

SPECIAL PUBLIC BIDDING:

- 1,750 – 1,780 MHZ
AND 2,150 – 2,180 MHZ BANDS (AWS-3
BAND)
- 2,300 – 2,330 MHZ BAND
(2.3 GHZ BAND)



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Ministerio
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de Transportes
y Comunicaciones



**BICENTENARIO
PERÚ 2021**



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1 MARKET CONTEXT

2 GENERAL DESCRIPTION
OF THE BIDDING

3 KEY ASPECTS OF THE
BIDDING TERMS AND THE
CONTRACT

4 SCHEDULE



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1 MARKET CONTEXT

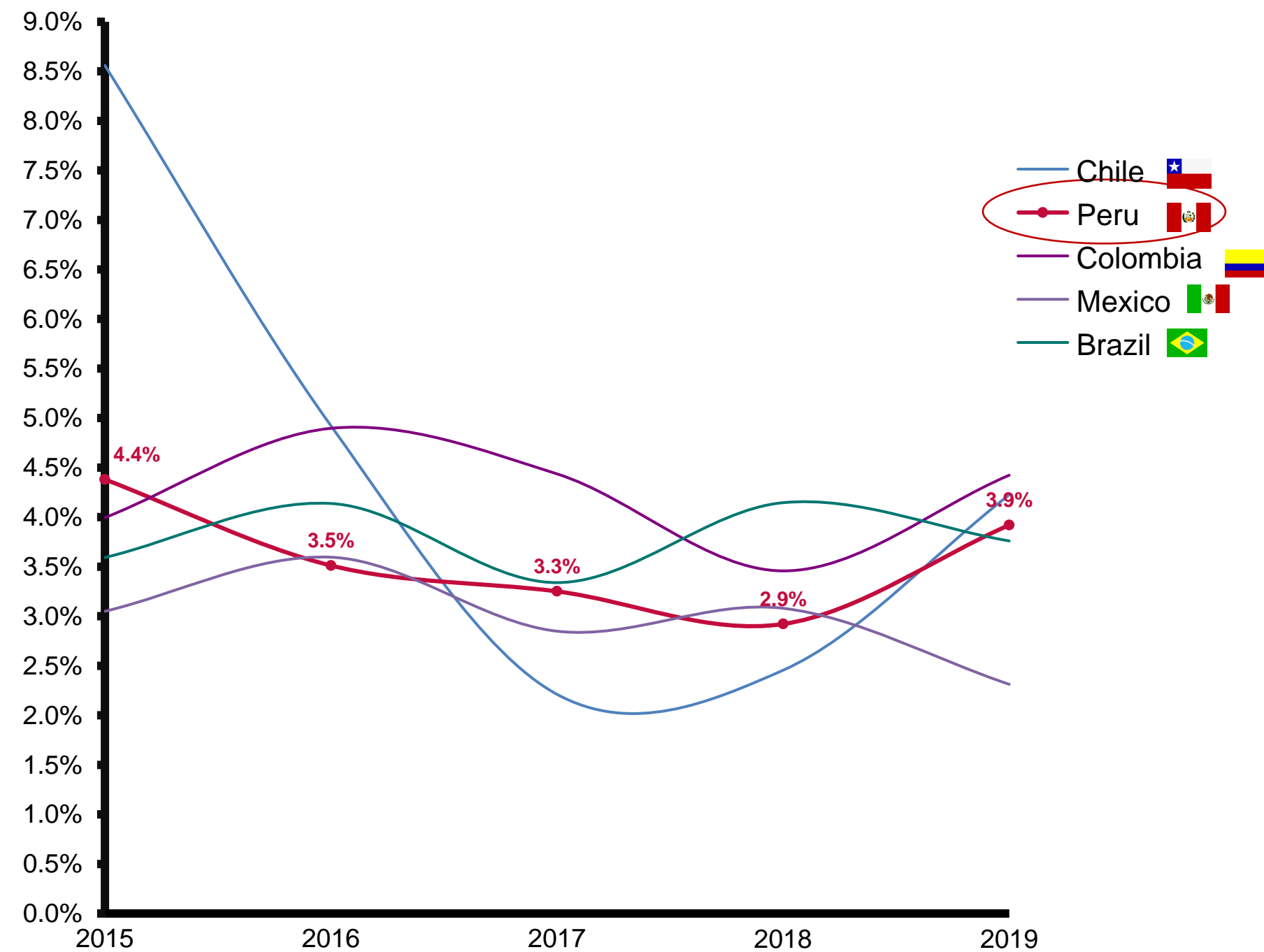
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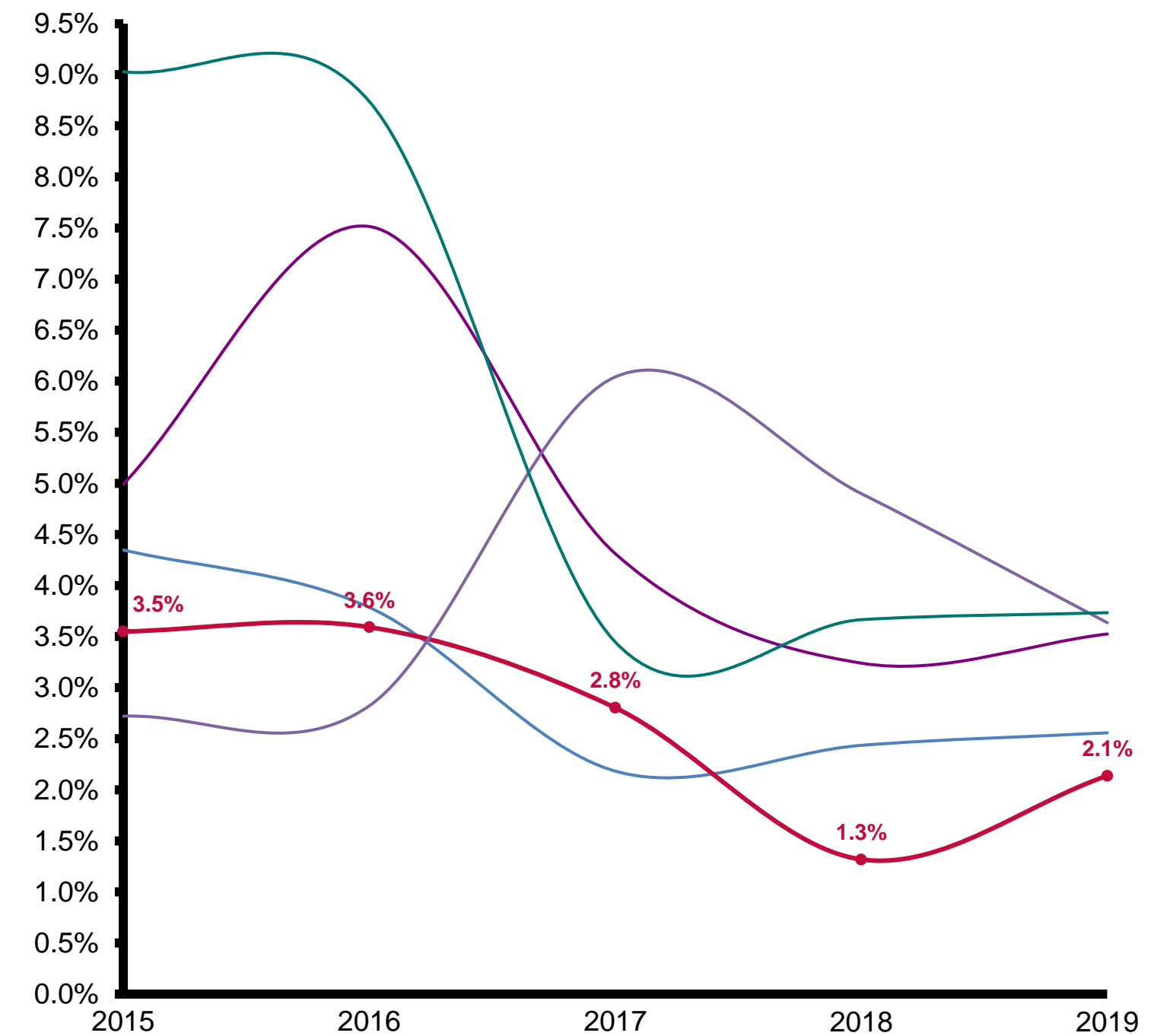
THE PERUVIAN ECONOMY HAS SHOWN ONE OF THE BEST PERFORMANCES IN THE LAST DECADE...

DIRECT FOREIGN INVESTMENT (% of the GDP)



Source: The World Bank

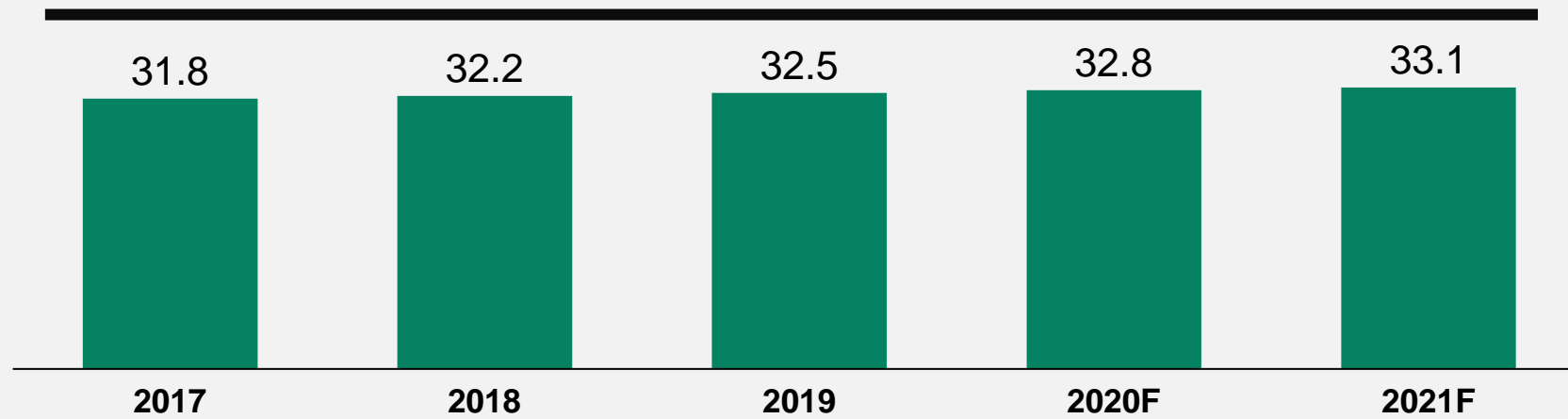
INFLATION, CONSUMER PRICE (annual %)



...SHOWING STABILITY IN ALL ITS MACROECONOMIC INDICATORS

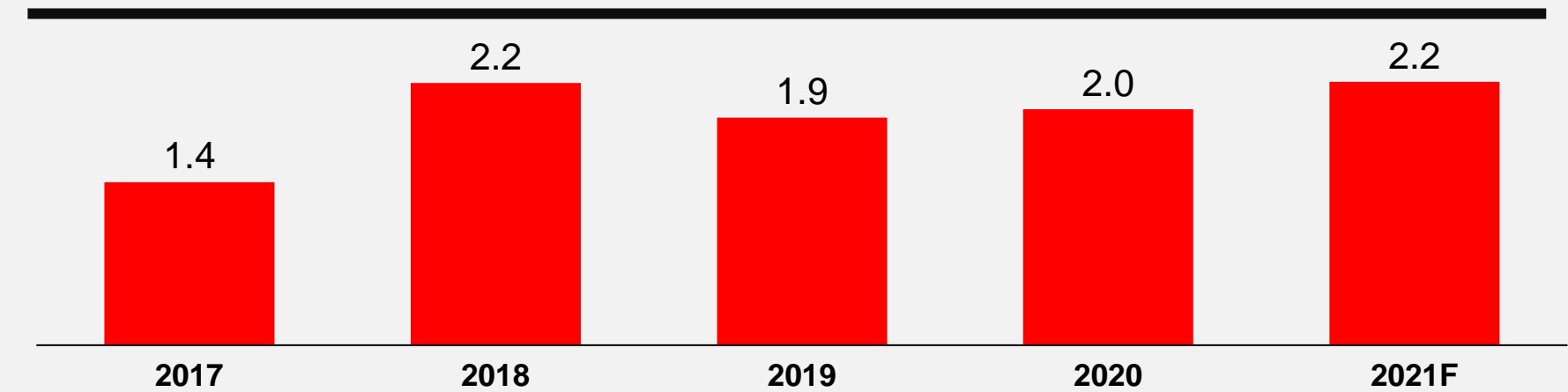
Population

Millions



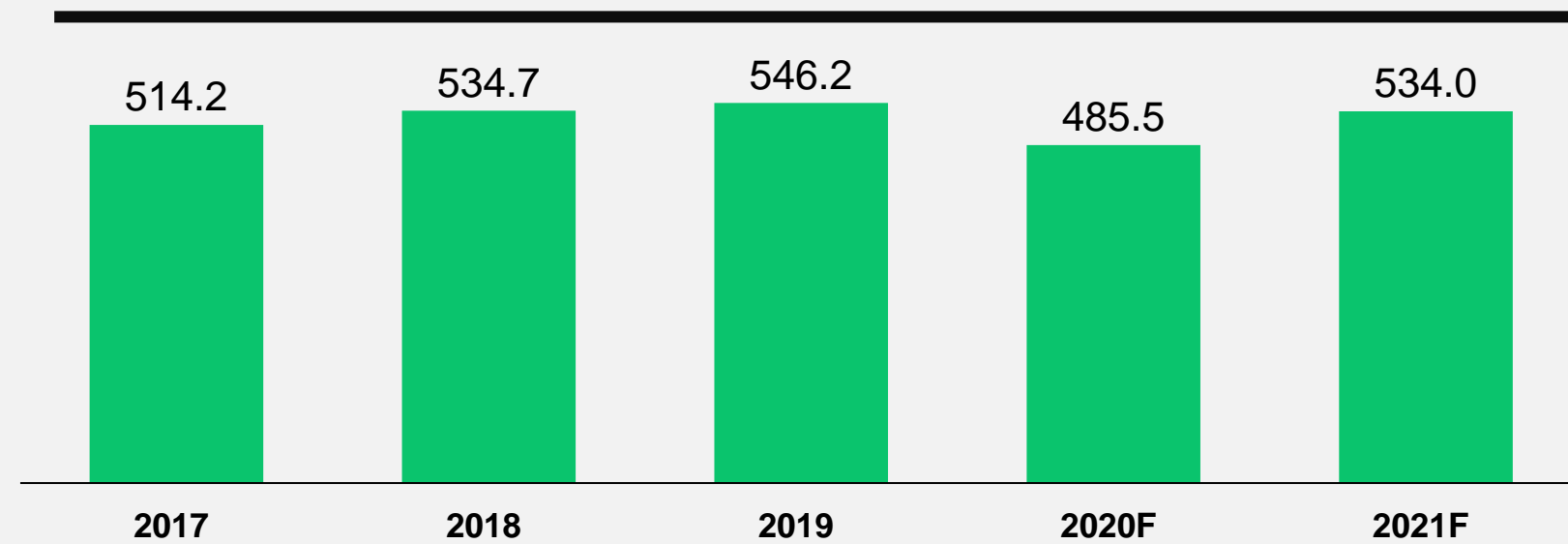
Inflation

annual %



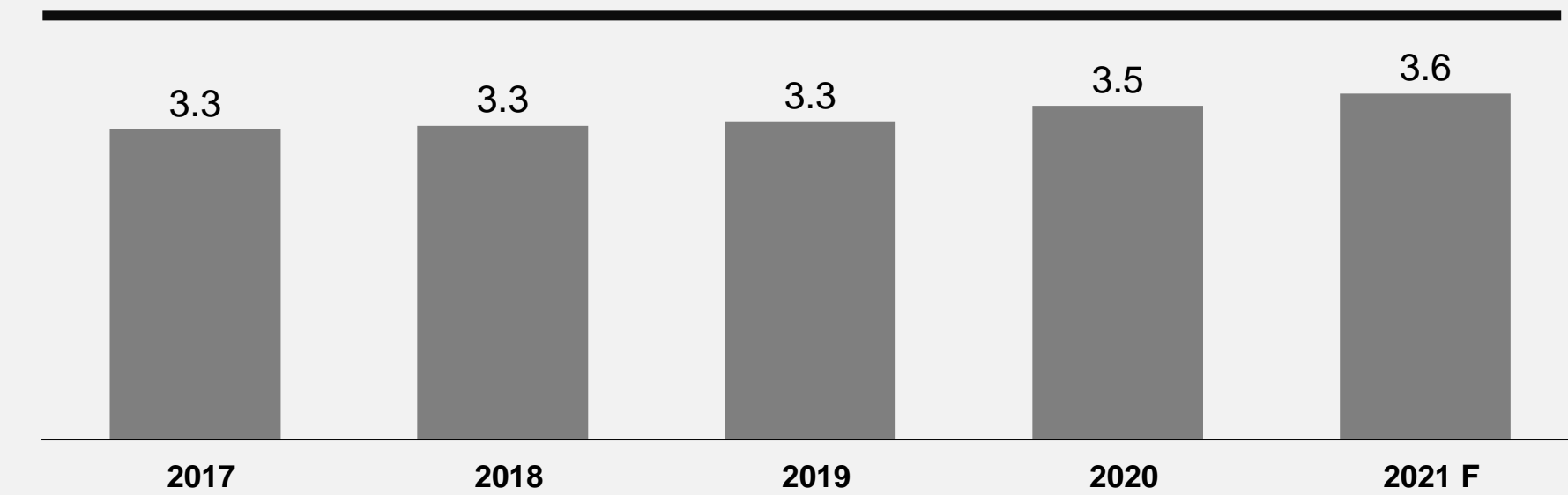
Gross Domestic Product

Billions, Soles at constant value in 2007



Exchange Rate

Soles per 1 USD

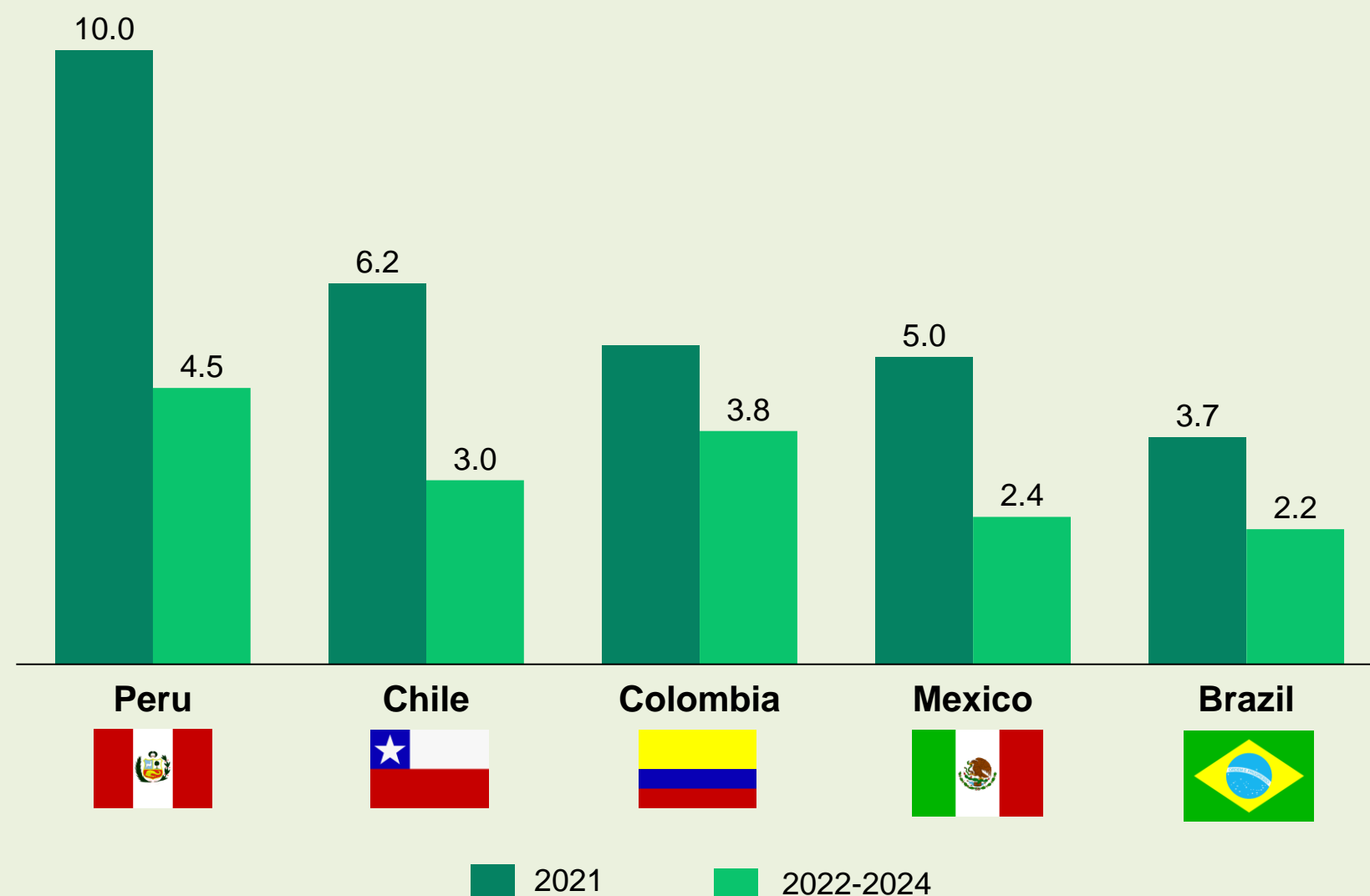


Source: IMF, Global Data, MEF, Central Reserve Bank of Peru

THE ATTRACTIVE CONDITIONS FOR THE TELECOMMUNICATIONS SECTOR ARE EXPECTED TO REMAIN THE SAME IN PERU AFTER THE EXPECTED POST COVID-19 RECOVERY

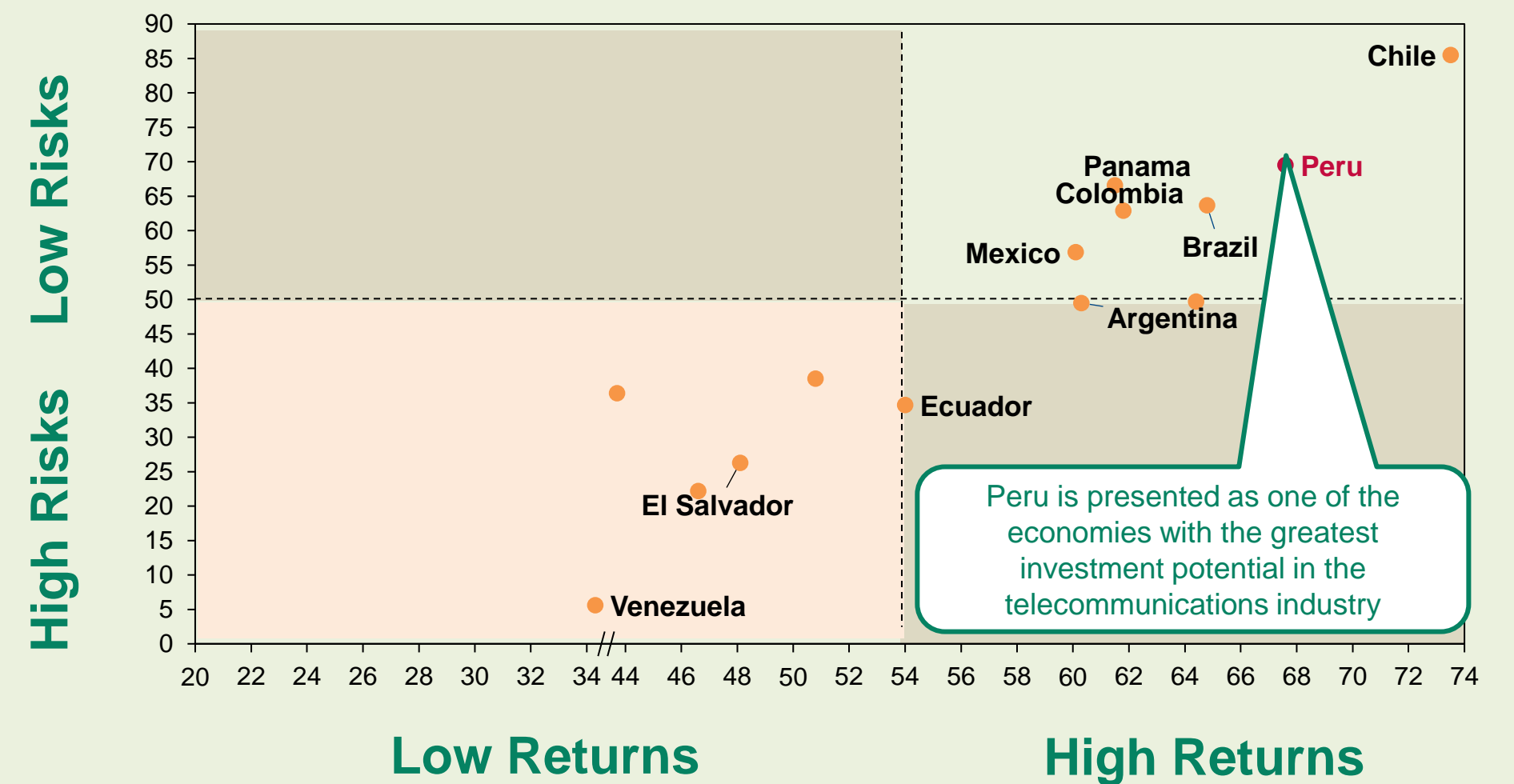
Expected growth in Latin America

Actual annual % change in GDP of selected economies



Fitch Telecom Risk – Reward Index

0 to 100

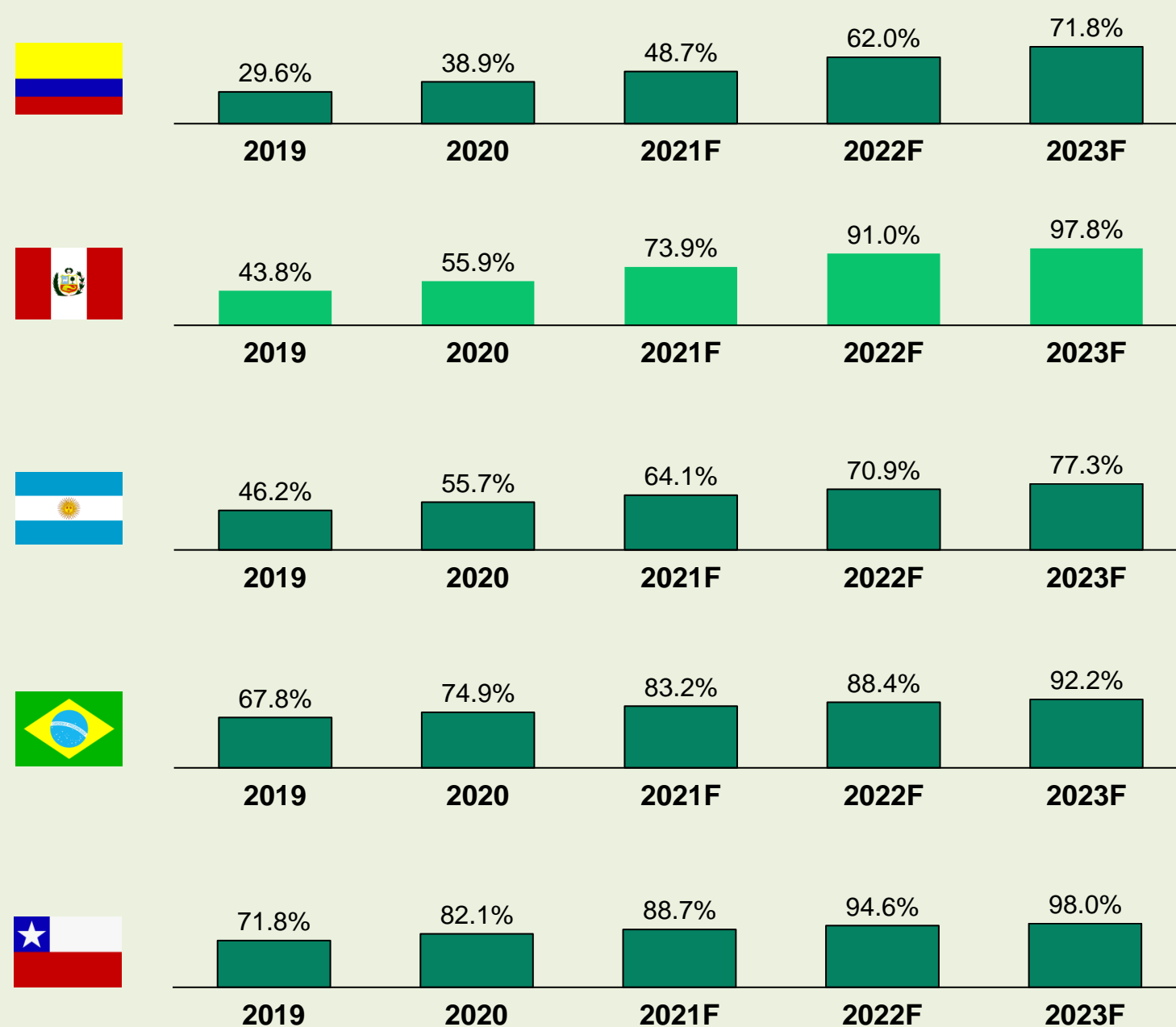


Source: MEF, IMF Weo Database, Fitch Ratins Q2 2021

THE RECENT AND EXPECTED STRONG INCREASE IN DATA TRAFFIC WILL REQUIRE THE DEPLOYMENT OF INFRASTRUCTURE ABLE TO SUPPORT IT

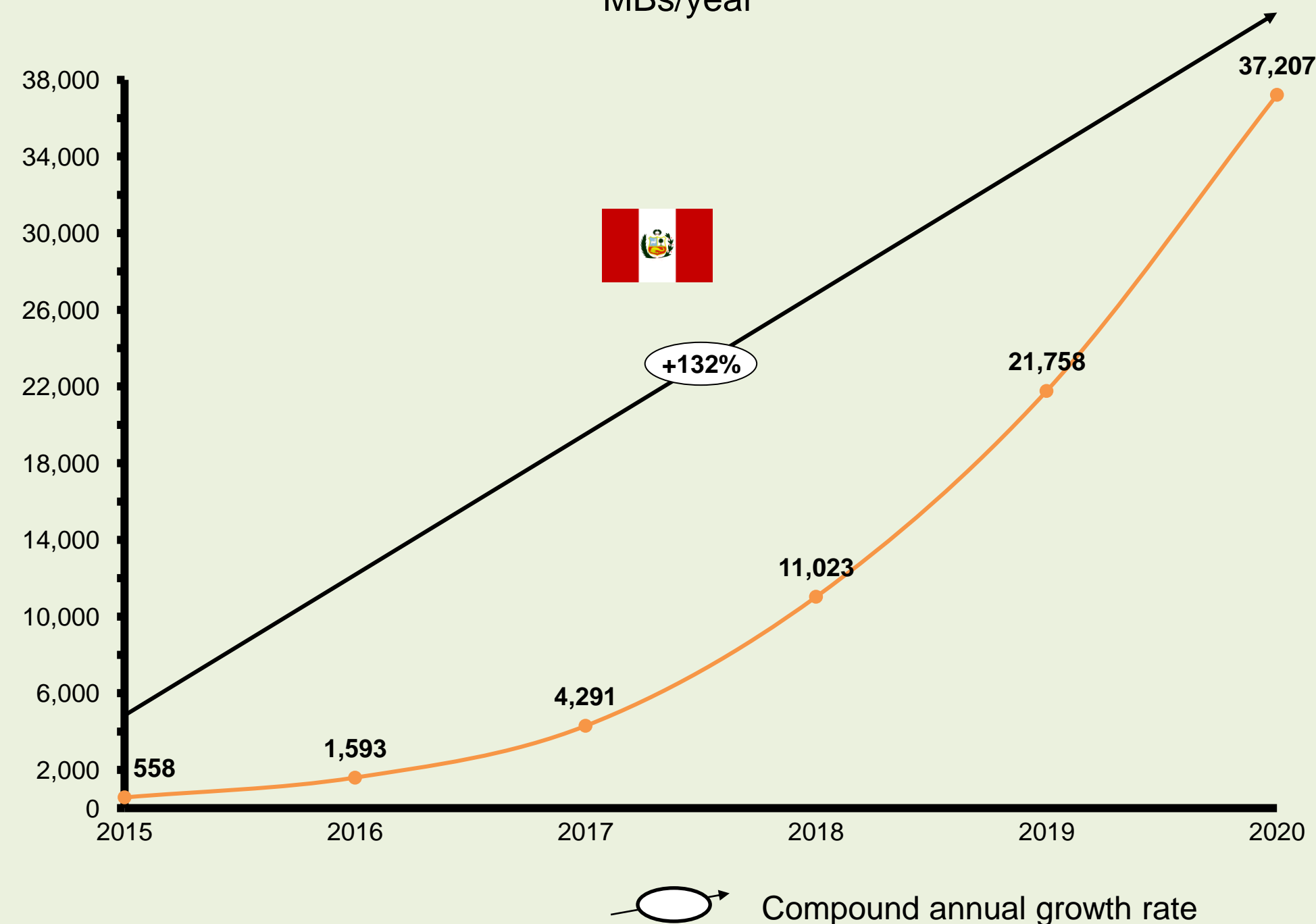
Evolution of 4G Subscriptions

% of total mobile subscriptions



Consumption by subscription

MBs/year



Source: Arthur D. Little, Fitch, EMIS



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IN THE SPECIAL PUBLIC BIDDING, A BLOCK OF 30 + 30 MHZ IN THE AWS-3 BAND AND A BLOCK OF 30 MHZ IN THE 2.3 GHZ BAND WILL BE AWARDED

DISTRIBUTION OF INVESTMENT COMMITMENTS

-  Specific regions to be covered
-  General regions to be covered at the discretion of the Bidders



AWS-3

[30+30 MHz]

2.3 GHz

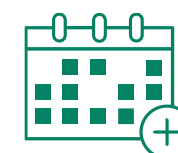
[30 MHz]



Concession Term



20 years



Awarding of the Successful Bid



September 29, 2021



Awarding of Bands in exchange for Investment Commitments



Promotion Form



Projects in Assets

The process is characterized for including the execution of Investment Commitments by the Bidders as the main factor of evaluation and award.

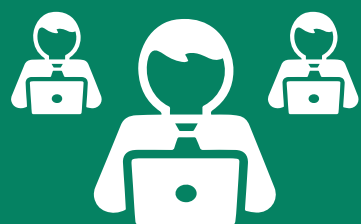
EXECUTING THESE PROJECTS WILL ALLOW TO INCREASE THE CAPACITY OF THE SUCCESSFUL BIDDERS IN URBAN AREAS AND PROMOTE INVESTMENT IN THE RURAL AREAS OF PERU



The AWS-3 and 2.3 GHz bands will allow to **boost the capacity in urban and sub-urban areas** of the country, improving the quality of 4G mobile services of the successful operators, and supporting the strong growth expected in data traffic.



The execution of the Mandatory Investment Commitments of the Project will promote **investment in infrastructure in remote areas** where there is no mobile coverage, reducing telecommunications gap and expanding the footprint of mobile operators in rural areas of the country.



The execution of these Project Investment Commitments **will guarantee that at least 300,000 new people will benefit from 4G mobile services (telephone and Internet)**, with a minimum speed of 6 Mbps download and 1 Mbps upload.



Through the availability of 4G mobile internet, **beneficiary communities will be able to expand their access to information**, improve the quality of their communications and be provided vital distance education and telehealth services.

AS CONSIDERATION FOR THE CONCESSIONS, THE SUCCESSFUL BIDDERS MUST COMPLY WITH A SERIES OF MANDATORY INVESTMENT COMMITMENTS



Mandatory Investment Commitments

AWS-3

Implementation of a 4G Mobile Access Network

- Design, implementation, operation and maintenance of a 4G mobile access network, using 4G LTE-A technology or higher: **1,053 communities**

Connectivity for the VRAEM and the Peruvian jungle

- Design, implementation, operation and maintenance of a 4G mobile access network, using 4G LTE-A technology or higher: **118 communities**

2.3 GHz

Implementation of a 4G Mobile Access Network

- Design, implementation, operation and maintenance of a 4G mobile access network, using 4G LTE-A technology or higher: **390 communities**



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AWS-3 BAND

WWW.INVESTINPERU.PE

MANDATORY INVESTMENT COMMITMENTS

AWS-3 RADIOELECTRIC SPECTRUM BAND

IMPLEMENTATION OF A 4G MOBILE ACCESS NETWORK

- ✓ **Access Network:** 4G Base Stations (voice and data)
- ✓ **Minimum speed:** 6 Mbps download, 1 Mbps upload
- ✓ The Bidder will submit Envelope No. 2 with a minimum of **1,053** mandatory communities:



Regions	Fixed beneficiary locations
Cajamarca	343
Piura	145
Tumbes	22
Total	510

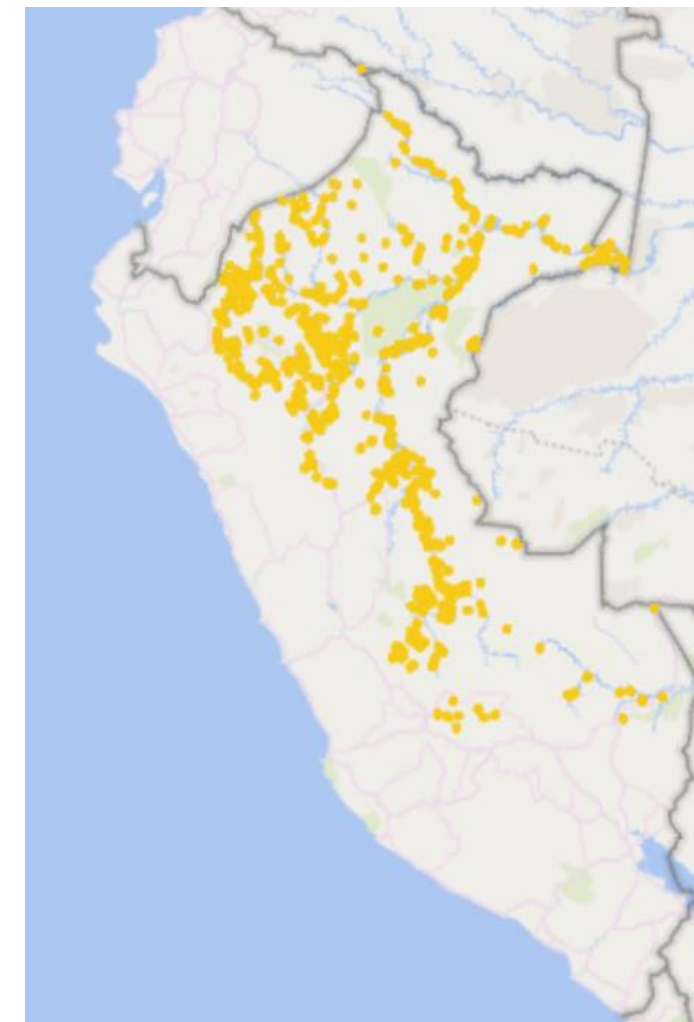
+ 543 Communities

Beneficiaries of free choice (to be selected from a pre-established list – General List)

- **General List (2,044 communities)**
- **Specific List (Fixed Communities)**

CONNECTIVITY FOR THE VRAEM AND PERUVIAN JUNGLE

- ✓ Implement communication service through 4G technology
- ✓ **Minimum speed:** 6 Mbps download, 1 Mbps upload
- ✓ The Bidder will submit Envelope No. 2 with a minimum of **118** mandatory communities:



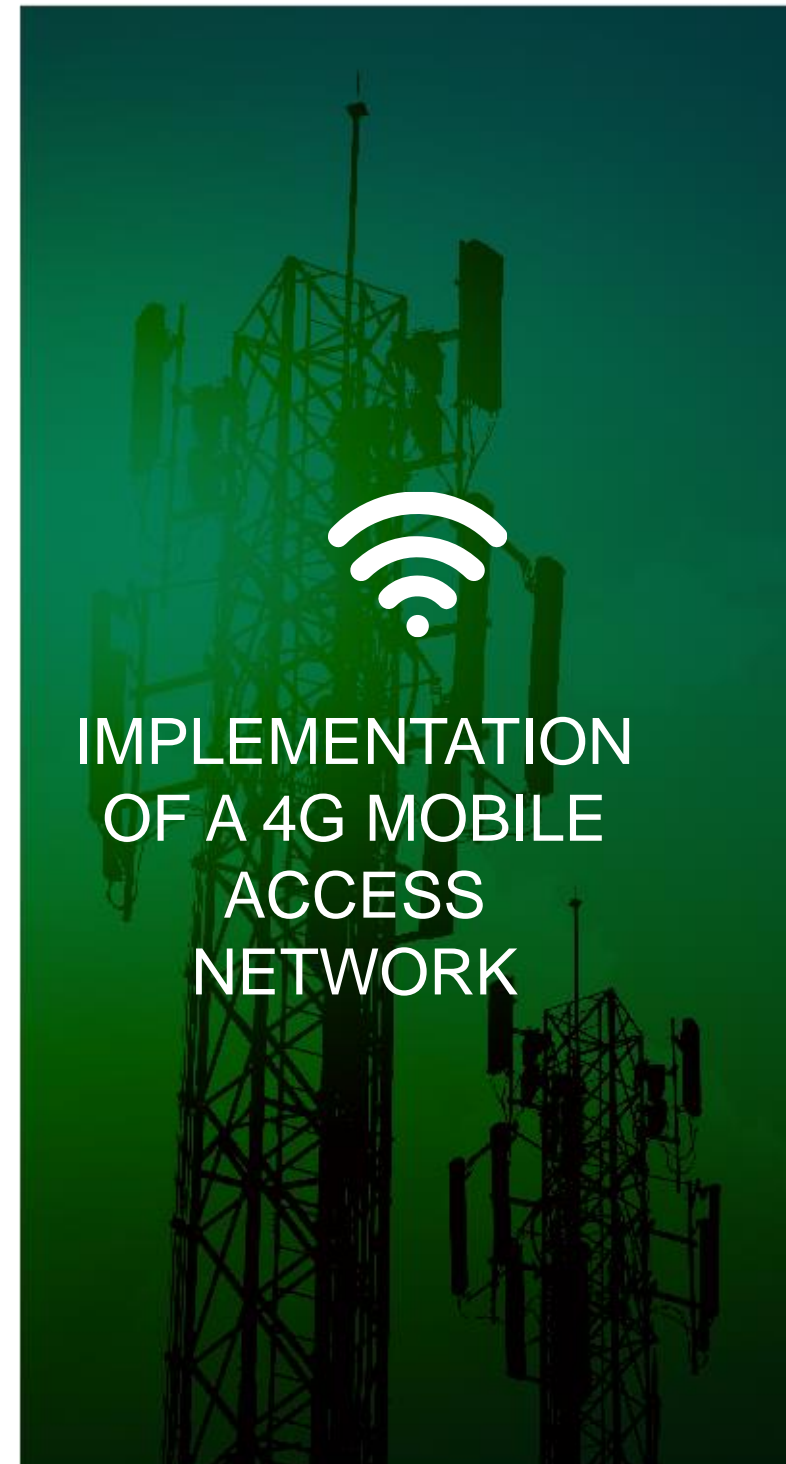
118 Communities

Beneficiaries of free choice (to be selected from a pre-established list)

- 37 of these communities must be located in the regions of Loreto (26), Madre de Dios (4) and Ucayali (7)

- **VRAEM and Peruvian jungle list (of 693 communities)**

AWS-3 BAND



- **Implementation term:** 2 years (at least 60% of the communities during year 1).
- **Beneficiary communities** must not have mobile phone service (2G, 3G or 4G).
- **Minimum speed Download (Downlink):** 6 Mbps and Upload (Uplink): 1 Mbps.
- **Quality:** Compliance with Minimum Speed (CVM) $> = 70\%$ (until a regulation is issued to supervise the quality of mobile internet access services for rural populated centers).
- **Service Availability:** Mobile telephone $\geq 96\%$ and Mobile internet access $\geq 96\%$.
- **Training obligations** for DGPPC-MTC personnel.

AWS-3 BAND



- **Implementation term:** 2 years (at least 60% of the communities during year 1).
- **Beneficiary communities** must not have mobile phone service (2G, 3G or 4G).
- **Minimum speed Download (Downlink):** 6 Mbps and Upload (Uplink): 1 Mbps.
- **Quality:** Compliance with Minimum Speed (CVM) $\geq 70\%$ (until a regulation is issued to supervise the quality of mobile internet access services for rural populated centers).
- **Service Availability:** Mobile telephone $\geq 96\%$ and Mobile internet access $\geq 96\%$.
- **Training obligations** for DGPPC-MTC personnel.
- **Technical considerations applicable to the use of disruptive technologies:** (i) GEO HTS and N-GEO satellite solutions, (ii) High Altitude Platforms (HAPS) and (iii) Low Altitude Platforms (LAPS) of the Tethered Balloon type.



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2.3 GHz BAND

WWW.INVESTINPERU.PE

MANDATORY INVESTMENT COMMITMENTS

2.3 GHZ RADIOELECTRIC SPECTRUM BAND

IMPLEMENTATION OF A 4G MOBILE ACCESS NETWORK



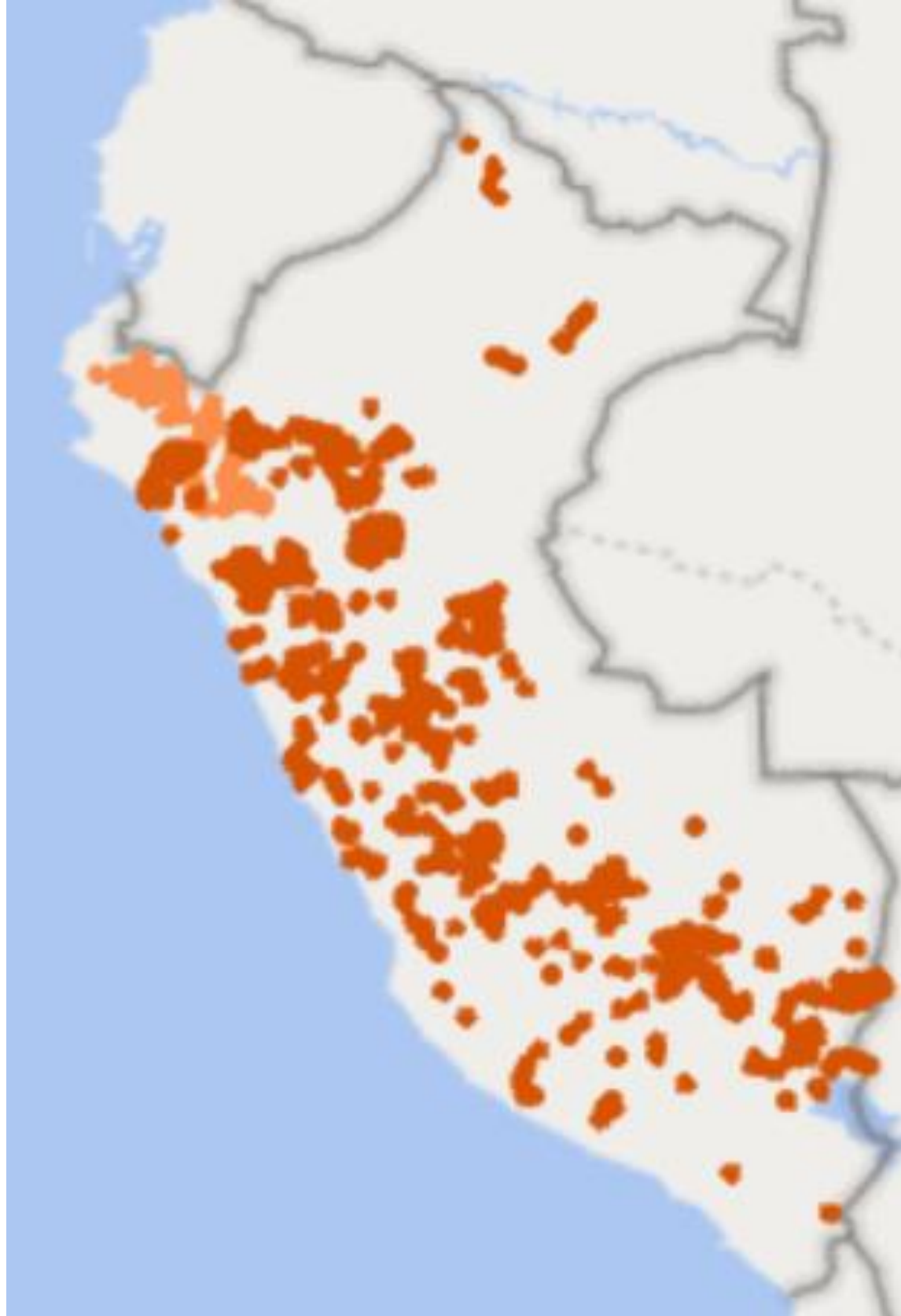
ACCESS NETWORK:
4G BASE STATIONS
(VOICE AND DATA)



MINIMUM SPEED: 6
MBPS DOWNLOAD, 1
MBPS UPLOAD



THE BIDDER WILL SUBMIT
ENVELOPE No. 2 WITH A
MINIMUM OF 390 MANDATORY
COMMUNITIES:



Regions	Fixed beneficiary communities
Cajamarca	56
Piura	100
Total	156

234
Communities
+ Beneficiaries of free choice
(to be selected from a pre-
established list – General
List)

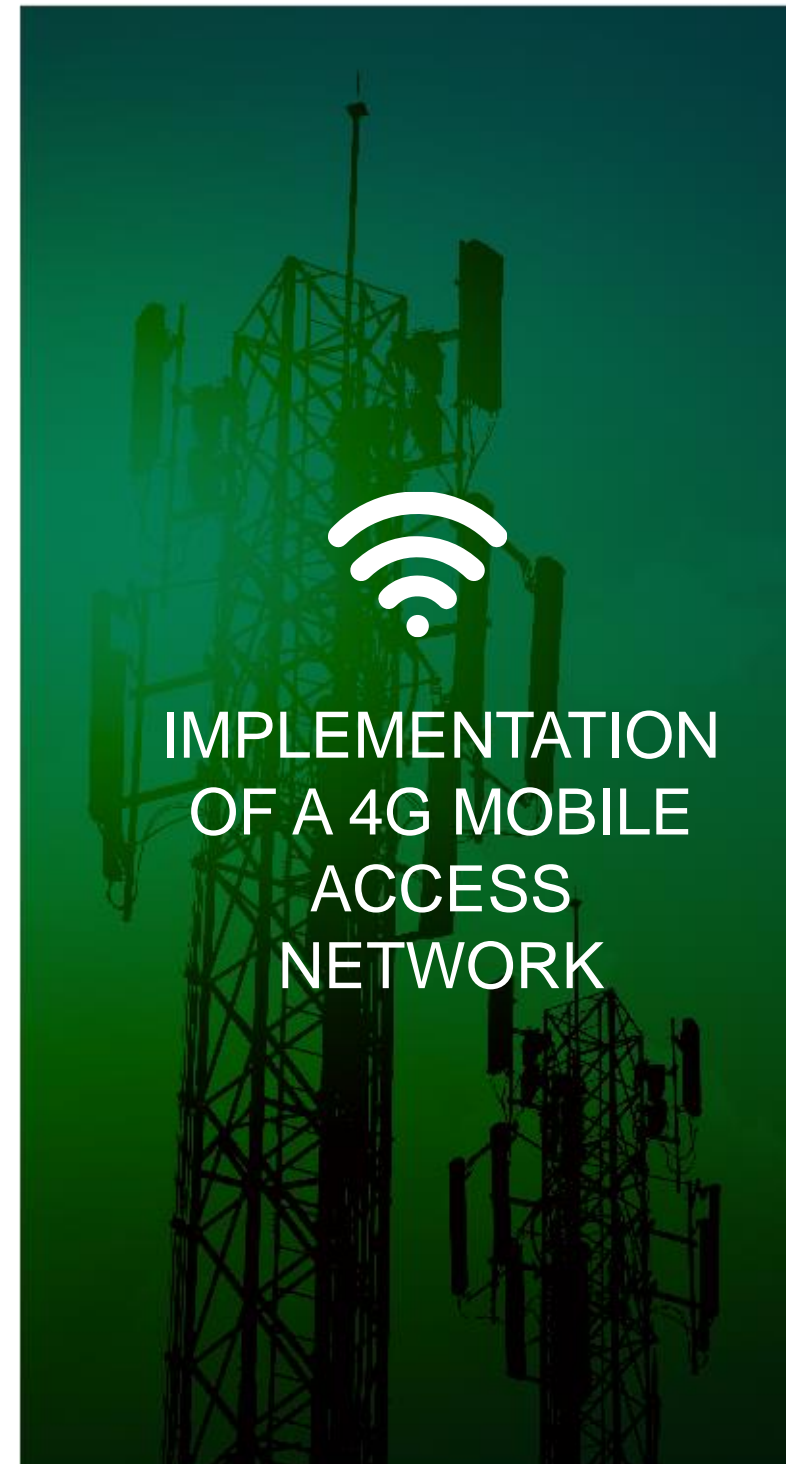


Specific List (Fixed Communities)



General List (of 881 communities)

2.3 GHZ BAND



- **Implementation term:** 2 years (at least 60% of the communities during year 1).
- **Beneficiary communities** must not have mobile phone services (2G, 3G or 4G).
- **Minimum speed download (Downlink):** 6 Mbps and upload (Uplink): 1 Mbps.
- **Quality:** Compliance with Minimum Speed (CVM) $\geq 70\%$ (until a regulation is issued to supervise the quality of mobile internet access services for rural populated centers).
- **Service Availability:** Mobile telephone $\geq 96\%$ and mobile internet access $\geq 96\%$.
- **Training obligations** for the DGPPC-MTC personnel.



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KEY ASPECTS OF THE BIDDING TERMS

Component	AWS-3	2.3 GHz
 <div data-bbox="346 545 926 877"> <p>LEGAL PREQUALIFICATION REQUIREMENTS</p> </div>	<ul style="list-style-type: none"> ▪ Be a legal entity or a consortium. ▪ Acquire the Right of Participation. ▪ Grant a Legal Representative ▪ Submit the Affidavit forms 	
 <div data-bbox="346 958 926 1290"> <p>TECHNICAL PREQUALIFICATION REQUIREMENTS</p> </div>	<ul style="list-style-type: none"> ▪ At least 5 years of experience as an operator of Public Telecommunications Services in Peru and/or abroad with LTE technology (or any of its versions).⁰ ▪ Title or concession for the provision of Public Telecommunications Services in Peru or abroad. ▪ 3 million mobile users or subscribers of Public Telecommunications Mobile Services (pre-paid and post-paid) by December 2020 in Peru or abroad. 	
 <div data-bbox="346 1352 926 1684"> <p>FINANCIAL PREQUALIFICATION REQUIREMENTS</p> </div>	<ul style="list-style-type: none"> ▪ US\$ 175 millions in Fixed Assets ▪ US\$ 110 millions in Net Equity 	<ul style="list-style-type: none"> ▪ US\$ 55 millions in Fixed Assets ▪ US\$ millions in Net Equity

KEY ASPECTS OF THE BIDDING TERMS

Component	AWS-3	2.3 GHz	
	<p>BID VALIDITY, EFFECTIVENESS AND RELIABILITY BOND</p>	<ul style="list-style-type: none"> US\$ 11 millions 	<ul style="list-style-type: none"> US\$ 3.5 millions
	<p>PERFORMANCE BOND</p>	<ul style="list-style-type: none"> US\$ 44 millions Progressive reduction in exchange of the fulfillment of Mandatory Investment Commitments 	<ul style="list-style-type: none"> US\$ 14 millions Progressive reduction in exchange of the fulfillment of Mandatory Investment Commitments
	<p>BID PROTEST BOND</p>	<ul style="list-style-type: none"> US\$ 2,200,000 	<ul style="list-style-type: none"> US\$ 680,000
	<p>MINIMUM CAPITAL STOCK OF THE CONCESSIONAIRE</p>	<ul style="list-style-type: none"> US\$ 44 millions 	<ul style="list-style-type: none"> US\$ 14 millions

SUBMISSION OF ENVELOPES



Envelope 01 Pre-Qualification

Requirements:

- Requires prior payment of the Right of Participation (US\$ 2,000).
- Demonstrate compliance with technical, financial and legal requirements.

Result: The interested party is declared **Prequalified Bidder** to submit Envelopes 2 and 3.

ONLY ONE ENVELOPE No.1 IS
SUBMITTED FOR BOTH
PROJECTS



Envelope 02 Technical Bid

Requirements:

- Affidavits:
 - (i) of validity of the information contained in Envelope 1 up to the Closure Date,
 - (ii) of compliance with the Technical Specifications for the Mandatory Investment Commitments,
 - (iii) awareness of the Bidding Terms and Circular Letters and acceptance of VFC.
- Bid Validity, Effectiveness and Reliability Bond
- Proposed communities to comply with the Mandatory Investment Commitments
(**AWS-3 Band:** Forms No. 1 and No. 3 of Annex No. 8;
2.3 GHz Band: Forms No. 2 and No. 4 of Annex No. 8).

Result: The Prequalified Bidder is declared **Prequalified Bidder** to open Envelope 3.



Envelope 03 Technical Bid

Requirements:

- Proposed additional communities
(**AWS-3 Band:** Form No. 1 of Annex No. 9;
2.3 GHz Band: Forms No. 2 of Annex No. 9).
- Verification of correct submission of Envelope 03 and assessment of the Competitive Factor.

ONE ENVELOPE No. 2 AND ONE ENVELOPE No. 3 ARE SUBMITTED FOR EACH PROJECT

ASSESSMENT OF ENVELOPES 2 AND 3 AND COMPETITIVE FACTOR

SUBMISSION AND OPENING OF ENVELOPES



- Bidders will submit their technical bids in two Envelopes :
 - In Envelope 2, bidders will bid **to meet the minimum number of mandatory communities, minimum score and at least 60% of communities to be implemented in the first year**
 - In Envelope 3, bidders will submit the additional communities to be covered as **Competitive Factor**.

COMPETITIVE FACTOR (ENVELOPE No. 3)



- Highest score: based on choice of additional communities and deployment schedule.

ASSESSMENT FORMULA (ENVELOPE No. 2) AND (ENVELOPE No. 3)



$$\left[\sum_{t=1}^2 \sum_{i=1}^4 A_{it} P_i \cdot \frac{1}{(1 + X\%)^{t-1}} \right]$$

Where:

- **t** = Term of execution of the Technical Bid (in years): t = 1, 2
- **A_{it}** = Number of communities in each category:
i = 1, 2, 3, 4; bid in each year: t = 1, 2
- **P_i** = Score of the communities of the category i of the Technical Bid
- **X** = Discount rate, X = 8.2%

INVESTMENT COMMITMENTS – FINAL RESULTS



AWS-3

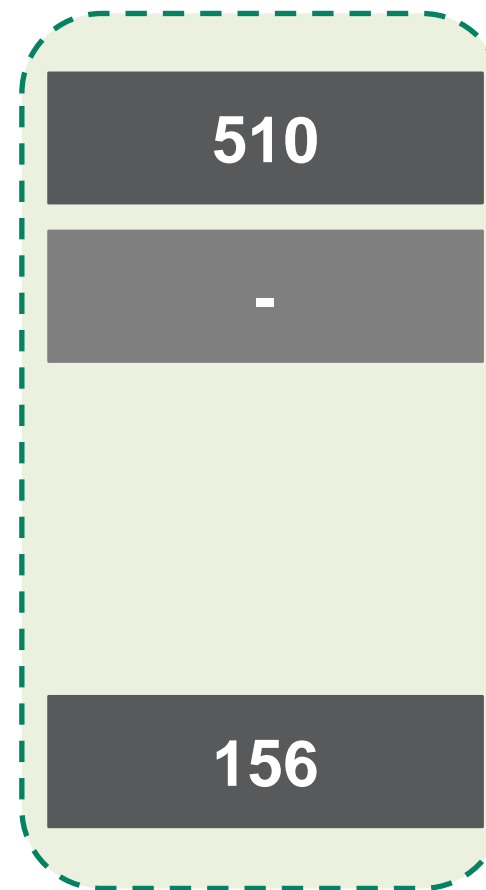
Implementation of a 4G Mobile Access Network


Connectivity for the Apurimac, Ene and Mantaro River Valleys (VRAEM) and the Peruvian jungle.

2.3 GHz

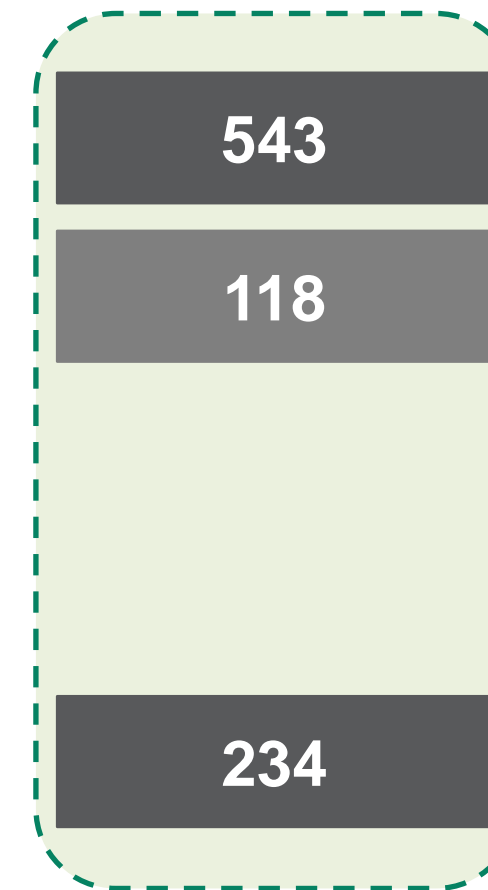
Implementation of a 4G Mobile Access Network



NUMBER OF
FIXED
MANDATORY
COMMUNITIES



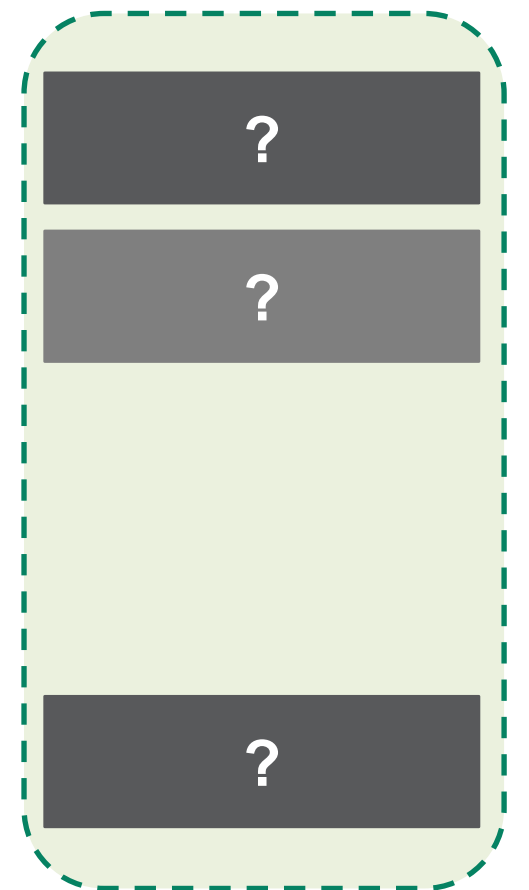
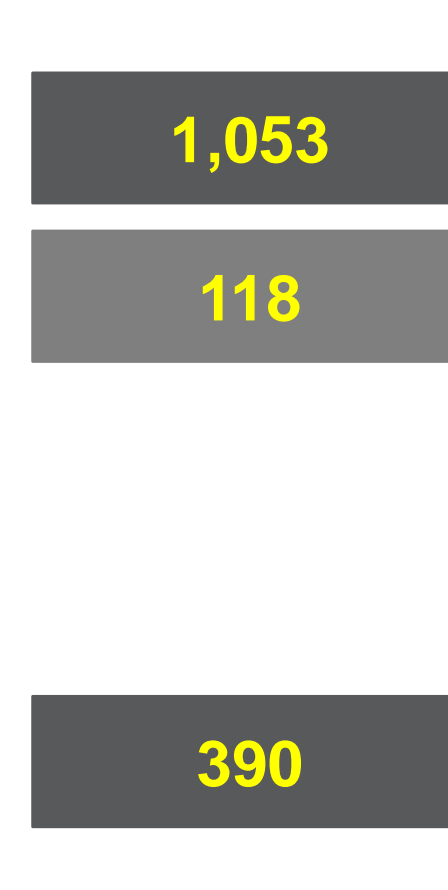
 **ENVELOPE 2**
Forms 1 and 2 of
Annex 8



MINIMUM NUMBER OF
MANDATORY
COMMUNITIES OF
FREE CHOICE



 **ENVELOPE 2**
Forms 3 and 4 of
Annex 8


MINIMUM NUMBER OF
MANDATORY
COMMUNITIES



 **ENVELOPE 3**
Forms 1 and 2 of
Annex 9

TIE-BREAKING FACTOR

TIE-BREAKING FACTOR

- In case 2 or more Bidders have a cumulative score (**Envelope 2 + Envelope 3**) with a **difference of less than 23 points for AWS-3 Band** and **7 for 2.3GHz Band**, a technical tie will be declared:
 - For tie-breaking purposes, the highest technical bid (**Envelope 2 + Envelope 3 + Tie-Breaking Envelope**) will be the Successful Bidder.

A

$$\left[\sum_{t=1}^2 \sum_{i=1}^4 A_{it} P_i \cdot \frac{1}{(1 + X\%)^{t-1}} \right]$$

COMMUNITIES
ENVELOPE 2

+

B

$$\left[\sum_{t=1}^2 \sum_{i=1}^4 A_{it} P_i \cdot \frac{1}{(1 + X\%)^{t-1}} \right]$$

COMMUNITIES
ENVELOPE 3

+

C

$$\left[\sum_{t=1}^2 \sum_{i=1}^4 A_{it} P_i \cdot \frac{1}{(1 + X\%)^{t-1}} \right]$$

COMMUNITIES
TIE BREAKER

IN CASE OF
A
TECHNICAL
TIE



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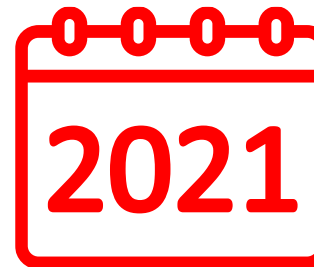
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BIDDING SCHEDULE



2021

CALL TO BID

May 14

CLOSURE OF
INQUIRIES TO THE
BIDDING TERMS
AND SUGGESTIONS
TO THE CONTRACT

Up to July 2

ANSWER TO
INQUIRIES

Up to August
3

DEADLINE FOR
THE
SUBMISSION
OF ENVELOPE
N°1

Up to August
13

PUBLICATION OF
THE FINAL
VERSION OF
THE CONTRACT

Up to August
24

SUBMISSION OF
ENVELOPES No. 2
AND 3, OPENING OF
ENVELOPES No. 2

September 22

OPENING OF
ENVELOPES No. 3
AND AWARDING OF
THE SUCCESSFUL
BID

September 29



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