

Appendix C

angelita.castro [REDACTED]

From: Ezio Testa [REDACTED]
Sent: Sunday, November 28, 2004 8:05 AM
To: angelita.castro [REDACTED]
Cc: alex.quinteros [REDACTED]
Subject: FW: Update on Sudan

AD Nov 28, 2004

Angelita ,
 For your info and the file .
 Thank you .

Ezio Testa
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From: Andy Selwert [REDACTED]
Sent: Sunday, November 28, 2004 5:12 AM
To: Ezio Testa
Subject: FW: Update on Sudan

Dear Ezio
 FYI
 Best Regards
 Andy

From: Stephen Queen
Sent: Sunday, November 28, 2004 10:17 AM
To: Andy Selwert
Subject: FW: Update on Sudan

FYI
 Regards,
 Stephen Queen

12/2/2004

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From: Steve Bickerstaff [REDACTED]
Sent: Saturday, November 27, 2004 1:48 PM
To: ShaneStevenson GTC; Stephen Queen
Cc: Mecteld GTC
Subject: Update on Sudan

Gents,

good morning, please find attached a document detailing 1) my meeting with the UN and 2) my thoughts on the supply chain in country and, a spreadsheet detailing the latest data on UN troop deployments (unofficial)

I am getting updated quotes for trucking and flights at this time and will send through once I have them.

Can you pls peruse the document and get back to me with any points for clarification ASAP; my time in country is limited and am leaving Wed or Thurs at this stage.

Pls also note my comments regarding my meeting with the head of the UNOPS. From the people here, he is very well connected, fly's regularly to NY and seemed very interested in the ration contract.

Mecteld - can u pls place this on file and it is a copy for Steve K if he is in.

Stephen Bickerstaff
Field Logistics
Compass Global Transit Centre
Dordrecht, Holland
[REDACTED]
[REDACTED]

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Meeting With Terry Allen – UN Rations Contracts Officer Sudan and General Points – by Steve Bickerstaff

I had a meeting with the above gentleman on Thursday 25 Nov 04 to discuss various issues with the forthcoming rations contract in Sudan. Pls find below a summary of this, with many points pertinent to the forthcoming bid.

Past Performance ESS / Recent Bid on Sudan

Terry commenced with raising various points regarding our other contracts where ESS had problems, from Liberia to the current Kosovo contract, and stated that many questions were being asked in NY as to our ability to mobilise another contract given our track record (I have no idea if he actually has access to this type of information and how/if involved he would be with NY as a contract manager?).

He also mentioned that for the laundry contract in Kosovo, we came in considerably cheaper than Esko.

For the recent Sudan bid, Terry stated that there were doubts expressed about ESS's logistic plan in country. When questioned further, he indicated that this was in relation to the actual in-land logistics and how we would actually effect the logistics (ie specific details). He also stated that as some companies had good plans for example the north and others the south. Due to this, he had campaigned for the contract to be divided into regions so that the best company could be selected for a different region. Also, it would give the UN a back-up to allow a company to overtake an area if one contractor was not performing well.

Sudan Contract

The contract is divided into 3 regions as you are aware; south, north and Darfur. Pls note the following points:

- We must have a W/H in each regions with the required stockholding, however our bid should include an option for savings if we are able to win two or more regions. ie one x central W/H for both regions, with a distribution centre in the other, with 7 days stockholding.
- He is concerned about bread. I indicated we were looking at mobile bakeries which he was very happy with and said one of our competitors is doing the same and had placed that in the original bid; which was well in their favour.
- He advised very strongly against using Khartoum as a logistic base due to the costs etc (see my summary for my feelings at this time of how we should operate).
- For Wau, he said it may be received favourably if we look at an air option for inflit, CLEARLY stating that the reason we are giving this option is to keep the integrity of the rations etc due to the poor road system and likelihood for delays etc (once again, pls see my thoughts for this in my summary).
- Importation:
 - o Stated ESS will have the same benefits as the UN in relation to this (as normal),
 - o Docs must be here 3 days before to effect pre-clearance (as we reported from previous visit),

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- Indicated that SDV agent in Port Sudan was the customs officer for the current director of customs and that they are very close,
 - UN will assist our importation for the first load. After that we are on our own,
 - UN wants us to consider using the same agent as them. ie 1 agent who is seen to be the UN contact.
- Indicated that rail is a very poor option initially. This confirms our assessment from our last Sudan visit; although it is something we should look at when we have a stockholding established.
 - The UN will eventually have the rail terminal rebuilt at al obeid (log base) and we can tap into this.
 - The UN WILL NOT accept ESS operating out of reefers. He stated we MUST include chiller and freezer rooms for our W/H's, except for the rapid mobilisation where we will be forced to use reefers until we can be established.
 - Back orders for fresh will not be entertained (I think this is standard in UN operations now).
 - The UN have no problem with ESS using local fresh rations if they meet the specs, however, there is a caveat; The UN will not allow ESS (or other company) to use local fresh and insist on import if it is found that we are depleting the local market and forcing local prices to rise.
 - Terry indicated from Khartoum to Abiye is a 7 day trip and it is possible to travel to here and Wau in the wet season (although I dispute this).
 - Terry indicated that there are no W/H's in El Obeid (UN distribution centre) and that we would be required to build our own. From speaking to contacts here, they have stated W/H is avail. I am trying to get prices for this.
 - Future operation of contract. Terry indicated the following for the future:
 - The UN would do away with BOP A and BOP B,
 - The current 19 groups in the ration scale would be reduced to 4 or 5,
 - Units will be able to order whatever they want up to the CMR (I raised this would give us forecast/stock-holding problems, and he stated that it would be 'eased in' – in the beginning it would be a push system. He indicated therefore that for eg chicken consumption will be higher(note 1 – need good price for chicken))),
 - Contingents will go direct to ESS for orders, not through the UN and it will be up to us to ensure that the unit does not go over CMR. For problems with units orders, we however would go back through the UN,
 - Other than the possible rapid mobilisation, Terry indicated the latest update is that the contract would commence 15 Jan with regional HQ in place then and with troops in locations by end Jan for 3 x major camps: Juba, Malakal and Kassala of 2000 to 3000 trps.
 - Terry gave the latest troop data. Each site will now only consist of two delivery points (note: for the bid we still have to work as per the RFP). I have included a table, which gives this latest data; noting it could change again.
 - We will be responsible for 8 x 20 ft containers of Military rations. These will be stored in various locations. They MUST have a cooling system to keep them below 26 degrees Celsius, or for eg be insulated sea containers.
 - Terry indicated that if we do not comply with mobilisation, then he will be taking action to either reduce or nullify our mobilisation fee.

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- An indication was given of the nationalities of troops. They will be mostly be comprised of Muslim nations. This is important for purchasing (ie most likely/volumous products used by Muslim nations and requirement for Halal),
- Bottled water is at 4 lt per man per day. The UN is happy for local companies to be used as long as we can produce certificate of WHO standards. I am trying to get this at the moment.

Indications on Competitors

As stated, some limited information was given on what our competitors are doing. Terry stated that the contract was divided into regions due to certain companies having 'very good' plans for some regions. He particularly indicated Esko here for the South. Their proposal was for a supply chain out of Entebbe using a chartered plane for supply to the Sth Sudan. This is a co-location of its supply base for its Congo contract.

He also indicated that one company had put mobile bakeries in the initial plan, which was received very well. Another company is purchasing its own trucks (10 to 12) to effect the distribution in the North ie from PS down.

My Thoughts on the Logistic Plan

The main entry point will be PS, with stock then being delivered south from there. I recommend that it is trucked direct to El Obeid, however, if we want to pursue the option of de-stuffing in a W/H in PS then that is an option. If we truck direct from PS, it is ESSENTIAL that we have clip-on gensets available for mobilisation. I recommend we pre-purchase these and position them as soon as contract is announced.

For trucking, we can look at operating our own fleet or using the in-country truck system. I should have the prices through for this by Tuesday, so that you will be able to compare against the cost of purchasing trucks. As a guide, you already have the prices given previously in September.

If we de-stuff into a PS W/H then we will be able to deliver direct to Sector W/H locations for:

- El Obeid,
- Ed Damizin,
- Malakal (dry season only)

However, I think we will still need a W/H in Khartoum or Obeid. We need to discuss the PS W/H v's El Obeid W/H options!! (ie advantages/disadvantages/relative costs ie requirement for additional W/H however saving on Demurrage etc)

As Sudan is established into 3 a regions, for a central W/H I would recommend that either Khartoum or El Obeid be used; with my initial leanings towards el Obeid. We can AF direct into here if required from overseas and there is a good road system from PS, our SPO, to this location. It can then link into all regions we may be required to

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operate in. We look at establishing a HQ logistic base in El Obeid. This is for a number of reasons including the following:

- It will be the UN logistics base so we will 1) be co-located and 2) possibly be able to tap into their log support,
- The UN are going to establish a rail head there. Once it is operating (and we have sufficient stocks on ground) we can look at this as a cheaper means of re-supply from PS,
- From what I understand there is sufficient W/H or land to allow us to establish a dist centre,
- It has an international airport. We can fly into here from overseas and then to other locations ie Wau/Juba if required,
- It has a reasonable link into the Northern sites (noting except Malakal in the wet season),
- In the dry season we can deliver to Wau from there,
- It is likely to be cheaper than Khartoum,
- We can use this in our bid as the option for a central W/H to Service all regions,
- AF from here to Wau, Malakal etc in the wet season will be cheaper.

The disadvantages for El Obeid are:

- It is an additional 500 kms past Khartoum, and then we will need to deliver back along the same route for ie Ed Damazin.
- We will need some presence in Khartoum (UNHQ) or have to travel there weekly)

For the Southern region, I strongly recommend that we investigate supply out of Kenya into Juba. As the road is apparently mined, this initially could be supported either by air from El Obeid or from Lokichokio. We would need someone to look at the supply chain in Kenya and investigate the possibility of using Lokichokio as an airhead for supply into Juba (poss Wau depending on cost). Pat Kamal is apparently the most familiar with this region from SSI operations. I do not know if this is viable on a cost comparison basis.

Stock-Holding

I recommend more than the two weeks stockholding specified by the UN. Note that the supply chain in Sudan is extremely long and delays/complications will exuberate and already difficult operation. The wet season will also significantly affect our operation for the following areas:

- Sector HQ:
 - Wau,
 - Malakal,
 - Juba
- Site locations:
 - Rumbek,
 - Aweil,
 - Abye,
 - Bentui,
 - Waat,
 - Nasir,

o Kurmuk.

To counter this, I would recommend that we propose to place significant stock holdings of dry/frozen products in these locations (4 months) and fly in the fresh weekly. This will considerably cut down on our air hours. Negotiation will be required with the UN and units for storage space and permission to do this. It may be difficult for the frozen product but should be Ok for at least the dry. This was done in Eritrea.

For areas not affected by the wet season, I would suggest that we maintain a 3 week to 1 month stock holding in a central W/H and 7 days in the sector HQ locations. I can also see that we could argue the necessity to have a W/H in one of the sector HQ locations (Kagduli) if we have a central W/H at El Obeid. We could deliver from El Obeid all year round to:

- Dilling,
- Kagduli,
- Talodi.

Supply of Wau

Note I have not been there at this stage, however these are my thoughts:

Dry Season

- Wau be supplied direct from the El Obeid base by truck for dry and frozen,
- A W/H of 21 days stock frozen and dry is maintained (even in dry season, supply will not be easy and free-flowing),
- Fresh is Flown in weekly to Wau or direct to site if possible for goods unable to be purchased locally,

Wet Season

- Request to the UN to increase site stockholdings on site to 4 months for at least dry and hopefully frozen,
 - Increase the Wau W/H stockholding concurrently,
 - Fly in Fresh direct to sites by combo of Fixed Wing and helo.
- Additional on Fresh
- Possibility of our staff visiting site locations and determining what is available locally and the price. We give the site an 'amount of money' to purchase their CMR quantity themselves and ESS deliver the rest by means stated above.

Note the above will be applicable for Malakal as well.

Maintaining Cold Chain for AF

There is no facility for dry ice etc in-country. If we are to deliver by air chilled, we will require our own facility or machine.

Equipment

Selection of equipment is essential. The distances in Sudan are very very long and maintenance of equipment will be a difficult issue. We need to purchase equipment that is:

- Heavy duty and able to operate in both extreme heat and dust (northern/Western region) and extreme heat and humidity (southern region),
- Equipment that is already in-use in country to allow a more effective supply of repair parts and personnel able to service/maintain the equipment.

The local available equipment has already been specified in the reports from Sep (ie Caterpillar for forks and gensets, Toyota for vehicles).

Rapid Mobilisation

There are four international airports to airfreight into:

- Khartoum,
- PS,
- El Obeid,
- Juba.

We would need to de-stuff from there and deliver to locations or have the military pick up. I assume this will be a reduced ration scale. Clarification is needed on how this will operate and what the scale will be. I will try to get what info I can from the in-country UN rations manager.

Additional Information

The country co-ordinator for UNOPS, Mr Andrew Robertson, heard I was in town and came to the hotel to contact me. He stated that it would be received very well in the UN if we put an additional appendix to our bid stating that we wish to assist develop the country and can assist in such ways as training of local suppliers and farmers on food production, HSE standard, transport of goods etc.

As stated on my last e-mail I am trying to get to Wau and also Mahmoud to Juba. Pls let me know what you need clarified from the above as I have limited time in country.

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