

MINIMUM REQUIREMENTS FOR THE SUBMISSION OF CO-FINANCED PRIVATE INITIATIVES (Legislative Decree No. 1362 and Regulations)

The Minimum Requirements for the Submission of Co-Financed Private Initiatives (CPI) are regulated by the Regulations of Legislative Decree No. 1362 (approved by Supreme Decree No. 241-2018-EF) and the “*Guidelines for submission and admission for processing of co-financed private initiatives*” (approved by CD PROINVERSIÓN Agreement No. 15-2-2017-DE).

The minimum requirements the CPI’s shall contain in accordance with 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 listed below:

1. The CPI’s submitted shall have contractual deadlines equal to or greater than ten (10) years and a Total Investment Cost¹, or a Total Project Cost, in case they do not have an investment component of more than fifteen thousand (15,000) UIT (Peruvian Tax Unit).
2. Name or business name of the CPI applicant, indicating the particulars prescribed by law, attaching the corresponding powers of attorney of the legal representative.
3. Audited financial statements of the last two (02) years proving the financial capacity of the CPI’s bidder.
4. Certificates or records issued by third parties other than the legal person accredited, providing a basis for the technical capacity and experience of the bidder in the development of projects of similar importance.
5. Affidavit of expenses effectively incurred during the preparation of the CPI submitted.
6. Proposal of main contract clauses.
7. The economic-financial model of the project proposed²:
 - a) Construction of the project’s Cash Flow:
 - Estimation of investment costs and expenses differentiating the contractor’s general expenses and earnings, as well as the margin of variability associated with the level of development of the engineering design and other expenses associated with the investment.
 - Estimation of operation and maintenance costs and expenses.
 - Estimation of the income of the project and projections.
 - Estimation of co-financing, in case it is required.
 - Financial assumptions and financing structure.
 - b) Construction of financial statements, including the Income Statement and Statement of Financial Position projected by the term of the project.
 - c) Construction of the State’s Cash Flow projected including the flow of Firm Commitments and Contingent Commitments, costs by interferences,

¹ For the estimation of 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 With regard to the provisions of Article 35 of the Regulations of Legislative Decree No. 1362.

- acquisitions, expropriations, relocations or resettlement, incomes to be perceived, among others³.
- d) Sensitivity analysis.
8. Project description:
- a) General project description, including at least:
- Project name.
 - Competent entity.
 - Background.
 - Area of influence.
 - Objectives of the project.
 - Project classification.
- b) Importance and consistency of the project with national, regional or local priorities, as the case may be, determined in the national and sectoral plans, regional and local concerted development plans. For the case of co-financed PPP the objectives of closure of priority gaps set out in the Multi-Annual Investment Programming of the industry, Regional Government or Local Government are considered.
- c) Diagnosis about the current provision of the infrastructure or public service identifying the characteristics of the existing supply and demand in terms of coverage and quality.
9. Technical project evaluation:
- a) Evaluation of alternatives.
- b) Preliminary analysis for determining the Service Levels expected.
10. Analysis of the resources gap that supports the project classification:
- a) Annual income projection.
- b) Operation and maintenance investments and costs estimated during the project's life cycle.
- c) Proposed investment recovery mechanism through tariffs, tolls, prices charged directly to users or indirectly through companies, cofinancing or a combination of both and evaluation of the legal feasibility of charging such costs.
- d) In the case of co-financed projects, an annual cofinancing projection shall be included.
11. Preliminary risk analysis of the project:
- a) Preliminary risk identification.
- b) Preliminary allocation.
- c) Mitigation mechanisms.
12. Project implementation plan:
- a) Identification of future problems that could delay the project, if applicable.
13. Social benefits of the project.

³ According to paragraph 35.2 of Article 35 of the Regulations of Legislative Decree No. 1362, the submission of the information referring to the interference and acquisition and relocation or settlement costs is excluded, when they are not assumed by the concessionary.