan is to demonstrate the ability of the Bidder to assemble, plan and describe its proposed team to complete the Work on the Project. The Plan should also demonstrate the bidding team's ability to meet the ITB Objectives.
- 6.2.2. The Bidder's Company Business Plan should outline the structure, conduct and performance of the business operations of the Bidder and each of its Eligible Parties/major sub-contractors that are performing Work on the Project.
- 6.2.3. The Plan should outline, in detailed text or graphic format, the proposed role of each company (Bidder, Eligible Party and major sub-contractors) in delivering all elements of the Project and the proposed location of that Work. It should also include an organizational chart identifying the key personnel in each company who would be responsible to manage and deliver the Project.
- 6.2.4. The Plan should include a description of the long-term impact of the Work on each company's business operations, in Canada and abroad.
- 6.2.5. The Plan should include the following information, both on the Bidder and each of its Eligible Parties:
  - 6.2.5.1. a description of the decision-making process for establishing product and services responsibilities and market mandates within the company;
  - 6.2.5.2. a description of the management and oversight of company functions, including but not limited to future planning, research and development and marketing, including the identification and location of these responsibility centres;



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- 6.2.5.3. an outline of worldwide corporate operations, including a narrative description and hierarchically ordered chart which describes the present corporate family structure, including parent and subsidiary relationships;
  - 6.2.5.4. a detailed description of any existing Canadian facilities, which includes: the location, date of establishment, nature of operations, number of employees, identification of key personnel, corporate structure and functional interrelationship with the worldwide corporate structure.

### 6.3. ITB Management Plan

- 6.3.1. The purpose of the ITB Management Plan is to demonstrate the Bidder's ability to develop, implement, manage and report on the proposed ITB program. It is also the place for Bidder to detail and document its proposed Eligible Parties.
- 6.3.2. The ITB Management Plan should provide a detailed overview of all of the ITB management functions and associated organization required by the Bidder to execute a successful ITB program, in a level of detail sufficient to demonstrate that the Bidder understands its ITB Commitment and is prepared to respond to requirements associated with it for the full duration of the ITB Achievement Period.
- 6.3.3. The ITB Management Plan should include a list of the Bidder's proposed Eligible Parties, with details and documentation justifying how each one meets the Eligible Party criteria outlined in the ITB Terms and Conditions.
  - 6.3.3.1. All proposed Eligible Parties are subject to review and approval by the ITB Authority during evaluation.
  - 6.3.3.2. Bidders are strongly encouraged to demonstrate in the Plan that each of its proposed Eligible Parties that are Canadian Companies with less than 500 employees have the capacity to undertake ITB Obligations. Capacity is assessed in areas such as company size, product offerings, market conditions, corporate ownership, ITB management processes, level of Canadian content, etc.
  - 6.3.3.3. Any proposed Eligible Party which is found not to meet the criteria will be excluded from the List of Eligible Parties in the ensuing Contract. In addition, any ITB Transaction with an excluded Eligible Party as the ITB Donor will be rejected as not meeting the ITB Eligibility Criteria.

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- 6.3.4. The ITB Management Plan should include the following information on the Bidder and each of its Eligible Parties:
- 6.3.4.1. the name and contact information of each company's ITB official(s) assigned to the Project;
  - 6.3.4.2. job descriptions for each company's ITB official(s) and biographical information about their work experience and education;
  - 6.3.4.3. a description of each company's corporate and project-specific resources assigned to execute the management of the ITB program;
  - 6.3.4.4. a description and explanation of each company's internal processes for ITB organization, advocacy and awareness, both specific to this project and in general. Bidders should include a description of how ITB considerations will be factored into the company's broader decision making processes, along with how these decisions will be documented and tracked;
  - 6.3.4.5. a description of the methods, processes and procedures that each company will use to identify, submit, track, record keep and report ITB activities;
  - 6.3.4.6. a description of any previous ITB/offset programs that have been undertaken over the past ten (10) years, in Canada and elsewhere, along with a brief overview of the achievement status of each project.
- 6.3.5. The ITB Management Plan should include a forecast plan for the Tranche 2 and Tranche 3 ITB Transactions, due one (1) and three (3) years following the Effective Date of the Contract, respectively. The forecast plan should include such information as, but not limited to: an overview of the processes and plans in place to identify and submit transactions; any planned supplier development activities; a list of Canadian firms being considered; and/or, the specific capabilities being sought from Canadian suppliers.
- 6.4. Regional Development Plan
- 6.4.1. The purpose of the Regional Development Plan is to demonstrate the Bidder's commitment to providing opportunities and assistance for businesses in the Designated Regions of Canada.

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- 6.4.2. The Regional Development Plan should identify and describe the Bidder's proposed ITB activities in the Designated Regions, which will become ITB obligations to be achieved under Article 2 of the ensuing Contract. The Plan should also identify any regional commitment targets to which the Bidder is prepared to commit contractually.
- 6.4.3. The Regional Development Plan should provide, in as much detail as possible, the following information on the Bidder and each of its Eligible Parties:
- 6.4.3.1. a description of the activities undertaken and the approaches to date of each company, along with the business rationale, that have resulted in the proposed distribution of ITB activities to the Designated Regions;
  - 6.4.3.2. a description of the activities that will be undertaken and the approaches of each company that will be followed after Contract award until the end of the ITB Achievement Period, along with the business rationale, to improve the ITB opportunities available to the Designated Regions;
  - 6.4.3.3. a description of whether and how regional considerations are factored into each company's procurement/ITB decision making processes;
  - 6.4.3.4. a description of the economic impact of the proposed ITB activities on the regional ITB Recipients' current operations and areas of business, as well as on their capability to pursue and undertake new business activities.

6.5. Small and Medium Business (SMB) Development Plan

- 6.5.1. The purpose of the SMB Development Plan is to demonstrate the Bidder's commitment to providing opportunities, assistance and encouragement to SMB in Canada.
- 6.5.2. The SMB Development Plan should identify and describe the Bidder's proposed ITB activities involving SMB in Canada, which will become an ITB obligation to be achieved under the ensuing Contract.
- 6.5.3. The SMB Development Plan should provide, in as much detail as possible, the following information on the Bidder and each of its Eligible Parties:
- 6.5.3.1. a description of the activities undertaken and the approaches followed to date by each company, along with the business rationale, that have resulted in the proposed distribution of ITB to SMB;

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- 6.5.3.2. a description of the activities undertaken and the approaches that will be followed by each company, after Contract award until the end of the ITB Achievement Period, to improve the ITB opportunities available to SMB;
  - 6.5.3.3. a description of whether and how SMB consideration are factored into each company's ITB decision-making processes;
  - 6.5.3.4. a description of the economic impact of the proposed ITB activities on the SMBs' current operations and areas of business, as well as on their capability to pursue and undertake new business activities; and,
  - 6.5.3.5. a description of any initiatives, assistance and/or encouragement (at a broad corporate level or specific to this ITB program) that would be provided to SMB to help stimulate and promote them, both as potential suppliers to the project and for their general development. Examples could include financing, special payment provisions, mentoring programs, etc.

#### 6.6. Detailed ITB Transaction Sheets

- 6.6.1. The Bidder's ITB Proposal must provide detailed information on each ITB Transaction that the Bidder proposes to provide to Canada and for which it is prepared to commit contractually. A separate transaction sheet is to be completed for each Proposed ITB Transaction. The ITB Transactions will form the basis for the ITB Commitments to be specified in Article 2 of the ensuing Contract.
- 6.6.2. In addition to the individual transaction sheets, the Bidder must include a summary of all of its proposed ITB Transactions in a tabular/chart format. The tabular/chart summary should clearly identify each ITB Transaction and provide a breakdown (with appropriate sub-totals and percentages) by: Direct, Indirect, Regional, SMB, and Unidentified.
- 6.6.3. A template of the ITB transaction sheet is attached as Annex C of the ITB Model Terms and Conditions. Bidders are encouraged to use this template, to promote administrative consistency and ease.
- 6.6.4. Bidders are strongly encouraged to fully complete each section of the ITB transaction sheet, as outlined below, so that the ITB Transaction can be properly evaluated. Failure to adequately describe any portion of the proposed ITB Transaction may result in it being rejected.

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- 6.6.4.1. Obligor Contact Information (information regarding the proposed Contractor on the Medium Range Radar ISS Project)
- 6.6.4.2. Transaction Details
- 6.6.4.2.1. Transaction Title (provide a brief title identifying the activity);
- 6.6.4.2.2. Transaction Number (assign a unique number, in simple, sequential order, for reference purposes)
- 6.6.4.2.3. Date Transaction Submitted
- 6.6.4.2.4. Tranche (the ITB bid Proposal is Tranche 1)
- 6.6.4.2.5. ITB Transaction Type (direct or indirect)
- 6.6.4.2.6. ITB Activity Type (purchase, investment, etc)
- 6.6.4.2.7. Business Activity Type (electronics, manufacturing, etc);
- 6.6.4.2.8. Federal Supply Class (FSC) Code (website reference provided on template)
- 6.6.4.2.9. Description of ITB Transaction (provide a detailed description of the proposed ITB activity, so that it is clear: the nature of the work; the location of the work in Canada, the estimated quantities and timelines; any end-use market, platform or program; that it is different from other similar Transactions; and, other relevant information);
- 6.6.4.2.10. Canadian Government Assistance (describe the date and details of any assistance provided -- either to the specific activity, the Donor, or the Recipient -- from any level of government in Canada);
- 6.6.4.3. Donor information: (Note that the Donor must be an Eligible Party);
- 6.6.4.4. Recipient information Notes: i) the company description should include locations, business history and core capabilities; ii) each Transaction sheet should contain only one Recipient company, unless it is a Grouped

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Transaction; and iii) government organizations cannot be ITB Recipients, unless it is a Public Research Institution);

- 6.6.4.5. Consortium Member (if applicable);
- 6.6.4.6. Eligibility Criteria (be as specific and detailed as possible in addressing how the proposed transaction meets each Eligibility Criteria, which are outlined in the ITB Terms and Conditions. Include all details and supporting documentation in the ITB Proposal);
- 6.6.4.7. Quality of Transaction (detail the quality of the proposed Transaction and how it meets the ITB Objectives, including factors such as scope of innovation, increases in capability or employment, global export potential, long-term relationship, etc)
- 6.6.4.8. List of Supporting Documentation
- 6.6.4.9. Valuation and Time Phasing (specify the overall values as applicable, plus the detailed commitment schedule broken out by 12 month periods, which mirror the ITB Reporting Periods detailed in the ITB Terms and Conditions)

## 6.7. Mandatory ITB Requirements Certificate

- 6.7.1. Bidders must submit with their ITB Proposal the Mandatory ITB Requirements Compliancy Certificate (Annex A), completed with their company name and bid price, and signed and dated by a company official duly authorized to bind the company. Beyond adding their name, bid price, signature and date, Bidders shall not make any other changes to the template provided in Annex A.

## 7. BANKING

- 7.1. Bidders may use Banked ITB Transactions as part of their ITB Proposal.
- 7.2. Bidders submitting a Banked ITB Transaction in their ITB Proposal should include and attach the following:
  - 7.2.1. a copy of the exact and latest version of the Banked Transaction sheet which was approved by the ITB Banker; and,
  - 7.2.2. a copy of the signed letter of approval from the ITB Banker with respect to that Banked Transaction sheet.

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- 7.3. If a Banked ITB Transaction is used as part of a Bidder's Proposal, the ITB Evaluation Committee will consider the Transaction as accepted for meeting the ITB Eligibility Criteria. However, the Transaction will be evaluated for quality and risk, as outlined in the ITB Evaluation Plan.
  - 7.4. Bidders may submit Banked ITB Transactions of any value in their ITB Proposal. However, not less than 15% of the cumulative value of the Bidders's eligible Transactions submitted in their ITB Proposal must be non-banked Transactions.
  - 7.5. The entire CCV of a Banked ITB Transaction, not portions thereof, must be submitted as a single ITB Transaction in the ITB Proposal.

## **8. INVESTMENT FRAMEWORK (IF)**

- 8.1. An *IF* Transaction should only be included in the Bidder's ITB Proposal submitted at bid closing if it has already been fully reviewed and approved by the ITB Authority as a Banked Transaction.
- 8.2. Any *IF* activity which has not been fully reviewed and approved by the ITB Authority as a Banked Transaction, yet included in a Bidder's ITB Proposal submitted at bid closing, will be counted as zero for the purposes of evaluation.

**Mandatory ITB Requirements Certificate**

The Bidder, \_\_\_\_\_, declares and certifies that through this ITB Proposal for the Medium Range Radar ISS Project, the Bidder:

1. Commits to achieving ITB activities valued at 100% of the Contract value (including any Contract options), measured in Canadian Content Value (CCV), to be achieved within the period beginning March 3, 2008 and ending at the End Date of Contract.
2. Identifies its bid price (not including taxes and rounded to the nearest dollar) as:  
\$ \_\_\_\_\_
- 2(a). Identifies eligible ITB Transactions equal in total to not less than 30% of its bid price without options, measured in CCV
- 2(b). Commits to identifying, one (1) year after the Effective Date of the Contract, additional eligible ITB Transactions which bring the cumulative total of identified eligible ITB Transactions to not less than 60% of the Contract value (including any options), measured in CCV
- 2(c). Commits to identifying, three (3) years after the Effective Date of the Contract, additional eligible ITB Transactions which bring the cumulative total of identified eligible ITB Transactions to 100% of the Contract value (including any options), measured in CCV
3. Commits to achieving not less than 15% of the Contract value in Small and Medium Business ITB Transactions, measured in CCV.
4. Accepts and agrees to the terms associated with Performance Guarantees (Holdbacks and/or Liquidated Damages).
5. Accepts all of the ITB Terms and Conditions.
6. Has submitted all the required components of an ITB Proposal:
  - Executive Summary of ITB Commitments



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- Company Business Plan
  - ITB Management Plan
  - Regional Development Plan
  - Small and Medium Business Development Plan
  - Detailed ITB Transaction Sheets, accompanied by a summary chart of all ITB Transactions, and
  - This Mandatory Requirements Certificate, duly completed, signed and dated.

IN WITNESS THEREOF THIS MANDATORY REQUIREMENTS CERTIFICATE HAS BEEN SIGNED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ BY A SENIOR COMPANY OFFICIAL WHO IS DULY AUTHORIZED TO BIND THE COMPANY.

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
NAME AND TITLE OF SENIOR COMPANY OFFICIAL