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"Decenio de las Personas con Discapacidad en el Perú"  
"Año de la Inversión para el Desarrollo Rural y la Seguridad Alimentaria"

## **DECLARATION OF INTEREST**

### **PRIVATE INITIATIVE**

# **"PROVISION OF TECHNOLOGICAL SECURITY SERVICES IN PRISON INSTITUTIONS"**

**SUBMITTED BY CONSORCIO PRISONTEC FORMED BY GLOBAL CIRCUIT PERU  
E.I.R.L., GLOBAL CIRCUIT LTDA. AND TELESERVICIOS POPULARES S.A.C.**

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**DECLARATION OF INTEREST OF THE PRIVATE INITIATIVE CALLED  
"PROVISION OF TECHNOLOGICAL SECURITY SERVICES IN PRISON  
INSTITUTIONS" SUBMITTED BY CONSORCIO PRISONTEC FORMED BY GLOBAL  
CIRCUIT PERU E.I.R.L., GLOBAL CIRCUIT LTDA. AND TELESERVICIOS  
POPULARES S.A.C.**

PROINVERSION's Committee on Infrastructure and Social Public Service, Mining, Sanitation, Irrigation and Agricultural Affairs Projects – PRO DESARROLLO, under Agreement No. 109-1-2013-IP Technological Security, adopted at the meeting dated September 23, 2013, ratified by PROINVERSIÓN's Steering Council by Agreement adopted at its meeting held on September 27, 2013, agreed to declare of interest the Project contained in the Private Initiative called "Provision of Technological Security Services in Prison Institutions" (hereinafter the Private Initiative), submitted by Consorcio PRISONTEC, formed by Global Circuit Perú E.I.R.L., Global Circuit Ltda. and Teleservicios Populares S.A.C. (hereinafter the Proponent), according to the provisions of Legislative Decree No. 1012, Public-Private Partnership Framework Law for the generation of productive employment and its Regulations, approved by Supreme Decree No. 146-2008-EF and amendments.

According to the provisions of Article 16 of Legislative Decree No. 1012, those Third Parties interested in the Project may express their interest before PROINVERSIÓN within ninety (90) calendar days from the day following the publication of this Declaration of Interest. In the absence of Third Parties interested in implementing the Project within the above timeframe, procedures for direct award will be carried out.

For purposes of this Declaration of Interest, Project shall mean the investment Project contained in the Private Initiative called "Provision of Technological Security Services in Prison Institutions".

## **A. PROJECT OVERVIEW**

### **1. Purpose and Scope of the Investment Project**

The Project aims to provide technological security in thirty-three (33) Prison Institutions that are part of the National Prison System, listed in Table No. 1 of this Declaration of Interest, which includes:

- The implementation of a security system consisting of radio electric signal blocking or inhibition of: **(i)** Mobile Cellular Telephony, Personal Communications Services (PCS) and Automatic Multi-Channel Selection (Trunking) public mobile services and **(ii)** wireless local area networks under the IEEE 802.11 standard, commercially known as *Wi-Fi*; and,
- The provision of fixed telephony services in the form of public phones, using telephone devices or telephone booths, all with the *software* necessary for its proper functioning and safe operation for users and call recipients.

Both components will be implemented within the framework of an Unnamed Service Provision Contract (hereinafter the Contract), within which the State will allow the

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Project Awardee exclusivity in the provision of public telephony services in the relevant Prison Institutions.

Under the Contract, the Awardee shall be free to define and use specific technology in the implementation of the Project, provided it meets the purpose and scope thereof, set out in this Declaration of Interest.

**Table No. 1. List of Prison Institutions where the Project will be implemented**

No.	Prison Institutions (PI)	Region
1	PI of Chachapoyas	Amazonas
2	PI of Chimbote	Ancash
3	PI of Huaraz	Ancash
4	PI of Arequipa	Arequipa
5	PI of Ayacucho	Ayacucho
6	PI of Cajamarca	Cajamarca
7	PI of Cusco 1/	Cusco
8	PI of Huánuco	Huánuco
9	PI of Ica	Ica
10	PI of Huancayo	Junín
11	PI of Chanchamayo	Junín
12	PI of Trujillo	La Libertad
13	PI of Chiclayo	Lambayeque
14	PI of Lurigancho	Lima
15	Miguel Castro Castro PI	Lima
16	PI of Lima (San Jorge)	Lima
17	Women’s PI of Chorrillos 2/	Lima
18	PI of Ancón (Ancón I)	Lima
19	Ancón II Model PI	Lima
20	PI of Callao	Lima
21	PI of Huacho	Lima
22	PI of Huaral	Lima
23	PI of Cañete	Lima
24	PI of Iquitos	Loreto
25	PI of Puerto Maldonado	Madre de Dios
26	PI of Piura	Piura
27	PI of Juliaca	Puno
28	PI of Puno	Puno
29	PI of Tarapoto (Pampas de Sananguillo)	San Martín
30	PI of Moyobamba	San Martín
31	PI of Tacna 3/	Tacna
32	PI of Tumbes	Tumbes
33	PI of Pucallpa	Ucayali

1/ It includes the Women’s PI of Cusco

2/ It includes the Women’s Annex PI of Chorrillos

3/ It includes the Women’s PI of Tacna



The National Penitentiary Institute (INPE) may request the Awardee the inclusion in this list of other Prison Institutions that may be subject of this Project, at INPE's sole discretion. The final inclusion will be made by mutual agreement between INPE and the Awardee, with Ministry of Justice and Human Rights (MINJUS) approval.

In case one or some of the Prison Institutions established in this list are closed, INPE will provide the replacement with another or other Prison Institutions, with the main requirement that the replacement will be made with Prison Institutions that have minimum capacity of 400 people and on the same terms of the Contract. The Awardee shall have the right to accept or reject the replacement. If accepted, it will be formalized through an addendum to the Contract. If the Awardee does not accept the replacement, it shall have no right, under any circumstances, to financial compensation from the Government.

### **1.1. Implementation of a radio electric signal blocking or inhibiting security system**

The Awardee of the Project will assume the obligation to purchase, install, operate, maintain and replace, if necessary, a security system consisting of radio electric signal blocking or inhibition of: Mobile Cellular Telephony, Personal Communications Services (PCS) and Automatic Multi-Channel Selection (Trunking) public mobile services and **(ii)** wireless local area networks under the IEEE 802.11 standard, commercially known as *Wi-Fi*; in each of the thirty-three (33 ) Prison Institutions listed in Table No. 1 of this Declaration of Interest.

The Awardee shall observe the following conditions in the implementation of this component:

- a) The operation of the security systems consisting of blocking or inhibition of radio signals will be uninterrupted during the Contract term.
- b) Such systems will block or inhibit each and every one of the radio electric signals used by the current operators of Mobile Cellular Telephony, Personal Communications Services (PCS) and Automatic Multi-Channel Selection (Trunking) public mobile services that are operating in the country as of the signing of the Contract, as well as radio signals of wireless networks (*Wi-Fi*).

At any time during the term of the Contract, INPE may request the Awardee the blocking or inhibition of: **(i)** other public telecommunications services that use the radio spectrum to operate in accordance with the Unique Ordered Text of the Telecommunications Law (or its amendments or supplementary provisions), or **(ii)** other applications operating in free bands established under the National Plan for Allocation of Frequencies issued by the MTC (or document updating, modifying or replacing it), provided that these services or applications are classified by INPE as means of communication not allowed inside Prison Institutions because public safety would have been affected through them. It shall be the Awardee's responsibility, at the request of INPE, to implement technological changes needed in its security system to also block or inhibit radio signals from such services or applications inside Prison Institutions, without generating cost to the Government.



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- c) Equipment to be installed shall be vandal-proof, both in its structure and its installation.

The Awardee shall perform installation activities so that the equipment cannot be damaged by acts of vandalism. The implementation of electrical and telecommunications installations shall consider the provisions of Section III.4, Electrical and Mechanical installations of the National Building Regulations, approved by Supreme Decree No. 011-2006-VIVIENDA and the National Electrical Code, approved by Ministerial Resolution No. 037-2006-MEM/DM, with special emphasis on the rules of protection against electrical hazards.

Installation of this equipment must be performed in places with less accessibility to inmates, which will be determined in coordination with INPE, considering the architecture and design of each Penal Institution.

- d) Radio electric signal blocking or inhibition systems must have international certifications on quality, efficiency and functionality, which will remain in effect throughout the Contract.
- e) Before implementation and installation of the blocking security system, the Awardee shall perform specialized technical studies in each Penal Institution. Once culminated, they should be forwarded to the National Penitentiary Institute (INPE). These studies should contain at least the following:
- i. Evaluation of the area of interest where radio electric signals will be blocked or inhibited.
  - ii. Location of the base stations of mobile public services or any other equipment emitting radio signals, near the area of interest.
  - iii. Power of the base station antennas or other signal transmitting equipment mentioned above.
  - iv. Assessment of adjoining urban areas that could be affected by radio signal blocking or inhibition.
  - v. The technical documentation referred to in the Final Single Supplementary Provision of Supreme Decree No. 012-2012-MTC.

The Awardee shall not block or inhibit radio electric signals in administrative spaces defined by INPE, in case they are located within the Penal Institution perimeter.

It is the Awardee's responsibility not to interfere with radio electric signals outside the Prison Institutions, undertaking the obligation to make the necessary adjustments and to obtain the relevant certifications from the Ministry of Transport and Communications (MTC) after the implementation of a radio signal blocking or inhibition system in accordance with the provisions of Supreme Decree No. 012-2012-MTC. If INPE is irrevocably obligated to pay sums of money as a result of the incorrect operation of blocking or inhibiting systems in Prison Institutions for reasons attributable to the Awardee, it may request the refund of the amounts it had been



forced to pay. The procedure for the determination of the causes mentioned above will be established in the Contract.

Specialized technical studies to be performed by the Awardee prior to the implementation of radio signal blocking or inhibiting systems are its cost and risk.

The installation period in each Penal Institution will be contractually provided in the schedule of investments that should be part of the Contract, according to the provisions of the Draft Tentative Schedule of this Declaration of Interest. Installations in a Penal Institution should not to exceed three months after completion and delivery of the corresponding specialized technical studies.

If after the maximum period for implementation of blocking or inhibiting systems in all Prison Institutions (two years, according to the Project Tentative Schedule of this Declaration of Interest), it is verified that for reasons attributable to the Awardee, observations made by the MTC for the operation of such blocking or inhibiting systems remain in more than fifty percent (50%) of the Prison Institutions, then INPE or MINJUS may terminate the Contract.

- f) In principle, the total number of blocking equipment to be installed in the thirty-three (33) Prisons is at least one hundred twenty seven (127) with the technology proposed by the Project Proponent.

However, it states that the Peruvian government, through MINJUS or INPE, may accept proposals that use other technologies, provided they meet the Project's objective of blocking or inhibiting radio electric signal and even if such technologies do not use blocking and/or antenna equipment.

- g) There must be a module or *software* to monitor the radio electric signal blocking or inhibiting system, which must provide at least the following actions during its operation:
- i. Check the operation of the blocking or inhibition system.
  - ii. Allow recording and reporting of the occurrence of faults in the system, recognizing the area affected by the failure and the time it remains affected.
  - iii. Allow INPE staff to have access through Internet to blocking or inhibition system operating reports.
- h) The system should enable to inform INPE, every time it is required, on adequate and uninterrupted operation of blocking or inhibition equipment within the Prison Institutions.

## 1.2. Provision of public telephony service

The Project Awardee will undertake the obligation to purchase, install, operate, maintain and replace, if necessary, fixed telephony service in the form of public phones, using telephone devices or telephone booths in each of the thirty-three (33) Prison Institutions listed in Table No. 1 of this Declaration of Interest. This



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installation includes the necessary *software* for the proper functioning and safe operation of the public telephony service.

The Awardee shall observe the following conditions in the implementation of this component:

- a) The operation and provision of public telephony service must be uninterrupted during the term of the Contract. The provision of public telephony service to inmates must be conducted according to internal procedures and activity schedules of each Penal Institution.
- b) Telephone terminals shall be vandal-proof both in their structure and installation.
- c) The number of telephone terminals to be installed at each Penal Institution shall be determined according to a specialized technical study, whose goal will be to have enough terminals for proper use by inmates.

The determination of the initial number of telephone terminals will be conducted using the following methodology:

- i. Total Minutes Processed in a Section of a Penal Institution will be determined as the result of the Number of Inmates per Section and Minutes estimated per Inmate per Day:

$$\text{Total Minutes processed in a Section} = \text{Number of Inmates per Section} \times \text{Minutes estimated per Inmate per Day}$$

Where:

- The Number of Inmates per Section will be:
    - o 200 for small Prison Institutions (up to 2,000 inmates).
    - o 300 for medium-sized Prison Institutions (more than 2,000 and up to 6,500 inmates).
    - o 650 for large Prison Institutions (more than 6,500 inmates).
  - Minutes estimated per Inmate per Day: 3.5 minutes.
- ii. The Number of Public Telephone Terminal Equipment per Section shall be determined using the Extended Erlang B methodology, with the following parameters:
    - Probability that the call is not successful: 1%.
    - Concentration of minutes in busy hours: 17% of the total time.
    - Percentage of blocked calls re-attempted: 70%.
  - iii. Finally, the number of Telephone Terminals per Penal Institution shall be determined in proportion to the Total Number of Inmates in the Penal Institution:



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$$\text{Number of Telephone Terminals per Penal Institution} = \frac{\text{Total Number of Inmates in the Penal Institution}}{\text{Number of Inmates per Section}} \times \frac{\text{Number of Public Telephone Terminal Equipment per Section}}{\text{Number of Inmates per Section}}$$

The update on the number of telephone terminals will be performed annually by applying the same methodology, but with real data: telephone traffic behavior in Prison Institutions, the Prison Population Update and its real distribution per Sections.

- d) The means of payment for use of the public telephony service will be payment card.

Cards will be sold outside the detention area of Prison Institutions, through: (i) direct deposits to the Awardee, made by the inmates' relatives or third parties indicating the user code (inmate's) to recharge in banks indicated by the Awardee, (ii) sale by the Awardee in the visitors' waiting areas in Prison Institutions, and (iii) others to be determined in coordination with INPE. The Awardee shall report annually to INPE the location of the authorized points of sale.

The Awardee shall perform the necessary dissemination campaigns in order to:

- i. Facilitate relatives and visitors of inmates the easy access to purchasing cards.
- ii. Make inmates aware of the proper use of the cards.

The Awardee shall perform advertising and didactic dissemination on access to the telephone service aimed at inmates and their families. For this purpose, it must submit annually to INPE its dissemination plan, which shall include, among other things, mitigation mechanisms to problems that may have arisen in previous years.

It must also deliver service operation manuals to inmates and their families, and the INPE and/or MINJUS. Manuals should be didactic and easy to understand, and must be pre-approved by INPE.

INPE staff or inmates will not handle sales of the cards inside the Prison Institutions.

- e) The Exclusive Purpose Partnership the Awardee creates to execute the Project must be registered as a Trader of Telecommunication Services at MTC, and will be subject to the rules on traffic and/or public telecommunications services trade, approved by Resolution No. 049 -2000-CD/OSIPTEL as well as other rules that apply for such status.
- f) Proof must be furnished on the purchase of minutes, traffic or telephony capacity to authorized phone operators in Peru and it will be required to have enough number of minutes provided uninterruptedly to offer telephone





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service in the Prison Institutions of the Project during the term of the Contract.

- g) Rates charged for use of public telephony services shall be borne by the inmates. Rates are subject to the rate regime established in the Contract.

The Awardee shall determine its Initial Rate, which shall not be greater than the Maximum Rates of the Project indicated in Table No.2.

Initial Rates will be applicable during the first five (05) years of the Contract term. From year six (06), these rates will be adjusted according to rate adjustment conditions established in the Contract, observing the provisions of Section C of this Declaration of Interest.

**Table No. 2. Maximum Rates of the Project for Public Telephony Service**

LOCAL CALL	Time	Rate	IGV	Total (S./)
<b>From Public to Fixed phones:</b>				
Unique rate	1 min	0.168	0.030	0.198
<b>From Public to Mobile phones:</b>				
Unique rate	1 min	0.415	0.075	0.490
<b><u>To Rural destinations:</u></b>				
(*)	(*)	(*)	(*)	(*)

NATIONAL LONG DISTANCE	Time	Rate	IGV	Total (S./)
<b>From Public to Fixed phones:</b>				
Unique rate	1 min.	0.397	0.072	0.469
<b><u>To Rural destinations:</u></b>				
(*)	(*)	(*)	(*)	(*)

INTERNATIONAL LONG DISTANCE	Time	Rate	IGV	Total (S./)
Argentina	1 min.	0.805	0.145	0.950
Bolivia	1 min.	0.805	0.145	0.950
Brazil	1 min.	0.805	0.145	0.950
Canada	1 min.	1.134	0.204	1.338
Chile	1 min.	0.805	0.145	0.950
Colombia	1 min.	0.805	0.145	0.950
Cuba	1 min.	3.800	0.684	4.484
Ecuador	1 min.	0.805	0.145	0.950
Mexico	1 min.	0.805	0.145	0.950
United States	1 min.	1.134	0.204	1.338
Venezuela	1 min.	0.805	0.145	0.950
Guyana	1 min.	0.805	0.145	0.950

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<b>INTERNATIONAL LONG DISTANCE</b>	<b>Time</b>	<b>Rate</b>	<b>IGV</b>	<b>Total (S./)</b>
Paraguay	1 min.	0.805	0.145	0.950
Surinam	1 min.	0.805	0.145	0.950
Uruguay	1 min.	0.805	0.145	0.950
Aruba	1 min.	0.805	0.145	0.950
Barbados	1 min.	0.805	0.145	0.950
Belize	1 min.	0.805	0.145	0.950
Bermuda	1 min.	0.805	0.145	0.950
Costa Rica	1 min.	0.805	0.145	0.950
Dominica	1 min.	0.805	0.145	0.950
El Salvador	1 min.	0.805	0.145	0.950
Granada	1 min.	0.805	0.145	0.950
Guadalupe	1 min.	0.805	0.145	0.950
Guatemala	1 min.	0.805	0.145	0.950
Haiti	1 min.	0.805	0.145	0.950
Honduras	1 min.	0.805	0.145	0.950
Jamaica	1 min.	0.805	0.145	0.950
The Bahamas	1 min.	0.805	0.145	0.950
Martinique	1 min.	0.805	0.145	0.950
Nicaragua	1 min.	0.805	0.145	0.950
Panama	1 min.	0.805	0.145	0.950
Dominican Republic	1 min.	0.805	0.145	0.950
Trinidad and Tobago	1 min.	0.805	0.145	0.950
Albania	1 min.	1.197	0.216	1.413
Germany	1 min.	1.197	0.216	1.413
Austria	1 min.	1.197	0.216	1.413
Byelorussia	1 min.	1.197	0.216	1.413
Bosnia and Herzegovina	1 min.	1.197	0.216	1.413
Bulgaria	1 min.	1.197	0.216	1.413
Belgium	1 min.	1.197	0.216	1.413
Croatia	1 min.	1.197	0.216	1.413
Denmark	1 min.	1.197	0.216	1.413
Slovakia	1 min.	1.197	0.216	1.413
Slovenia	1 min.	1.197	0.216	1.413
Spain	1 min.	0.805	0.145	0.950
Estonia	1 min.	1.197	0.216	1.413
Finland	1 min.	1.197	0.216	1.413
France	1 min.	1.197	0.216	1.413
Greece	1 min.	1.197	0.216	1.413
Hungary	1 min.	1.197	0.216	1.413
Ireland	1 min.	1.197	0.216	1.413
Iceland	1 min.	1.197	0.216	1.413

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<b>INTERNATIONAL LONG DISTANCE</b>	<b>Time</b>	<b>Rate</b>	<b>IGV</b>	<b>Total (S./)</b>
Italy	1 min.	1.197	0.216	1.413
Leetonia	1 min.	1.197	0.216	1.413
Liechtenstein	1 min.	1.197	0.216	1.413
Lithuania	1 min.	1.197	0.216	1.413
Luxemburg	1 min.	1.197	0.216	1.413
Malta	1 min.	1.197	0.216	1.413
Moldavia	1 min.	1.197	0.216	1.413
Monaco	1 min.	1.197	0.216	1.413
Norway	1 min.	1.197	0.216	1.413
Netherlands	1 min.	1.197	0.216	1.413
Poland	1 min.	1.197	0.216	1.413
Portugal	1 min.	1.197	0.216	1.413
United Kingdom	1 min.	1.197	0.216	1.413
Czech Republic	1 min.	1.197	0.216	1.413
Rumania	1 min.	1.197	0.216	1.413
San Marino	1 min.	1.197	0.216	1.413
Serbia and Montenegro	1 min.	1.197	0.216	1.413
Sweden	1 min.	1.197	0.216	1.413
Switzerland	1 min.	1.197	0.216	1.413
Ukraine	1 min.	1.197	0.216	1.413
Vatican	1 min.	1.197	0.216	1.413
China	1 min.	1.437	0.259	1.696
Japan	1 min.	1.197	0.216	1.413
India, Afghanistan and Pakistan:				
Normal Rate	1 min.	3.800	0.684	4.484
Reduced Rate	1 min.	3.042	0.547	3.589
Rest of America 1/	1 min.	1.150	0.207	1.357
Rest of Europe 2/	1 min.	1.197	0.216	1.413
Rest of the World 3/	1 min.	2.395	0.431	2.826

<b>ILD TO MOBILE PHONES:</b>	<b>TIME</b>	<b>TARIFF</b>	<b>I.G.V.</b>	<b>TARIFF S./</b>
Germany	1 min.	0.638	0.115	0.753
Argentina	1 min.	0.638	0.115	0.753
Chile	1 min.	0.638	0.115	0.753
Spain	1 min.	0.638	0.115	0.753
Italy	1 min.	0.638	0.115	0.753
Japan:				
Normal Rate	1 min.	3.193	0.575	3.768
Reduced Rate	1 min.	2.794	0.503	3.297
Rest of the World (any other country not mentioned)	1 min.	3.800	0.684	4.484



- (\*) It shall be the Awardee's responsibility, as public telephony service trader, to perform coordination or relevant trade agreements, so that the rates for calls to rural destinations are determined by the respective rural operators, observing the rules on Rate System for Rural Services, approved by Resolution No. 022-99-CD/OSIPTEL.
- 1/ Rest of America: Alaska - Costa Rica - El Salvador - Guadalupe - Guatemala - Guyana – French Guyana - Honduras - Martinique - Mayotte - Miquelon - Nicaragua - Panama - Paraguay - Dominican Republic - Reunion – San Vicente and Gr. - St Pierre - Surinam – Uruguay.
  - 2/ Rest of Europe: Albania - Andorra - Armenia - Austria - Azerbaijan - Belgium - Bosnia Herzegovina - Bulgaria - Czech Rep. - Cyprus - Croatia - Denmark - Slovak Rep. - Slovenia - Estonia (mobile) - Faeroes. - Finland - Gibraltar - Greece - Holland - Hungary - Ireland - Iceland - Leetonia – Liechtenstein (mobile) - Lithuania - Luxemburg - Macedonia - Malta - Moldavia - Monaco - Norway - Poland - Portugal - Rumania - San Marino - Sweden - Switzerland – Ukraine.
  - 3/ Rest of the World: Angola - Anguilla - Antigua y Barbuda – Neth. Antilles. – Saudi Arabia - Algeria - Aruba - Australia - Bahrain - Bangladesh - Barbados - Benin Rep. Pop. - Bhutan - Botswana - Brunei - Burkina Faso - Burundi - Cape Verde - Cayman - Cambodia - Cameroon - Chad – South Korea - Dominica - Egypt – Arab Emirates - Estonia (fixed) - Fiji Is. - Filipinas - Gabonese Rep. - Ghana - Granada - Haiti - Hong Kong - India - Indonesia - Iran - Iraq – Virgin Islands - Israel - Jamaica - Jordan - Kazakhstan - Kenya - Kirghizstan - Kuwait - Laos - Lesotho - Lebanon - Liechtenstein (fixed) - Macao - Malaysia - Malawi - Mali - Morocco - Mauricio - Mauritania - Micronesia Fed. - Mongolia - Montserrat - Mozambique - Namibia - Nepal - Niger - Nigeria – New Zealand - Oman - Pakistan - Palestine - Qatar - Ruanda - Russia - Samoa Amer. –St. Kitts y Nevis - Santa Lucia - Senegal - Seychelles Is. - Singapore - Syria - Sri Lanka - Swaziland – South Africa - Sudan.
- h) There must be a module or *software* to manage public telephones, which must provide at least the following:
- i. Record of inmate information in order to assign them a user code and an access code or *password* that can be changed by the user from any phone.
  - ii. Transactional call log (user account and balance).
  - iii. Record of call service use, such as the call recipient's subscriber number, duration of the call, date and time of start and end of the call. This information will be used for analysis in cases of extortion, criminal investigation or others, according to current standards.
  - iv. Issuance of message (voice or text), before the start of the communication, where the call receiver can see the origin of it.
  - v. Allow balance inquiries or other personal information to users (inmates).
  - vi. Allow blocking of communication with a phone list to which users cannot make calls (authorities, judges, broadcasters, etc.).
  - vii. Allow recharges for users (inmates) through physical or virtual payment cards (by means of direct deposits to the Awardee through banks).
  - viii. Verification of operation of the public telephony system.
  - ix. Record and reporting of the occurrence of system failures.



### 1.3. General aspects of the implementation of radio signal blocking or inhibition systems and the provision of public telephony service

The Awardee shall take into account the following provisions:

- a) The Awardee shall have the approval of all equipment to be installed for the Project, if required in accordance with the current regulations of the MTC.
- b) The Awardee is responsible for implementing its electricity network from the access point that INPE will provide in each Penal Institution.
- c) The Awardee is responsible for implementing a backup system (UPS – Uninterruptible Power Supply), whose characteristics will be adapted to the conditions of power supply in each Penal Institution. The UPS will have a range of at least four (04) hours.
- d) The Awardee is responsible for the design, supply of materials and installation of necessary protective elements on its equipment: ground wells, lightning conductor, beacon (if applicable), circuits and devices to limit current generated by lightning, contacts or induction from transmission lines or distribution of electric power to the connection lines, etc.
- e) The Awardee is responsible for performing preventive and corrective maintenance of its systems and equipment to ensure that they work normally without falling into early obsolescence. Also, the Awardee will be responsible for repairing damage to the material and/or equipment that will be used to provide blocking services and public telephony. The permanent presence of a maintenance technician in each of the thirty-three (33) Prison Institutions must be guaranteed.
- f) The Awardee must respect the right to privacy and inviolability of telecommunications by inmates, except as expressed in the Peruvian law.
- g) All equipment installed in the Project must have international certifications on quality, efficiency and functionality for the entire Contract term.
- h) The Awardee is responsible for complying with the right of patent, design or protected copyright in the country of manufacture of the equipment and devices used for the provision of services, being bound to hold MINJUS and INPE harmless for any claim or lawsuit for breach of such rights.

If any entity of the Peruvian State was obliged to pay any sum of money for damages, compensation or any other item as a result of a violation of the aforementioned rights, the Awardee shall refund such payment within the required time. Failure to do so may be grounds to execute the Contract guarantees in force in order to recover such sums.

- i) The Awardee is responsible for repairing damages of any nature that may arise in the property provided to install its equipment, excluding wear caused by normal use thereof.



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- j) The application *software* for the provision of public phones blocking services must be compatible with programs or *software* that INPE uses in the Prison Institutions' administration activities, when required.

## 2. Property and/or Public Services where the Project will be developed

The Project contained in the Private Initiative will be implemented on thirty-three (33) Prison Institutions listed in Table No. 1 of this Declaration of Interest.

INPE will provide the Awardee:

- Facilities to access Prison Institutions to perform studies, equipment installation, operation and maintenance of services.
- Environments required for the installation of equipment.
- Access to the point of delivery or electrical energy connection required for operation of the equipment to be installed inside Prison Institutions.
- Conditions to protect the Project's equipment, issuing the necessary directives and resolutions. This shall not exempt the Awardee from its obligations in the design, installation and operation of equipment.

## 3. Type of Contract and Contract term

The Private Sector will participate through an Unnamed Service Provision Contract (the Contract) in accordance with the provisions of Article 1<sup>o</sup> of Legislative Decree No. 1012 Regulations, approved by Supreme Decree No. 146 - 2008-EF and amended by Article 1<sup>o</sup> of Supreme Decree No. 106-2011-EF.

The Unnamed Service Provision Contract is a type of contract referred to in the legal concept as "give to do" and "do to give" set forth in Article 1757<sup>o</sup> of the Civil Code.

The Contract term will be twenty five (25) years.

## 4. Investment Reference Amount

According to the Project assessment made by PROINVERSIÓN, the reference amount of the investment amounts to US\$ 4'134,312.00 (Four Million One Hundred Thirty-Four Thousand Three Hundred Twelve and 00/100 US Dollars) excluding the General Sales Tax (IGV).

## 5. Investment Project Tentative Schedule

Table No. 3 shows the Tentative Schedule to implement the Project investment. The specific schedule will be negotiated in the respective Contract as indicated in the table.



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It should be noted that installations in Prison Institutions refers to the joint installation of radio signal blocking or inhibition systems and public telephony services.

Also, the Awardee shall request the MTC the verification of radio electric signal blocking or inhibition systems according to Supreme Decree 012-2012-MTC, within a maximum period of ten (10) working days of having completed the installation in each Penal Institution, which will be verified by the Supervisor. Failure to perform this action will be considered a violation and will result in penalties.

**Table No. 3. Tentative Schedule for implementation of the investment Project**

N°	Prison Institution (PI)	Regional Office (RO)	Prison Population (1)	Installation Period	
1	PI of Cañete	Lima RO	2,418	Up to the first year of the Contract	
2	PI of Huaral	Lima RO	4,601		
3	PI of Ica	Lima RO	3,312		
4	PI of Callao	Lima RO	2,985		
5	PI of Ayacucho	Center RO – Huancayo	2,224		
6	PI of Piura	Northern RO – Chiclayo	2,317		
7	PI of Trujillo	Northern RO – Chiclayo	2,653		
8	Miguel Castro Castro PI	Lima RO	2,543		
9	PI of Chiclayo	Northern RO – Chiclayo	2,229		
10	PI of Huacho	Lima RO	1,816		
11	PI of Huánuco	Eastern RO – Pucallpa	1,967		
12	Ancón II Model PI	Lima RO	1,632		
13	PI of Pucallpa	Eastern RO – Pucallpa	1,688		
14	PI of Cusco (2)	South eastern RO – Cusco	1,766		
15	PI of Ancón (Ancón I)	Lima RO	1,282		Up to the second year of the Contract
16	Women's PI of Chorrillos (3)	Lima RO	779		
17	PI of Huancayo	Center RO – Huancayo	1,535		
18	PI of Chimbote	Lima RO	1,180		
19	PI of Arequipa	South RO – Arequipa	1,195		
20	PI of Iquitos	North eastern RO – San Martín	935		
21	PI of Lima (San Jorge)	Lima RO	725		
22	PI of Tarapoto (Pampas de Sananguillo)	North eastern RO – San Martín	547		
23	PI of Cajamarca	Northern RO – Chiclayo	797		
24	PI of Juliaca	Southern Highlands RO	870		
25	PI of Moyobamba	North eastern RO – San Martín	560		
26	PI of Huaraz	Lima RO	631		
27	PI of Chachapoyas	North eastern RO – San Martín	570		
28	PI of Chanchamayo	Central RO – Huancayo	600		
29	PI of Tacna (4)	Southern RO – Arequipa	651		
30	PI of Lurigancho	Lima RO	8,368		
31	PI of Puno	Southern Highlands RO	446		
32	PI of Puerto Maldonado	South eastern RO – Cusco	509		
33	PI of Tumbes	Northern RO – Chiclayo	531		



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Notes:

- (1) Prison population as of January 22, 2013. The Awardee is responsible for obtaining from INPE the updated information on the date of signing the Contract.
- (2) It includes the Women's Prison Institution of Cusco.
- (3) It includes the Women's Prison Institution Annex of Chorrillos.
- (4) It includes the Women's Prison Institution of Tacna.

## 6. Proposed Form of remuneration

The Private Initiative submitted by the Proponent as well as the assessment performed by PROINVERSIÓN has determined that the Project is self-sustaining. That is, provisions in Section a) of Article 4<sup>o</sup> of Legislative Decree No. 1012 are complied with.

In this regard, the Awardee will not receive any type of remuneration or any financial compensation from the State, as the Project will be self-funded with revenue from public telephony services.

In addition to this, the Awardee shall constitute a Reserve Fund in which a percentage of the gross income from the operation of the Project (excluding IGV) will be deposited. This percentage shall be:

- 8.50% during the first five (05) years of the Contract.
- 5.50% from the sixth (06) to the eighth (08) year of the Contract.
- 2.75% from the ninth (09) to the eleventh (11) year of the Contract.
- 0.00% from the twelfth (12) year and following to the end of the Contract.

The Reserve Fund resources, which shall be deposited monthly in a Trust specifically set up by the Awardee for this purpose, will be used to:

- a) Establish a Guarantee Fund against Damage caused by Vandalism, up to a maximum of US\$ 483,000.00 (Four Hundred Eighty-Three Thousand and 00/100 US Dollars) per year.

The purpose of this fund will be to cover annually any additional investment that the Awardee will have to perform in case of acts of vandalism carried out by inmates against property equipment installed as part of the Project, up to the maximum amount. If investments over that amount were required, they will be charged to the Awardee.

From the sixth year of the Contract, if:

- The Guarantee Fund has resources less than US\$ 483,000.00 and these are insufficient to replace lost equipment due to acts of vandalism, and also,
- It is necessary to use the funds to purchase such equipment lost by acts of vandalism;

Then, this fund will be completed by the National Penitentiary Institute (INPE). The maximum amount to be complete by INPE will be that needed to complete the US\$ 483,000.00 in conjunction with the existing balance in the Guarantee Fund each year, if any. If replacement needed exceeds that maximum amount, the difference will be borne by the Awardee.





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For this purpose, Damage caused by Vandalism in this Declaration of Interest and the Contract will be understood as the damage caused by actions performed inside Prison Institutions against the Awardee’s property (telephone, blocking or inhibition infrastructure), caused by inmates, visitors and/or INPE or the National Police of Peru (PNP) staff, or those arising in the context of brawls, riots or loss of internal security control, affecting the functionality of the blocking or telephone system, and thus affecting compliance of obligations for the provision of services by the Awardee.

Damage caused by Vandalism will be declared by the Supervisor with INPE or MINJUS approval at the request of the Awardee. The Contract will define the procedure to declare Damage caused by Vandalism. Actions taken in this context will be implemented without prejudice to the corresponding administrative, civil and/or criminal procedures against those found responsible for the damage declared.

- b) Upon completion of the Contract term, the Guarantee Fund balance against Damage caused by Vandalism, if any, will be available to INPE or MINJUS to acquire additional assets on technological security for Prison Institutions, deemed necessary by any of these entities.

The guidelines of the Trust are detailed in Annex No. 7 of this Declaration of Interest and will be established in the Contract.

Finally, the Awardee will allocate a minimum amount equivalent to one percent (1%) of the annual gross income from the operation of the Project (excluding IGV), for the entire term of the Contract, for purposes of supervision thereof. This amount must be also deposited in the Trust mentioned above. MINJUS or INPE will be responsible for designating the Contract Supervisor.

## **B. QUALITY INDICATORS OF SERVICES TO BE PROVIDED**

Quality indicators of services covered by this Declaration of Interest will be defined in the Contract and shall be related to the following:

- a) Quality indicators relating to radio signal blocking or inhibition systems:
  - i. Permanent operation of the blocking or inhibition system inside Prison Institutions.
  - ii. Provision of sufficient and suitable equipment for the blocking system in Prison Institutions.
  - iii. That system must not interfere or inhibit radio signals in administrative areas defined by INPE.
  - iv. That system must not interfere or inhibit radio signals outside Prison Institutions.
- b) Quality indicators relating to the provision and availability of payment cards to use telephone services:
  - i. Sufficient number of cards and points of sale on visit days in each Prison Institution.



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- ii. Constant publicity and dissemination on access to telephone services for inmates and their families.
  - iii. Provision of didactic and easy to understand manuals on the service provided to inmates and their families, to INPE and MINJUS.
  - iv. Rates of claims by inmates or relatives regarding access to recharges, balance inquiries or purchase of cards.
- c) Quality indicators on the provision of public telephony services: those established in the Public Telecommunications Services Quality Regulation approved by Board Resolution No. 040-2005-CD/OSIPTTEL, and its amendments or supplementary provisions.
- d) Other quality indicators defined in the Contract.

Failure to comply with quality indicators will be grounds for Contractual penalties, which shall be independent of administrative sanctions that may be legally enforceable by the competent administrative bodies. The Contract shall provide for the classification of the corresponding penalties.

## C. ESSENTIAL ELEMENTS OF THE CONTRACT

### a) Legal Framework

- Legislative Decree No. 1012, approving Public-Private Partnerships Framework Law for the generation of productive employment and establishing rules for speeding up private investment promotion processes and its amendments.
- Supreme Decree No. 146-2008-EF, Regulation of Legislative Decree No. 1012, as amended by Supreme Decree No. 146-2008-EF, its amending and supplementing provisions.
- "Procedure and Assessment of Private Initiatives in Investment Projects" directive approved by PROINVERSIÓN Resolution No. 278-01-2009, adopted by PROINVERSION's Steering Council in its Session No. 278 dated March 25, 2009, including amendments.
- Legislative Decree No. 654 that promulgates the Code of Criminal Procedure.
- Supreme Decree No. 015-2003-JUS, approving the Regulations of the Code of Criminal Procedure, as amended by Supreme Decree No. 006-2011-JUS, and amending, replacing and supplementing provisions.
- Supreme Decree No. 012-2012-MTC which regulates the operation of radio signal blocking or inhibition equipment in Prison Institutions and diagnostic and rehabilitation youth centers and protects the right of people to use and provide telecommunications services outside these establishments.
- Law No. 29867 which includes several articles in the Criminal Code relating to safety in detention or imprisonment places.
- Law No. 29807 creating the National Council of Crime Policy.
- Supreme Decree No. 008-2012-JUS approving National Council of Crime Policy Regulation.



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- Supreme Decree No. 013-93-TCC, Unique Ordered Text of the Telecommunications Law and amendments.
- Supreme Decree No. 020-2007-MTC, Unique Ordered Text of the General Regulation of the Telecommunications Law and amendments.
- Unique Ordered Text of the Terms of Use of Public Telecommunications Services approved by Resolution of OSIPTEL's Board No. 138-2012-CD/OSIPTEL and amended by Resolution of OSIPTEL's Board No. 095-2013-CD/OSIPTEL including amending and supplementary provisions.
- Directive establishing the standards for customer care claim procedures of public telecommunications services users, approved by Board Resolution No. 015-99-CD/OSIPTEL, including amending and supplementary provisions.
- Resolution No. 049-2000-CD/OSIPTEL, which approved the rules for trafficking and/or public telecommunications services, including amending and supplementary provisions.
- Resolution No. 022-99-CD/OSIPTEL, which approved the Rate System of Rural Services as well as its amendments and supplementary provisions.
- Regulation of Quality of Public Telecommunications Services, approved by Board Resolution No. 040-2005-CD/OSIPTEL, as well as its amendments and supplementary provisions.
- Mobile Services Regulations approved by Ministerial Resolution No. 418-2002-MTC-15.03, as well as its amendments and supplementary provisions.
- Standard that establishes measures to safeguard the right to the inviolability and secrecy of telecommunications and personal data protection and regulates supervision and control actions by the Ministry of Transport and Communications, approved by Ministerial Resolution No. 111-2009 -MTC-03, as well as its amendments and supplementary provisions.
- Law No. 29583, amending several articles of the Penal Code to punish acts against public services.
- National Penitentiary Institute Presidential Resolution No. 003-2008-INPE/P, which approves INPE's General Regulation for Prison Security.
- National Penitentiary Presidential Resolution No. 644-2012-INPE/P, which amends subsection 2) of Article 18, subsections 4) and 12) of Article 19 and subsection 7) of Article 206 of INPE's General Regulation for Prison Security.

## b) Purpose

The Project aims to provide technological security in thirty-three (33) Prison Institutions that are part of the National Prison System, listed in Table No. 1 of this Declaration of Interest, through:

- The implementation of a radio signal blocking or inhibition system used on: **(i)** Mobile Cellular Telephony, Personal Communications Services (PCS) and Automatic Multi-Channel Selection (Trunking) public mobile services and **(ii)** wireless local area networks under the IEEE 802.11 standard, commercially known as *Wi-Fi*.



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- The provision of fixed telephony services in the form of public phones, using telephone devices or telephone booths, all with the *software* necessary for its proper functioning and safe operation.

Under the framework of the legal regulations of Legislative Decree No. 1012, its Regulations approved by Supreme Decree No. 146-2008-EF, as amended, the rules of the General Telecommunications Law, its regulations and the rules of OSIPTEL.

**c) Technological neutrality**

The Awardee shall be free to define and use specific technology in the implementation of the Project, provided it meets the purpose and scope thereof, set out in this Declaration of Interest.

**d) Inclusion and/or replacement of Prison Institutions**

INPE may request the Awardee the inclusion in this list of other Prison Institutions that may be subject of this Project, at INPE's sole discretion. The final inclusion will be made by mutual agreement between INPE and the Awardee, with MINJUS approval.

In case one or some of the Prison Institutions established in this list are closed, INPE will provide the replacement with another or other Prison Institutions, with the main requirement that the replacement will be made with Prison Institutions that have minimum capacity of 400 people and on the same terms of the Contract. The Awardee shall have the right to accept or reject the replacement. If accepted, it will be formalized through an addendum to the Contract. If the Awardee does not accept the replacement, it shall have no right, under any circumstances, to financial compensation from the State.

**e) Type of Contract**

Unnamed Service Provision Contract

**f) Contract Term**

The agreement term will be twenty five (25) years.

**g) Contracting parties**

This refers to the Contracting Party and the Service Provider. The Contracting Party shall be the Peruvian State, represented by the MINJUS, with the intervention of INPE to assume the rights and obligations arising from the Contract. The Service Provider shall be the Special Purpose Company to be incorporated by the Awardee to sign the corresponding Contract.

The Awardee shall incorporate a Special Purpose Company that will be responsible for implementing the Project; therefore its corporate purpose will be special and unique. This Special Purpose Company must be incorporated with a capital stock of no less than US\$ 820,000.00 (Eight Hundred Twenty Thousand and 00/100 US Dollars).



## **h) Strategic Partner and Minimum Participation**

The Strategic Partner can be the legal person or shareholder of the Service Provider, who has directly proven any of the operating prequalification requirements.

The Minimum Participation percentage of the Strategic Partner in relation to the Service Provider's capital stock shall be twenty-five (25%) of the capital stock and must remain the same for at least the first five (5) years of the Contract term.

## **i) Assets regime**

During the Contract term, the system of Contract-related assets is as follows:

- Assets owned by the Service Provider that must be renewed to maintain continuity of services under the Contract.

It shall be the Service Provider's responsibility to provide services in a fit and proper manner. For this purpose, it must have equipment and technology in good condition, being bound to provide maintenance, repair, replacement and/or replenishment thereof.

- Assets owned by the State, which will be the Prison Institutions and property or equipment acquired by the MINJUS or INPE with the balance of the Guarantee Fund against Damage caused by Vandalism, which are the property and responsibility of the Peruvian government.

## **j) Rate System and Adjustment Mechanism**

Rates for public telephony service charged to users during the first five (05) years of the Contract term shall be determined by the Service Provider and will be referred to as Initial Rates, which shall not be greater than the Project's Maximum Rates set out in Table No. 2 of this document.

After completion of the fifth year of the Contract, Initial Rates will be re-adjusted according to the following:

- Starting year six (06) of the Contract, all Initial Rates will be reduced by three percent (3%).
- Starting year nine (09) of the Contract, all prior year current rates will be reduced by three percent (3%).
- Starting year twelve (12) of the Contract, all prior year current rates will be reduced by two point seventy-five percent (2.75%) and will remain stable until the end of the Contract term.

## **k) Service Provider's obligations under the Contract**

- i. At the end of the Contract, the Service Provider shall remove its own equipment installed on the thirty-three (33) Prison Institutions and



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deliver the allocated spaces in the condition they were received at the time of installation, without affecting the works and arrangements performed on every Penal Institution infrastructure when the locking system and public phones were installed.

- ii. The Service Provider is responsible for preventing blocking or inhibiting systems deployed as part of the Project from interfering with radio signals offered by concessionaires providing telecommunications services or harming their users outside the Penal Institution. For this purpose, the Provider must conduct studies for the installation of equipment, taking into account the physical structure and location of Prison Institutions.
- iii. The Service Provider shall coordinate with INPE to have the required access to the facilities. The Service Provider will be responsible for the costs that this demands and INPE will provide available plans and provide access to the Prison Institutions and/or delivery of information at hand. As this information is confidential, the Service Provider will sign a non-disclosure commitment thereof, whether directly or through its suppliers, which shall be subject to grounds for contract termination.
- iv. The Service Provider assumes responsibility for the installation, operation and maintenance of radio signals and public telephones blocking or inhibiting systems, as well as the *software* necessary for its proper functioning and safe operation.
- v. The Service Provider undertakes that its *software* shall allow the storage of information on telephone calls made by inmates, enabling at least the identification of the caller, the destination number and call duration. This information should be available to the competent authorities and its storage shall observe telecommunications reserved rights and Peruvian regulations on data protection.
- vi. The Service Provider is bound to report weekly to INPE about the adequate and uninterrupted operation of radio signals blocking or inhibition systems and additionally, whenever this entity or MINJUS requires it, providing such information to the Supervisor upon request.
- vii. The Service Provider agrees to organize and implement a continuing dissemination and advertising campaign related to the purchasing of telephone cards among the inmates' relatives in Prison Institutions, as well as massively inform and train inmates on their use and in particular new inmates during the first hours of detention in Prison Institutions.
- viii. The Service Provider acknowledges and agrees that there shall be no time limits on inmates' calls. Nevertheless, INPE may request the Service Provider to establish mechanisms that set a maximum duration of each call.
- ix. The Service Provider assumes the responsibility of making the necessary arrangements with telecommunication operators, in order to



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have sufficient capacity to provide public telephone service without interruption.

- x. The Service Provider agrees to request prior approval to the Contracting Party for the purpose of making changes or modifications in the composition of the partners or shareholders.
- xi. The Service Provider shall be responsible for any claim or demand which could arise from the provision of services, the misuse of their equipment and the systems implemented.
- xii. The Service Provider agrees to pay PROINVERSION for expenses incurred in carrying out the promotion and Project award process. To this effect, PROINVERSION shall notify the Service Provider through a Circular Letter the amount, manner and time payment must be made. Failure to comply with this shall generate a penalty imposition established in the Contract.
- xiii. Others established in the Contract in accordance with the Private Initiative and the Declaration of Interest.

#### **l) Effective date of obligations**

The Service Provider will be required to comply with contractual obligations from the signing of the Contract. The start of operations to distribute public telephony services in each Penal Institution will be in line with the blocking service start of operations. The Service Provider may not provide public telephony services exclusively until the start of operations of the blocking service.

#### **m) Financial and Economic Balance**

The Contract shall provide for a mechanism to restore economic and financial balance, to which both parties will have rights, in case the service is exclusively and explicitly affected due to changes in applicable laws and regulations, to the extent they exclusively relate to economic and financial aspects linked to the Contract and its annexes, and with the exceptions provided for in the same Contract.

#### **n) Insurance Scheme**

The Service Provider shall ensure all installed equipment against force majeure or fortuitous events.

The Service Provider is responsible for taking out and maintaining in effect personal insurance covering its employees, contractors and subcontractors as well as general and employer's liability insurance during the operation of the Contract.

The Contracting Party shall be released from all liability in respect of any event that might occur to the Service Provider's staff.



#### **o) Contract Supervision**

MINJUS or INPE shall appoint a Supervisor. Its annual fee shall not exceed one percent (1%) of the revenue generated by the operation of the Contract, which shall be deposited to the Trust by the Service Provider.

This Supervisor must notify the MINJUS or INPE of any breach of contractual obligations. The conditions under which the Supervisor will perform the service will be defined in the Contract.

The Supervisor's activities shall be carried out as follows:

- Activities will be performed at dates and times agreed by the parties or as agreed in cases of routine work, except for special or unforeseen supervisory duties, which may take place at any time;
- In any case (routine or unplanned), the Service Provider must be present;
- Verification shall be carried out both in environments where the Service is provided directly as in other places where the service is performed.

#### **p) Breaches and Penalties**

The Contract will contain a table with penalties applicable to infringements of service levels and other contractual obligations that apply. These contractual penalties shall be independent of the administrative sanctions that may be applied by the competent administrative bodies under their laws.

#### **q) Contract termination**

The Contract will be terminated by:

- Contract term maturity.
- Mutual Agreement.
- Failure by the Service Provider.
- Failure by the Contracting Party.
- Contracting Party's unilateral decision.
- Force majeure or fortuitous event.
- Other grounds established in the Contract.

In all termination cases, the Service Provider shall continue operations during the term required by the Contracting Party, which shall not exceed six (6) months from termination of the Contract, in order to ensure continuity of services.

#### **r) Governing law and dispute resolution**

The Contract shall be governed by and construed in accordance with the Legal Framework standards mentioned in subsection a) of this Section, to which the parties shall submit the content, execution, conflicts, controversies definition and other consequences resulting from the Contract.



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The Service Provider and its partners, shareholders or investors expressly, unconditionally and irrevocably waive any diplomatic claim for disputes or conflicts that may arise from the Contract.

Conflicts, uncertainties or disputes with technical and/or legal relevance that may arise regarding the interpretation, implementation, enforcement, and any matter concerning the existence, validity or enforceability of the Contract, or its resolution, must be solved, first, by way of direct negotiation. Failure to find a solution by these means, conflicts, uncertainties or disputes shall be submitted to legal arbitration, through a procedure conducted in accordance with the Arbitration and Conciliation Rules of the Arbitration Center of the Lima Chamber of Commerce, supplementary applying Legislative Decree No. 1071 which governs arbitration and then the Civil Procedural Code of Peru.

In case of discrepancy between the documents that form part of the Contract, the following order of priority of the parties' obligations shall apply:

- The Contract and its annexes
- The Declaration of Interest
- The Private Initiative
- The Bidding Terms, Circular Letters and the Technical and Economic proposals, if any.

#### **s) Reimbursement of Process Expenses**

The Awardee shall reimburse PROINVERSIÓN the preliminary costs of the process on the date of signing of the Contract, whose final settlement will be communicated in due course.

### **D. CONTRACTUAL OBLIGATIONS PERFORMANCE BONDS**

The Service Provider will be required to submit the following Contract Performance Bond:

- a) Bank Guarantee of US\$ 500,000.00 (Five Hundred Thousand and 00/100 US Dollars) in force from the signing of the Contract until completion of the investment schedule submitted by the Awardee, which will ensure both investment performance and other obligations under the Contract.
- b) Upon completion of the investment phase, the amount of the Bank Guarantee shall be equal to twenty percent (20%) of the gross income (excluding IGV) obtained in the previous year and will be renewed annually for up to twelve (12) months after Contract Termination.

This Contract Performance Bond will back the fulfillment of all Contract obligations. It shall also guarantee the payment of penalties and other charges provided for in the Contract.



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## E. PUBLIC BID PRE-QUALIFICATION REQUIREMENTS

Interested Third Parties shall meet the following prequalification requirements in order to participate in the Public Bid to be convened:

### a) Legal

Be a company legally incorporated in its country of origin submitting the Legal Representative's powers of attorney. In case of consortia, each of its members must comply with these requirements.

### b) Operational

The following requirements must be submitted:

- b.1. Experience of at least two (02) years providing public telephony services in Peru or abroad.

This experience shall be proven directly by the Interested Third Party, a member of its consortium, a company economically linked to it or any of its members in the consortium. For purposes of the economic relationship, Regulations on indirect ownership, linkage and economic groups approved by Conasev Resolution No. 090-2005-EF/94.10, as amended by Conasev Resolution No. 005-2006-EF/94.10 must be taken into account.

- b.2. At least have one (01) experience in Peru or abroad, in the installation of radio signal blocking or inhibition systems for public mobile services or *Wi-Fi* wireless networks.

This experience may be proven through one of the following ways:

- i. Directly by the Interested Third Party, a member of its consortium, a company economically linked to it or any of its members in the consortium. For purposes of the economic relationship, Regulations on indirect ownership, linkage and economic groups approved by CONASEV Resolution No. 090-2005-EF/94.10, as amended by CONASEV Resolution No. 005-2006-EF/94.10 must be taken into account.
- ii. Indirectly, through a manufacturer of equipment that delivers to the Interested Third Party a letter of commitment or commits to be involved in the installation of the equipment and train personnel for proper maintenance and operation thereof. This applies provided the manufacturer in question has not been at the same time a Proposer or Bidder, either individually or as part of a consortium.

### c) Financial

Must prove to have a minimum Net Equity of US\$ 2'000,000.00 (Two Million and 00/100 US Dollars). This requirement may be complied with by adding the



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net equity of each of the companies belonging to a consortium or through a company related to the bidder.

## **F. PUBLIC BID COMPETITION FACTOR**

It will be the highest discount percentage to be applied to all Maximum Rates of the Project (described in Table No. 2 of this Declaration of Interest) for the first five (05) years of the Contract.

## **G. SAMPLE LETTER OF EXPRESSION OF INTEREST AND LETTER OF GUARANTEE TO BE SUBMITTED BY INTERESTED THIRD PARTIES**

Third Parties interested in the Private Initiative Project may express their interest within the deadlines mandated by Law, by complying with the following requirements:

- a) Submission of a Letter of Expression of Interest, as per sample shown in Annex No. 1 of this Declaration of Interest.
- b) Submission of a Bid Bond of Expression of Interest: Letter of guarantee payable to the Private Investment Promotion Agency (PROINVERSIÓN) in the amount of US\$ 100,000.00 (One Hundred Thousand and 00/100 US Dollars), as per sample shown in Annex No. 3 of this Declaration of Interest.

This guarantee shall be valid until the signing of the relevant Contract and must be issued by one of the financial institutions referred to in Annex 6 of this Declaration of Interest. It may also be issued by a financial institution included on the List of World Class Banks approved by the Banco Central de Reserva del Perú through Circular Letter No. 045-2012-BCRP dated December 28, 2012 (or its updates), in which case it must be confirmed by one of the local banks listed in Annex No. 6 of this Declaration of Interest.

Third Parties interested in an alternative Project within the Private Initiative Project may express their interest within the deadlines mandated by Law, by complying with the following requirements:

- a) Submission of a new private initiative proposal containing the alternative Project, as provided by Article 16° of Legislative Decree No. 1012. This new private initiative proposal must comply with the provisions of Article 15 of Supreme Decree No. 146-2008-EF, Regulation of Legislative Decree N° 1012.
- b) Submission of a Letter of Expression of Interest, as per sample shown in Annex No. 2 of this Declaration of Interest.
- c) Submission of a Bid Bond of Expression of Interest: Letter of guarantee payable to the Private Investment Promotion Agency (PROINVERSIÓN) in the amount of US\$ 100,000.00 (One Hundred Thousand and 00/100 US Dollars), as per sample shown in Annex No. 4 of this Declaration of Interest.

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This guarantee shall be valid until the signing of the relevant Contract and must be issued by one of the financial institutions referred to in Annex 6 of this Declaration of Interest. It may also be issued by a financial institution included on the List of World Class Banks approved by the Banco Central de Reserva del Perú through Circular Letter No. 045-2012-BCRP dated December 28, 2012 (or its updates), in which case it must be confirmed by one of the local banks listed in Annex No. 6 of this Declaration of Interest.

## **H. BIDDING PROCEDURE IN CASE OTHER STAKEHOLDERS PARTICIPATE**

The Public Bid will consist of three (03) stages, through the system of three (03) envelopes:

- Envelope No. 1: Documents to prequalify
- Envelope No. 2: Technical Proposal
- Envelope No. 3: Economic Proposal

In the first prequalification stage, during the period to be established in the Bidding Terms Schedule of the process to be called; prequalification requirements (technical, financial, legal or others) will be assessed, through the documentation required in Envelope No. 1 necessary to continue with the second selection stage.

Once the prequalification stage has concluded, on the day established in the Bidding Terms Schedule, pre-qualified bidders will be notified to submit Envelopes No. 2 and No. 3 and to be present for the Opening of Envelope No. 2, which shall contain the documentation required to prove the validity and accuracy of the information submitted, the acceptance of the Contract general conditions and the guarantees to ensure the validity and effectiveness of the financial and the technical proposal.

Documentation contained in the Envelope No. 2 will be evaluated during the period to be established in the Bidding Terms Schedule. Only qualified bidders whose technical proposals contained in Envelope No. 2 meet the minimum requirements and, therefore, have been declared technically suitable by the PROINVERSION Committee shall go on to the third selection stage.

On the third stage Envelopes No. 3 of the eligible bidders will be opened, which contain the economic offer, among other documents.

## **I. REIMBURSEMENT OF EXPENSES ACTUALLY PERFORMED BY THE BIDDER IN THE DEVELOPMENT OF THE PRIVATE INITIATIVE**

In accordance with the provisions of Article 17<sup>o</sup> of Legislative Decree No. 1012, the Proponent shall be reimbursed the sum of US\$ 48,784.88 (Forty-Eight Thousand Seven Hundred Eighty-Four and 88/100 US Dollars). Also, provisions of Article 20<sup>o</sup> of Supreme Decree No. 146-2008-EF provides that expenses incurred in the development of the Private Initiative will be borne by the Awardee.



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Upon submission of their expression of interest, Interested Third Parties acknowledge and agree to reimburse expenses incurred in by the Proponent, as required by PROINVERSIÓN.

## **ANNEXES TO THE DECLARATION OF INTEREST**

- ANNEX No. 1 - Sample Letter of Expression of Interest (On the same Project)
- ANNEX No. 2 - Sample Letter of Expression of Interest (On an alternative Project)
- ANNEX No. 3 - Sample of a Bid Bond of Expression of Interest (interested in the same Project)
- ANNEX No. 4 - Sample of a Bid Bond of Expression of Interest (interested in an alternative Project)
- ANNEX No. 5 - Sample of Letter of Guarantee (Proponent)
- ANNEX No. 6 - List of Banking Institutions and First Class Banks
- ANNEX No. 7 - Guidelines Applicable to Trusts



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**ANNEX No. 1**

**SAMPLE LETTER OF EXPRESSION OF INTEREST  
(On the same Project)**

Lima,

Messrs  
**Comité de PROINVERSIÓN en Proyectos de Infraestructura y Servicios Públicos Sociales, Minería, Saneamiento, Irrigación y Asuntos Agrarios PRO DESARROLLO**  
Av. Enrique Canaval Moreyra No. 150, Piso 9  
San Isidro.-

Ref. : Project contained in the Private Initiative called "Provision of Technological Security Services in Prison Institutions"

To whom it may concern:

By way of this letter, ..... (name of the company or consortium) represented by ..... (name of legal representative), identified with ..... (type of document and ID number), domiciled at ..... (Address, district, department, or their equivalent, and country), declare our strong interest in participating in the implementation of the reference Project.

Therefore, in accordance with the provisions of Legislative Decree No. 1012 and its Regulations, and as stated in the Declaration of the Interest of the mentioned Private Initiative, we attach Letter of Guarantee No. ...., issued by ..... (Bank) in the amount of US\$ .....

Yours faithfully,

.....  
Legal Representative's name and signature  
Name of Legal Entity  
Address  
Phone number  
E-mail



**ANNEX No. 2**

**SAMPLE LETTER OF EXPRESSION OF INTEREST  
(On an alternative Project)**

Messrs  
**Comité de PROINVERSIÓN en Proyectos de  
Infraestructura y Servicios Públicos Sociales,  
Minería, Saneamiento, Irrigación y Asuntos Agrarios  
PRO DESARROLLO**  
Av. Enrique Canaval Moreyra N° 150, Piso 9  
San Isidro.-

Ref. : Project contained in the Private Initiative called “Provision of Technological Security Services in Prison Institutions”

To whom it may concern:

By way of this letter, ..... (name of the company or consortium) represented by ..... (name of legal representative), identified with ..... (type of document and ID number), domiciled at ..... (Address, district, department, or their equivalent, and country), declare our strong interest in participating in the implementation of an alternative project to the reference Project called “.....”.

Therefore, in accordance with the provisions of Legislative Decree No. 1012 and its Regulations, and as stated in the Declaration of the Interest of the mentioned Private Initiative, we attach Letter of Guarantee No. ...., issued by ..... (Bank) in the amount of US\$ .....

We are also attaching the required documents for assessment of our alternative private initiative, as provided in Article 15° of Supreme Decree No. 146-2008-EF, Regulation of Legislative Decree N° 1012.

Yours faithfully,

.....  
Legal Representative's name and signature  
Name of Legal Entity  
Address  
Phone number  
E-mail



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**ANNEX No. 3**

**SAMPLE OF A BID BOND OF EXPRESSION OF INTEREST  
(Interested in the same Project)**

Lima,

Messrs

**Agencia de Promoción de la Inversión Privada – PROINVERSIÓN**

Ref. : Private Initiative Project called “Provision of Technological Security Services in Prison Institutions”

To whom it may concern:

We hereby and at the request of our clients, Messrs. ...., furnish this common, irrevocable and unconditional bond of immediate execution and without benefit of discussion, up to the sum of US\$ 100,000.00 (One Hundred Thousand and 00/100 US dollars) payable to the Private Investment Promotion Agency - PROINVERSIÓN, to guarantee the seriousness of the letter of expression of interest and the participation of our client in the selection process to be convened for the implementation of the Investment Project contained within the Private Initiative called "Provision of Technological Security Services in Prison Institutions", which has been declared of public interest.

This bond will be enforced in the event that our client does not comply with submitting a valid economic offer during the selection process called or if awarded the Project fails to comply with the requirements set forth by PROINVERSIÓN on the Closing Date or does not sign the respective Contract.

To honor this bond, a simple request by PROINVERSIÓN’s Executive Director or his representative will suffice, made through a notary office and sent to our offices located at .....

Any delay on our part to honor this bond shall accrue interest at the maximum rate of LIBOR plus a margin (spread) of 3%. The LIBOR rate will be that established by the daily Reuter received in Lima at 11:00 am and interest shall accrue from the date of the request to honor to the date of actual payment.

Our obligations under this Bond will not be affected by any dispute between you and our client.

The validity of this Bond will be ..... and will start on ..... until .....

**Note: The guarantee may be issued using the bank’s format, provided it includes all conditions previously indicated. PROINVERSIÓN will provide the list of banks authorized to issue the guarantee.**





**ANNEX No. 4**

**SAMPLE OF A BID BOND OF EXPRESSION OF INTEREST  
(Interested in an alternative Project)**

Lima,

Messrs

**Agencia de Promoción de la Inversión Privada – PROINVERSIÓN**

Ref. : Private Initiative Project called “Provision of Technological Security Services in Prison Institutions”

To whom it may concern:

We hereby and at the request of our clients, Messrs. ...., furnish this common, irrevocable and unconditional bond of immediate execution and without benefit of discussion, up to the sum of US\$ 100,000.00 (One Hundred Thousand and 00/100 US dollars) payable to the Private Investment Promotion Agency - PROINVERSIÓN, to guarantee our client’s seriousness regarding the letter of presentation of the alternative Project and the signing of the corresponding Contract, in case its private initiative is declared a priority, of interest, no other interested parties have submitted their interest and it is directly awarded to our client.

This bond will be enforced in the event that our client does not comply with submitting a valid economic offer during the selection process called or if awarded the Project fails to comply with the requirements set forth by PROINVERSIÓN on the Closing Date or does not sign the respective Contract.

To honor this bond, a simple request by PROINVERSIÓN’s Executive Director or his representative will suffice, made through a notary office and sent to our offices located at .....

Any delay on our part to honor this bond shall accrue interest at the maximum rate of LIBOR plus a margin (spread) of 3%. The LIBOR rate will be that established by the daily Reuter received in Lima at 11:00 am and interest shall accrue from the date of the request to honor to the date of actual payment.

Our obligations under this Bond will not be affected by any dispute between you and our client.

The validity of this Bond will be ..... and will start on ..... until .....

**Note : The guarantee may be issued using the bank’s format, provided it includes all conditions previously indicated. PROINVERSIÓN will provide the list of banks authorized to issue the guarantee.**



## ANNEX No. 5

### SAMPLE OF LETTER OF GUARANTEE (Proponent)

Lima,

Messrs

**Agencia de Promoción de la Inversión Privada – PROINVERSIÓN**

Ref. : Private Initiative Project called “Provision of Technological Security Services in Prison Institutions”

To whom it may concern:

We hereby and at the request of our clients, Messrs. ...., furnish this common, irrevocable and unconditional bond of immediate execution and without benefit of discussion, up to the sum of US\$ 100,000.00 (One Hundred Thousand and 00/100 US dollars) payable to the Private Investment Promotion Agency - PROINVERSIÓN, to guarantee the signing of the corresponding Contract by our client, in case other stakeholders have not submitted their interest to implement the Private Initiative "Provision of Technological Security Services in Prison Institutions" and it is directly awarded to our client.

This letter of guarantee will be enforced in the event that our client does not comply with the requirements set forth by PROINVERSIÓN on the date of signing the Contract or does not sign it on the date indicated by PROINVERSIÓN.

To honor this bond, a simple request by PROINVERSIÓN's Executive Director or his representative will suffice, made through a notary office and sent to our offices located at .....

Any delay on our part to honor this bond shall accrue interest at the maximum rate of LIBOR plus a margin (spread) of 3%. The LIBOR rate will be that established by the daily Reuter received in Lima at 11:00 am and interest shall accrue from the date of the request to honor to the date of actual payment.

Our obligations under this Letter of Guarantee will not be affected by any dispute between you and our client.

The validity of this Letter of Guarantee will be ..... and will start on ..... until .....

**Note : The guarantee may be issued using the bank's format, provided it includes all conditions previously indicated. PROINVERSIÓN will provide the list of banks authorized to issue the guarantee.**



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## ANNEX No. 6

### LIST OF BANKING INSTITUTIONS AND FIRST CLASS BANKS

Following are the Local Banks that can issue the required Letters of Guarantee:

1. BBVA BANCO CONTINENTAL
2. BANCO DE CRÉDITO DEL PERÚ – BCP
3. BANCO INTERAMERICANO DE FINANZAS – BANBIF
4. BANCO SANTANDER PERÚ
5. CITIBANK PERÚ
6. DEUTSHE BANK PERÚ
7. INTERBANK
8. HSBC BANK PERÚ
9. MI BANCO
10. SCOTIABANK PERÚ

The following entities will also be accepted:

- First-class foreign banks included in the list approved by the Banco Central de Reserva through Circular Letter No. 007-2013-BCRP dated February 4, 2013, or its updates.
- International financial institutions with investment grade, assessed by an institution internationally renowned authorized to issue international ratings.
- Multilateral lending institutions of which the State of the Republic of Peru is a member.



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## ANNEX No. 7

### GUIDELINES APPLICABLE TO TRUST

In order to manage the Reserve Fund and Contract Supervision resources, the Project's Awardee (hereinafter the Service Provider) shall set up, within the first six (06) months of the Contract, a Trust with the minimum guidelines specified in this Annex. Notwithstanding the foregoing, the Contract will include these guidelines and others to be defined based on the nature of the Project.

#### SECTION I: DEFINITIONS

The Management Trust Contract shall at least provide for the definitions below, including, but not limited.

- 1.1. Management Trust: The trust that the Service Provider must set up, acting as Trust Founder in order to ensure proper and timely compliance with the obligations under the Contract.
- 1.2. Trust Founder: It will be the Service Provider.
- 1.3. Beneficiary: it will be MINJUS or INPE, and the Service Provider.
- 1.4. Trustee: It is the financial institution to which the Trust Fund is transferred. The Trustee shall execute the instructions necessary for the fulfillment of the obligations and privileges under its constitution.
- 1.5. Trust Fund: These are the resources that the Service Provider shall transfer in trust to the Management Trust.

#### SECTION II: PURPOSE

- 2.1 In order to ensure proper and timely compliance with Contract obligations by the Service Provider, it will set up a Management Trust, which shall be governed by the provisions of this Annex, as well as the provisions of the respective Management Trust Contract.
- 2.2 The Service Provider shall bear the costs involved in setting up and maintaining the Management Trust during the period obligations under this Annex and those associated with the Contract remain in force.
- 2.3 The Management Trust Contract shall be concluded between the Contracting parties with a first class national or international bank, or any other entity qualified for such purposes by the Superintendence of Banking and Insurance and AFP (SBS) selected by the Service Provider. This bank or entity shall act as trustee, in accordance with existing laws.



The Service Provider should consider the following for the selection of the Trustee:

- a) The Trustee shall be chosen by a selection process, with rules to be established by the Service Provider. MINJUS or INPE may participate in the selection process as observers.
  - b) The Trustee must be registered and subject to regulation by the Superintendency of Banking and Insurance and AFP.
  - c) The Trustee must have at least eight (08) years of experience in the domestic market related to trusts.
  - d) The Trustee must have managed at least fifty (50) trusts within the same number of years specified in the preceding paragraph.
- 2.4 The Management Trust Contract will detail those instructions to be provided by the MINJUS or INPE, as Trustees, under the terms of the Contract.
- 2.5 No later than ninety (90) calendar days from the Contract Closing Date, the Service Provider shall submit to INPE or MINJUS a Management Trust draft Contract, including as a minimum the provisions stated in this Annex.
- Subsequently, INPE or MINJUS shall issue an opinion on the draft within a maximum period of ten (10) working days. If within that period MINJUS or INPE provide comments to the Management Trust draft Contract, the Service Provider shall address them in a period not exceeding seven (07) working days after being notified and submitting amendments to INPE or MINJUS. In this case, INPE or MINJUS shall have a period of fifteen (15) working days to issue a response.
- Upon expiry of the deadlines referred to in the preceding paragraph and if INPE or MINJUS have not issued a response, the Management Trust draft Contract shall be deemed accepted and approved, which the Contracting parties must subscribe and then legalize via notary public.
- 2.6 The Management Trust Contract shall comply with the requirements and standards under the Contract, with express reference to payment obligations to be unconditionally performed by the Trustee upon completion of provisions in the Contract by the Contracting parties, as well as obligations that are stipulated in this Annex.
- 2.7 The Trustee shall request the opening of the accounts listed in Section IV of this Annex within five (05) working days of signing the Management Trust Contract. The numbers of such accounts must be informed to MINJUS or INPE.

### **SECTION III: TERM OF THE TRUST**

- 3.1. The Trust shall be effective from the date of its subscription until the fulfillment of all the commitments made in this Annex.
- 3.2. The term of the Trust shall not exceed thirty (30) years under the General Law, unless expressly authorized by the SBS referred to in such law.



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- 3.3. Termination of the Contract will imply early termination of the Management Trust, unless otherwise agreed between the parties.

#### **SECTION IV: OPERATION OF THE MANAGEMENT TRUST**

The Management Trust will have at least three separate accounts, as follows:

- 4.1. Account for the Guarantee Fund against Damage caused by Vandalism

This is an account where the Service Provider will deposit monthly an amount equal to the Reserve Fund amount.

The Service Provider will make the Reserve Fund deposit to this account, which shall accrue a maximum annual amount of US\$ 483,000.00 (Four Hundred Eighty-Three Thousand and 00/100 US Dollars). Once this annual amount has accumulated, the surplus must be sent to the MINJUS or INPE Account.

This account can be used annually for the purpose of financing additional investments necessary to perform due to equipment damage resulting from acts of vandalism in Prison Institutions under this Contract.

MINJUS or INPE will authorize the Trustee the delivery of these funds to the Service Provider.

The maximum annual amount of this fund means that it can be used annually only to the extent of such amount for their specific purposes. Once the year ends, the existence of resources in the Fund must be verified. If it is at its maximum, the Fund remains with the same resources for the following year. If not at its maximum, it must be accumulated to the annual maximum amount with the Service Provider's contributions.

- 4.2. MINJUS or INPE Account:

This is an account to which the Trustee will transfer those resources, paid by the Service Provider for the Reserve Fund, that exceed the annual maximum amount of the Guarantee Fund against Damage caused by Vandalism.

From the sixth year of the Servicing Contract, the resources of this account, if any, may be transferred at the request of MINJUS or INPE to the Guarantee Fund Account against Damage caused by Vandalism.

Upon the completion of the Servicing Contract term, the resources of this account, if any, may be released by order of MINJUS or INPE for the acquisition of property and equipment including installation costs, as may be needed to optimize technological security in Prison Institutions.

- 4.3. Supervision Account:

This is an account to which the Service Provider will deposit monthly a minimum amount equivalent to one percent (1%) of the annual gross income from the operation of the Project (excluding IGV).



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MINJUS or INPE will timely instruct the Trustee to make payments to the Contract Supervisor as stipulated in the relevant Contract.

## SECTION V: INSTRUCTIONS FOR THE TRUSTEE

- 5.1 The MINJUS or INPE shall instruct the Trustee, through the Management Trust Contract or another mechanism, to perform short-term financial management of the resources in the MINJUS or INPE Account, either investing those resources in Certificates of Deposit of the Banco Central de Reserva del Peru or other financial instruments or short-term deposits with the same credit quality.
- 5.2 Interests or other gains that the accounts opened under the Management Trust Contract generate, shall be deposited in the MINJUS or INPE Account.
- 5.3 The Trustee shall inform the Contract Supervisor of any situation related to the transfers to be made by the Service Provider. One of the Supervisor's functions will be to audit annually the amounts contributed by the Service Provider.
- 5.4 To apply the Guarantee Fund against Damage caused by Vandalism, the Service Provider shall certify vandalism affecting the property or equipment of the Project by means of a report endorsed by the Contract Supervisor.

Resources used will be delivered only when proven to have installed the property or equipment replacing those vandalized by means of a report endorsed by the Contract Supervisor.

The deadlines to make movements in the account until actual disbursements, shall conform to the deadlines set out in the Contract, in order to maintain radio signal blocking or inhibition systems inoperative the shortest time possible.

- 5.5 Upon completion of the Contract term, if any balance remains in the Guarantee Fund against Damage caused by Vandalism, MINJUS or INPE may authorize the Trustee to purchase goods and equipment needed to optimize the technological security in Prison Institutions related to the Contract and financed from the MINJUS or INPE Account, provided technical parameters have been established in order to obtain at least three bids from domestic and international markets, and provided it has been approved by MINJUS.
- 5.6 Within the first six (06) months of the Contract, MINJUS or INPE shall deliver to the Trustee a copy of the Service Contract with the Supervisor.

Payments to the Supervisor from the Supervision Account may be instructed by the MINUS or INPE, with the understanding that if there are no orders prohibiting payments, the Trustee may proceed to make them automatically according to the schedule established in the said service Contract.

- 5.7 In the event of Contract Termination, the resources of the Guarantee Fund Account against Damage caused by Vandalism will be deposited in the MINJUS or INPE Account. Also, procedures will be carried out according to provisions in the Contract to ensure the fulfillment of the obligations that are pending.