

**MINIMUM REQUIREMENTS FOR SUBMITTING AN IPC
(Legislative Decree No. 1362 and its Regulations)**

The Minimum Requirements for submitting Co-Financed Unsolicited Bid IPC (Hereinafter IPC, by its acronym in Spanish) are regulated in the Regulations of Legislative Decree No. 1362 (approved by Supreme Decree No. 241-2018-EF) and in the “*Guidelines for the submittal and admission for processing of co-financed private initiatives*” (approved by CD PROINVERSION Agreement No. 15-2-2017-DE).

The minimum requirements that the IPC must contain according to paragraphs 77.1 and 77.3 of Article 77 and paragraph 102.3 of Article 102 of the Regulations of Legislative Decree No. 1362 are detailed below:

1. The IPCs submitted must have contractual terms equal to or greater than ten (10) years and a Total Investment Cost¹, or a Total Project Cost if they do not contain an investment component, greater than fifteen thousand (15,000) Tax Unit (UIT, for its acronym in Spanish).
2. Name or corporate name of the applicant of the IPC, with indication of its general legal requirements, accompanied by the corresponding powers of attorney of the legal representative.
3. Audited financial statements for the last two (02) years demonstrating the financial capacity of the bidder of the IPC.
4. Certificates issued by third parties other than the accredited legal entity, supporting the technical capacity and experience of the bidder for the development of projects of similar relevance.
5. Affidavit of the expenses actually incurred in the preparation of the IPC submitted.
6. Proposed main clauses of the agreement.
7. The economic and financial model of the proposed project²:
 - a) Construction of the Cash Flow of the project:
 - Estimated investment costs and expenses differentiating overhead and builder’s profit, as well as the variability margin associated with the degree of development of the engineering design and other expenses associated with the investment.
 - Estimated operating and maintenance costs and expenses.
 - Estimated project revenues and projections.
 - Estimated co-financing, if required.
 - Financial assumptions and financing structure.
 - b) Construction of the financial statements, including the Income Statement and Statement of Financial Position projected for the term of the project.
 - c) Construction of the projected State Cash Flow including the flow of Firm Commitments and Contingent Commitments, interference costs, acquisitions,

¹ For estimating the Total Investment Cost consider the model published in the following link: <http://www.proyectosapp.pe/modulos/jER/PlantillaStandard.aspx?are=O&prf=2&jer=6038&sec=24>

² Pursuant to the provisions of Article 35 of the Regulations of Legislative Decree No. 1362.

expropriations, relocations or resettlements, income to be received, among others³.

- d) Sensitivity analysis.
8. Project Description:
 - a) General description of the project, including at least:
 - Name of the project.
 - Relevant Entity.
 - Background.
 - Area of influence.
 - Project objectives.
 - Project classification.
 - b) Significance and consistency of the project with national, regional or local priorities, as applicable, as defined in national, sectoral, regional and local development plans. In the case of co-financed PPPs (Public-Private Partnerships), priority gap closure goals established in the Multiannual Investment Programming of the sector, Regional Government or Local Government are considered.
 - c) Diagnosis of the current provision of the infrastructure or public service, identifying the characteristics of the demand and the existing supply in terms of coverage and quality.
9. Technical evaluation of the project:
 - a) Evaluation of alternatives.
 - b) Preliminary analysis for the definition of the expected Service Levels.
10. Resource gap analysis supporting the project classification:
 - a) Annual revenue projection.
 - b) Estimated investments and operating and maintenance costs during the life cycle of the project.
 - c) Proposed investment recovery mechanism, through rates, tolls, prices charged directly to users or indirectly through companies, co-financing or a combination of these, and evaluation of the legal feasibility of exercising such charges.
 - d) In the case of co-financed projects, an annual co-financing projection must be included.
11. Preliminary Risk Analysis of the project:
 - a) Preliminary identification of risks.
 - b) Preliminary assignment.
 - c) Mitigation mechanisms.
12. Project implementation plan:
 - a) Identification of possible problems that may delay the project, if any.
13. Social benefits of the project.

Important: This is an unofficial translation. In the case of divergence between the English and Spanish text, the version in Spanish shall prevail.

³ In accordance with paragraph 35.2 of Article 35 of the Regulations of Legislative Decree No. 1362, the presentation of information referring to interference and acquisition, relocation or resettlement costs is excluded, when these are not assumed by the concessionaire.