

**ORGANISMO SUPERVISOR DE INVERSIÓN
PRIVADA EN TELECOMUNICACIONES – OSIPTEL
(ORGANIZATION FOR THE SUPERVISION OF PRIVATE
INVESTMENT IN TELECOMMUNICATIONS. – OSIPTEL)**



BIDDING TERMS AND CONDITIONS

**INTERNATIONAL CONTRACT
N° 00001-2006/OСИPTEL
(First Invitation to Tender)**

**DEVELOPMENT OF OLIGOPOLY AND STRATEGIC
INTERACTION MODELS IN THE MOBILE
TELECOMMUNICATIONS MARKET: DESIGN,
SIMULATION AND CALIBRATION OF MARKET
MODELS FOR ANALYZING THE IMPACT OF
REGULATORY INSTRUMENTS ON COMPETITION,
PENETRATION AND SOCIAL WELFARE**

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2006

**BIDDING TERMS AND CONDITIONS OF THE INTERNATIONAL CONTRACT
N° 00001-2006/OSIPTEL**

ENTITY : Organismo Supervisor de Inversión Privada en Telecomunicaciones - OSIPTEL
ADDRESS : Calle de la Prosa N° 136, San Borja – Lima
TAX ID NBR (R.U.C): 20216072155

1. PURPOSE: HIRING OF AN INTERNATIONAL CONSULTING FIRM FOR THE DEVELOPMENT OF OLIGOPOLY AND STRATEGIC INTERACTION MODELS IN THE MOBILE TELECOMMUNICATIONS MARKET.

2. BASIC DESCRIPTION OF THE PURPOSE OF THE PROCESS

The purpose of this consultancy is to understand how regulatory instruments may encourage competition in the mobile telecommunications market to the benefit of consumers and the society, within a dynamic context. To this end, the consultancy must develop an analytical framework and a theoretical dynamic oligopoly model applied to the mobile telecommunications market which enables to determine how the paths of regulatory instruments may encourage competition, increase penetration and maximize social welfare. This model shall take into account the interdependence of the various telecommunications markets. In addition, the consultancy must develop a simulated model tailored to the current situation of the telecommunications markets in Peru to analyze the impact of the different regulatory instruments of the mobile telephone market on competition, penetration and social welfare.

3. SOURCE OF FINANCING

Own resources.

4. SUBMISSION OF PROPOSAL IN SPANISH OR ENGLISH

All documents containing essential information and that are written in English shall be translated by an official or certified public translator to be hired by OSIPTEL, in order to ensure that the documents under evaluation are understood.

5. REFERENCE VALUE

ECONOMIC PROPOSAL MAY NOT BE LOWER THAN 70%:	NET REFERENCE VALUE
US\$ 150,150.00 (One hundred fifty thousand one hundred fifty and 00/100 US Dollars)	US\$ 214,500.00 (Two hundred fourteen thousand five hundred and 00/100 US Dollars)

Note that the reference value established for the consultancy is net of taxes imposed in the Republic of Peru. If the economic proposal submitted by the Bidder is lower than 70% of the reference value of this process, it will be deemed not submitted.

6. SCHEDULE OF THE PROCESS

- 6.1 Date of Notice: July 19, 2006, by fax, e-mail or personal delivery.
- 6.2 Submission of Inquiries on the Bidding Terms and Conditions: From July 20 to 25, 2006, at 11:59p.m. (GMT-05:00); they may be submitted to fax number (51-1) 475-1816, e-mail address (ci00001@osiptel.gob.pe) or by personal delivery..
- 6.3 Answers to the Inquiries on the Bidding Terms and Conditions: From July 25 to 26, by fax, e-mail or personal delivery.
- 6.4 Submission of Proposals: From August 1 to 3, 2006, at 11:59 p.m. (GMT-05:00); they may be submitted to the fax number (51-1) 475-1816, e-mail address (ci00001@osiptel.gob.pe) or by personal delivery.
- 6.5 Evaluation of Proposals: From August 7 to 8, 2006.

Compliance with the consultancy requirements shall be evaluated in the presence of a notary public, an official translator or a certified public translator and internal control personnel.

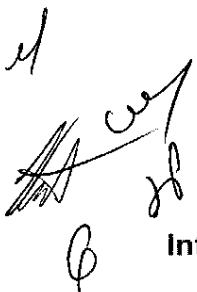
- 6.5.1 Awarding of Contract: August 8, 2006. The successful bidder may be notified by fax, e-mail or personal delivery.

7. CONTENTS OF THE PROPOSAL

7.1 ENVELOPE 1: TECHNICAL PROPOSAL

A. Mandatory Documentation:

- The description of the **Technical Proposal** for the Consultancy "Development of Oligopoly and Strategic Interaction Models in the Mobile Telecommunications Market", submitted by the Bidder according to the Terms of Reference of **Exhibit A**.
- **Bidder's Information**, in accordance with **Exhibit B**.
- **Integrity Pact**, pursuant to Regulation 700-06, approved by Resolution 123-2000-CG issued by the General Comptroller's Office of the Republic of Peru, as per **Exhibit C**.

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- **Affidavit** of the academic degree as PhD in Economics held by the Bidder or, if the Bidder is a group of consultants or a consulting firm, held by the Leading Consultant, in the form and substance of **Exhibit D** hereto.
- **Affidavit regarding the contract relationships between the Bidder (or Leading Consultant) and telecommunications companies**, stating that it has had no contract relationship with any telecommunications company domiciled in Peru over the last two (2) years prior to the beginning of the Consultancy concerning issues related to regulatory processes in mobile telephone markets, and that it promises not to establish any contract and/or professional relationship with any telecommunications company domiciled in Peru concerning the issues inherent to this Consultancy for a period of up to one (1) year following completion thereof. This affidavit shall be submitted in the form and substance of **Exhibit E**.

If any of the mandatory documents is not submitted, then the bidder's proposal will be considered as not submitted.

B. Documents under evaluation:

- **General Experience:** A detail of market researches and consultancies evidencing the development of applied models of strategic competition and industrial organization, preferably in regulated sectors and within dynamic contexts. This information shall be submitted in the form and substance of **Exhibit F** hereto.
- **Academic Experience:** A detail of publications or working papers evidencing experience in the design of theoretical models of strategic competition, dynamic oligopolies and applied models of calibration, preferably in regulated sectors, as well as a detail of publications and working papers evidencing experience in the analysis of regulatory instruments in telecommunications markets. This information must be submitted in the form and substance of **Exhibit G** hereto.

For purposes of the publications, there shall be considered the articles published in the following academic journals: *Journal of Political Economy, American Economic Review, Quarterly Journal of Economics, Econometrica, Journal of Public Economics, Economic Letters, Rand Journal of Economics, Journal of Economic Perspectives, Journal of Regulatory Economics, Journal of Industrial Economics, Review of Industrial Organization, International Journal of Industrial Organization, Information Economics and Policy, Telecommunications Policy, Journal of Economic Theory, Journal of Econometrics,*

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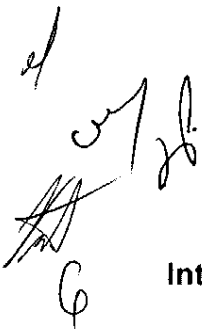
Econometric Theory, Review of Economic Studies, Journal of Business and Economic Statistics, Journal of Monetary Economics, Games and Economic Behavior, Review of Economics and Statistics, European Economic Review, International Economic Review, Economic Theory, Economic Journal, Journal of Economic Literature, Journal of Applied Econometrics, Journal of Economic Dynamics and Control, Scandinavian Journal of Economics, Journal of Financial Economics, Oxford Bulletin of Economics and Statistics, Journal of International Economics, Journal of Mathematical Economics, Journal of Economic Behavior and Organization, Social Choice and Welfare, International Journal of Game Theory, Economic Inquiry, World Bank Economic Review, Journal of Risk and Uncertainty, Journal of Development Economics.

- **Exhibit H – Time Availability Commitment:** Commitment by the Bidder (or the Leading Consultant of the participating team) of availability for approximately two (2) days to carry out a seminar on the design of dynamic oligopoly models with applications in the telecommunications industry and on their use to measure the effects of regulatory instruments through simulations and calibrations; and for approximately three (3) days to present the final report and instruct the officers from the Regulatory Policy Department in the use of the calibrated model.

7.2 ENVELOPE 2: ECONOMIC PROPOSAL

The economic proposal shall be submitted in the form and substance of **Exhibit I** hereto. This proposal must be **NET** of the taxes imposed in the Republic of Peru. In no case shall OSIPTEL assume payment of taxes other than those established by the Republic of Peru. The amount of the consultancy includes the travel tickets and expenses required to carry it out.

For tax purposes, the Bidder is required to state whether it submits the economic proposal as an Individual or Legal Entity. It should be noted that the technical and economic proposals must be consistent with the type of legal person. In other words, if the Bidder submits the technical proposal as an individual, then it must also submit the economic proposal as an individual. Similarly, if the Bidder submits the technical proposal as a legal entity, then it must also submit the economic proposal as a legal entity.



8. EVALUATION FACTORS

8.1 TECHNICAL EVALUATION FACTORS (100 Points)

A. Factors referring to the Bidder: (80 Points)

• General Experience (30 Points)

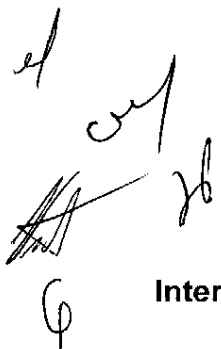
It is evidenced with uncertified copies of contracts or other documents demonstrating the experience of the Bidder in the relevant activity. General experience means the experience acquired in the development of theoretical models of strategic competition, studies with quantitative applications using data modeling, simulation and calibration techniques or, in general, studies on industrial organization issues. The rating of this criterion depends on the amount contracted or invoiced by the Bidder, as detailed below:

More than US\$150,000 (One hundred fifty thousand US Dollars).	30 points
More than US\$100,000 (One hundred thousand US Dollars) and up to US\$150,000 (One hundred fifty thousand US Dollars).	20 points
More than US\$50,000 (Fifty thousand US Dollars) and up to US\$100,000 (One hundred thousand US Dollars).	10 points
From US\$5,000 (Five thousand US Dollars) to US\$50,000 (Fifty thousand US Dollars).	5 points

• Academic Experience (50 Points)

Academic Experience means the experience acquired by the Bidder in the development of economic researches in the field of industrial organization, in the impact analysis of regulatory instruments and the application of regulatory policies in telecommunications markets, the development of theoretical models of strategic competition, modeling of dynamic oligopolies, and quantitative researches using data modeling, simulation and calibration techniques.

The rating of this criterion depends on the number of research articles developed by the Bidder. In order to determine the score, eight (8) points shall be assigned to each publication in specialized journals and two (2) points to each working paper. A list of the relevant academic journals is contained in Sub-Point 7.1.B. The highest score that may be achieved as to this item is 50 points.



B. Factors referring to the Purpose of the Contract: (20 Points)

Availability by the Bidder or the Leading Consultant of at least four (4) hours to give the seminar on the design of dynamic oligopoly models with applications in the telecommunications industry, and on the use thereof to measure the effects of regulatory instruments by means of simulations and calibrations; and of four (4) additional hours for complementary presentations.	10 points
Availability by the Bidder or the Leading Consultant of twelve (12) hours for the submission of the final report and the training of officers from the Regulatory Policy Department of OSIPTEL in the use of the calibrated model, and of four (4) additional hours for complementary presentations..	10 points

The proposals that have attained a minimum score of 80 points in the technical specifications shall pass onto the economic evaluation stage.

8.2 ECONOMIC EVALUATION STAGE

The economic evaluation shall entail assigning the highest score of 100 points to the "valid economic offer" with the lowest cost. A "valid economic offer" means an "economic offer" whose technical counterpart has satisfactorily fulfilled the technical specifications and obtained at least 80 points in the Technical Evaluation.

The "economic offer" is equivalent to the gross amount that corresponds to the net amount of the economic proposal of the Bidder, considering the following formulas of transformation of the net amount to the gross amount due to taxes of the Republic of Peru for an individual or a legal entity, respectively.

If the Bidder is an individual:

	Monto
Economic proposal of the Bidder (Net Amount)	A
Economic Offer (Gross Amount)	$A / 0.76$

If the Bidder is a legal entity:

	Monto
Economic proposal of the Bidder (Net Amount)	A
Economic Offer (Gross Amount)	$A * 1.19 / 0.7$

All other valid economic offers shall be assigned a score according to the following formula:

$$PE_i = \frac{Om \times 100}{O_i}$$

Where:

PE_i = Score from the Economic Evaluation of bidder i .

O_i = Amount of the Economic Offer i .

Om = Valid Economic Offer with the lowest cost.

8.3 DETERMINATION OF TOTAL SCORE

The total score is calculated through the weighted addition of the scores obtained in the technical and economic evaluations.

The highest possible score resulting from said weighted addition is equal to 100 points. In all cases, the total score shall be calculated up to the third decimal place.

The Contract is awarded to the proposal obtaining the highest total score. The formula to be applied to calculate the total score is as follows:

$$PTP_i = 0.90PT_i + 0.10PE_i$$

Where:

PTP_i = Total Score of bidder i .

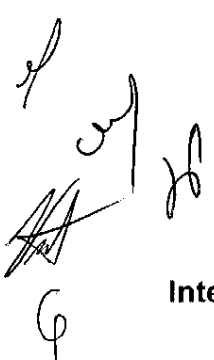
PT_i = Score from the Technical Evaluation of bidder i .

PE_i = Score from the Economic Evaluation of bidder i .

NOTE:

In the event of a tie, a decision will be made in the following order:

- (i) In favor of the bidder obtaining the highest technical score.
- (ii) By draw in the same act.



9. FORMALIZATION OF CONTRACT

The formalization of the contract shall be made pursuant to the pro-forma contract which forms an integral part of these administrative conditions.

10. PAYMENT

Payment shall be made in accordance with the terms of reference, i.e. 30% shall be disbursed after approval of the first preliminary report by the Regulatory Policy Department (RPD), 30% after approval of the second preliminary report by RPD, and 40% after submission and approval of the Final Report by RPD and after the training of RPD officers has been completed.

11. DISPUTES

In the event of a dispute during and after execution of the contract, the dispute shall be submitted to Arbitration before the Superior Council of Government Procurement and Contracting – CONSUCODE (governing body for Peruvian Government procurement).

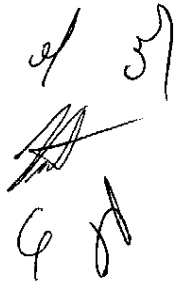
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EXHIBIT A

TERMS OF REFERENCE

HIRING OF A CONSULTANCY FOR THE DEVELOPMENT OF OLIGOPOLY AND STRATEGIC INTERACTION MODELS IN THE MOBILE TELECOMMUNICATIONS MARKET: DESIGN, SIMULATION AND CALIBRATION OF MARKET MODELS FOR ANALYZING THE IMPACT OF REGULATORY INSTRUMENTS ON COMPETITION, PENETRATION AND SOCIAL WELFARE

1. Background

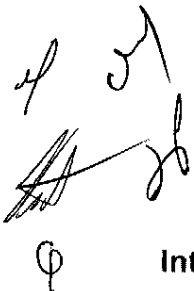
The Supervisory Body for Private Investment in Telecommunications (OSIPTEL) is the institution of the Peruvian Government in charge of supervising investment and promoting competition in the telecommunications sector. Its main duties on regulatory matters include the regulation of charges on interconnection of telecommunications public utility services, the regulation of users' rates and the establishment of clear rules for their application and supervision. Furthermore, OSIPTEL ensures compliance with free and fair competition in telecommunications markets and with the user protection regulations.

One of the core objectives of OSIPTEL is to increase competition in telecommunications markets. To this end, it wishes to know, through quantitative methods, what regulatory instruments it must adopt to encourage competition in those markets, without neglecting the welfare of their users and the society as a whole. The mobile telephone market has shown some dynamism over the last years and, eventually, may become a viable alternative to enhance access to telecommunications services. Within this context, a particular interest has arisen in the mobile telephone market, insofar as the levels of competition and penetration in this market may increase through improved regulatory practices.

Accordingly, it is necessary to hire a consultancy to establish an analytical framework and a dynamic oligopoly model for the mobile telecommunications market. Moreover, it is necessary to carry out a simulation and calibration of the proper model to adjust the theory to the current situation of the telecommunications sector, taking into account the interrelation between the mobile telephone market, the fixed telephone market and the public telephone market. The modeling and calibration shall measure the effects of the various regulatory instruments (interconnection charges, rates, etc.) on competition and social welfare, with the aim of determining the best regulatory instruments.

2. General Purpose

The purpose of this Consultancy is to understand how regulatory instruments (i.e. interconnection charges, rates, etc.) may encourage competition in the



mobile telephone market, to the benefit of consumers and the society, within a dynamic context.

In this connection, the specific purposes of this Consultancy are as follows:

2.1 To develop an analytical framework and a theoretical, dynamic oligopoly model, applied to the mobile telephony market, to determine how the trajectories of regulatory instruments can stimulate competition, expand penetration and maximize social welfare, in a dynamic context. The referred model must take into account the interdependence between the telecommunications markets, that is, how the regulatory instruments exercise an influence on, and are influenced by, the relevant variables in the fixed telephony market as well as in the public telephony market.

2.2 To develop, based on the theoretical model, an applied model that simulates the impact of the different regulatory instruments of the mobile telephony market on competition, penetration and social welfare. This analysis must include a calibrated simulation model (adjusted to the stylized facts of the telecommunications market in Peru) and a sensitivity analysis to estimate the impact of changes in the trajectory of relevant variables.

Taking into account the results of the theoretical and simulated models, recommendations must be given as to which is the optimal regulatory policy to promote competition in the mobile telephone market, enhance penetration and maximize social welfare.

2.3 To train the officers from the Regulatory Policy Department (RPD) of OSIPTEL in the design, simulation and calibration of these models in general and in the use of the simulated model especially for Peru.

3. Activities and Follow-up of the Consultancy

This Consultancy comprises the following activities:

1. Draw up the work plan and the schedule for the Consultancy.
2. Prepare a preliminary report on the analytical framework and the theoretical dynamic oligopoly model to be taken into account to analyze the optimal paths of regulatory instruments in the mobile telephone market.
3. Prepare a preliminary report on the simulation of the dynamic model applied to the mobile telephone market that will enable OSIPTEL to analyze the effects of regulatory instruments on competition, penetration in this market, and social welfare, taking into account the interaction with the fixed and public telecommunications markets.

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4. Prepare and deliver a seminar on the design of dynamic oligopoly models, with applications in the telecommunications industry, and on the use thereof to measure the effects of regulatory instruments by means of simulations and calibrations. Said seminar shall be held in Lima-Peru and shall last two (2) days approximately.
5. Prepare and submit a final report on the analytical framework, the theoretical model and the simulated model, calibrated to be adjusted to the Peruvian current situation, which enables to analyze the impact of the paths of regulatory instruments on competition and penetration in the mobile telephone markets, and on social welfare, within a temporary context. The presentation of the final report must include a training course addressed to RPD officers on the use of the calibrated model. Such presentation and training shall take place in Lima-Peru and shall last three (3) days approximately.

4. **Consultant's Profile**

The consultant(s) must meet the following requirements:

- Renowned researcher(s) in the field of industrial organization, the regulation and the application of regulatory policies. The leading consultant of the project must at least have the degree of PhD in Economics.
- More than five (5) years experience in the modeling of dynamic oligopolies, preferably with applications in the telecommunications sector.
- Publication of research articles about issues of industrial organization and dynamic oligopolies, with applications in the telecommunications sector, in internationally renowned academic journals.
- More than five (5) years experience in research, with quantitative applications, using data modeling, simulation and calibration techniques, preferably in programs such as Matlab or Mathematica.
- More than five (5) years experience in economic research in research center or an internationally recognized university.

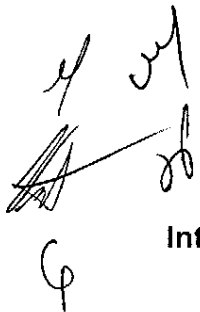
5. **Consultancy Execution Term**

It has been planned that the Consultancy will have a duration of one hundred and fifty (150) days, approximately five (5) months. The starting date for the Consultancy shall be two (2) weeks following execution of the contract between OSIPTEL Representative and the representative of the successful Consultant(s).

6. **Deliverable products and consultancy schedule**

The Consultancy shall entail the delivery of the following products:

- a. Work plan and schedule, to be delivered before expiry of a period of thirty (30) days as from the effective starting date of the Consultancy.



- b. First preliminary report on the analytical framework and the theoretical dynamic oligopoly model applied to the mobile telecommunications market. This report may be submitted up to ninety (90) days after the effective starting date of the Consultancy.
- c. Second preliminary report on the simulated model, calibrated to adjust the stylized facts of the telecommunications markets in Peru, and on the effects of the optimal trajectories of regulatory instruments on competition and penetration in the mobile telephony market in Peru, on social welfare and on the fixed and public telecommunications markets. This report may be submitted up to one hundred twenty (120) days following the effective starting date of the Consultancy.
- d. Preparation and delivery of a seminar on the design of dynamic oligopoly models, to take place in Lima – Peru between the 60th and the 90th day of the Consultancy. The delivery includes all the material, both in physical and electronic format, necessary for the training of GPR officials.
- e. Final report on the Consultancy. This report includes all the information on the models used, both in physical and electronic format, as well as the policy recommendations derived from the analysis. Also, it includes all the material necessary for the training of GPR officials in the use of the simulated model, the calibration and the sensitivity analysis. Both activities, the delivery of the final report and the training of RPD officers must take place up to one hundred fifty (150) days following the effective starting date of the Consultancy.

7. Budget and payment scheme

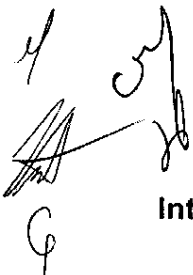
The budget for this Consultancy is equivalent to a net total amount of US\$214,500 (Two Hundred Fourteen Thousand Five Hundred US Dollars). This amount includes the travel tickets and expenses necessary to carry it out.

The amount of the Consultancy shall be paid in three (3) installments.

- First installment: 30%, payable after approval of the first preliminary report by RPD.
- Second installment: 30%, payable after approval of the second preliminary report by RPD.
- Third installment: 40%, payable after submission and approval of the final report by RPD and after the training of RPD officers.

8. Consultant's Commitment

The consultant or consultants elected must have had no contract relationship with any telecommunications company domiciled in Peru over the last two (2)



years prior to the commencement of the Consultancy concerning issues related to regulatory processes in mobile telephone markets. Furthermore, they undertake not to establish any contract and/or professional relationship with any telecommunications company domiciled in Peru concerning the issues inherent to this Consultancy for a period of one (1) year following completion thereof.

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**EXHIBIT B
AFFIDAVIT RELATING TO BIDDER'S INFORMATION
(MODEL)**

Lima, _____ 2006

Messrs
Special Committee
Lima-Peru

Dear Sirs,

We are pleased to participate in the selection process called by the Supervisory Body for Private Investment in Telecommunications (OSIPTEL) in order to hire a consultancy for the Development of Oligopoly and Strategic Interaction Models in the Mobile Telecommunications Market: Design, Simulation and Calibration of Market Models for Analyzing the Impact of Regulatory Instruments on Competition, Penetration and Social Welfare.

To this end, we kindly ask you to take into account the following information:

Bidder's Name In the case of a group of consultants, name of the Leading Consultant. In the case of a consulting firm not organize in Peru, the Firm Name.			
Legal Residence			
Corporate Purpose			
E-mail	Telephone	Fax	

Participates in a Consortium

YES	NO	Names of the Consortium members		
		Member N° 1	Member N° 2	Member N° 3

I hereby declare under oath that the information contained herein is true and correct, subject to the provisions set forth in Sections 41 and 42 and all other applicable Sections of Law 27444, Law on General Administrative Procedures.

Very truly yours,

.....
Bidder's Signature
(Leading Consultant or Legal Representative)

Note: If participation takes place as a consortium, each one of the Consortium members must submit the information required in this Exhibit separately, signing the relevant Exhibit.

EXHIBIT C

**AFFIDAVIT ON INTEGRITY PACT
R.C. N° 123-2000-CG**

This Integrity Pact is entered into by and between.....
(Leading Consultant or Legal Representative of Bidder), identified by National Identity Card (DNI) or Passport N° , and **OSIPTEL**, with Tax ID Number (RUC) 20216072155, acting by and through its General Manager, Mr. Jaime Cárdenas, identified by National Identity Card (DNI) 07814727, under which we declare as follows:

1. We recognize the importance of applying the principles governing the contracting processes outlined in the "Government Procurement and Acquisition Law" (Available at: http://www.consucode.gob.pe/descarga/Ley_y_Nuevo_Reglamento.doc)
2. We confirm that we have not offered, granted nor will we offer or grant, either directly or indirectly through third parties, no undue payment or benefit or any other improper advantage to any public officer or his/her relatives or his/her trading partners, in order to obtain or maintain the contract subject matter of this selection process.
3. We have not entered into nor we will enter into any formal or tactical agreements among bidders in order to establish practices restraining free competition.
4. We do not accept any possible extortion from the officers of the calling entity.
5. We comply with this Affidavit, under penalty of being disqualified from contracting with the State, without prejudice to the consequential liability.

Lima, 2006

OSIPTEL

BIDDER
(Leading Consultant or Legal Representative)



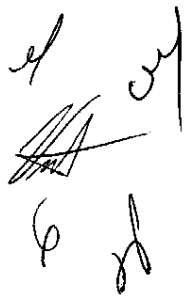


Note: If participation takes place as a consortium, each one of the Consortium members must submit the information required in this Exhibit separately, signing the relevant Exhibit.

EXHIBIT D

AFFIDAVIT REGARDING ACADEMIC DEGREE AS PhD IN ECONOMICS

I,....., a
..... citizen, identified by National Identity Card (DNI) or Passport
....., hereby declare that I am a PhD in Economics, a degree
which was granted to me by the University
in year..... .

I attach hereto a copy of my diploma.

Handwritten signature and initials in black ink, consisting of several stylized characters and a large flourish.

.....
Bidder's or Leading Consultant's Signature

EXHIBIT E

**AFFIDAVIT REGARDING THE CONTRACT RELATIONSHIPS BETWEEN THE
LEADING CONSULTANT AND TELECOMMUNICATIONS COMPANIES**

Lima, 2006

Messrs
Special Committee
OSIPTEL
Lima-Peru

REFERENCE: C. I. 00001-2006-CI/OSIPTEL (First Invitation to Tender)

I, (name of Bidder or, if applicable, of Leading Consultant) identified by National Identity Card (DNI) or Passport N°....., hereby declare that I have had no contract relationships with any telecommunications company domiciled in Peru over the last two (2) years prior to the commencement of this Consultancy concerning issues related to regulatory processes in mobile telephone markets.

Furthermore, if I am awarded the Contract, I undertake not to establish any contract and/or professional relationship with any telecommunications company domiciled in Peru concerning issues inherent to this Consultancy for a period of (1) one year following completion thereof.



.....
Bidder's or Leading Consultant's Signature

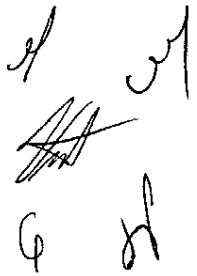
EXHIBIT F

GENERAL EXPERIENCE

I hereby declare that the information below is true; therefore, I undertake to submit, if required by the SPECIAL COMMITTEE, a copy of the researches or documents evidencing the experience declared. Furthermore, I attach to this affidavit, copies of the contracts, invoices or documents related to the researches indicated hereinbelow, in order to support the invoiced amounts.

Name of the market researches and consultancies evidencing the development by the Bidder of theoretical models of strategic competition, studies with quantitative applications using data modeling, simulation and calibration techniques or, in general, studies in industrial organization issues.	Consultancy Details	Invoiced Amount
1.		
2.		
3.		
4.		

Note: If applicable, the consultancies carried out by other members of the participating team can be included, clearly identifying them and attaching the respective support.



.....
Bidder's Signature
(Leading Consultant or Legal Representative)

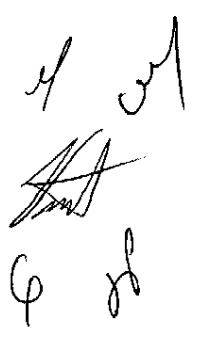
EXHIBIT G

ACADEMIC EXPERIENCE

I hereby declare that the information below is true; therefore, I undertake to submit, if required by the SPECIAL COMMITTEE, a copy of the researches or documents evidencing the experience declared.

Name of working papers or publications evidencing the Bidder's experience in the development of economic researches in the field of industrial organization, in the impact analysis of regulatory instruments and the application of regulatory policies in the telecommunications market, in the development of theoretical models of strategic competition, dynamic oligopoly modeling and in quantitative researches using data modeling, simulation and calibration techniques. State authorship of articles and working papers	Research Details
1.	
2.	
3.	
4.	

Note: If applicable, the publications made by other members of the participating team can be included, clearly identifying them and attaching the respective support.

Handwritten signatures and initials in the left margin, including a large stylized signature and several smaller initials.

.....
Bidder's Signature
(Leading Consultant or Legal Representative)

EXHIBIT H
AFFIDAVIT ON TIME AVAILABILITY IN PERU

Lima, , 2006

Messrs.
Special Committee
OSIPTEL
Lima-Peru

REFERENCE: International Contract 00001-2006-CI/OSIPTEL (First Invitation to Tender)

I, (Bidder's or Leading Consultant's name),
identified by National Identity Card (DNI) or Passport number,
hereby declare that:

If I am awarded the contract, I will be available to OSIPTEL for around two (2) days to carry out a seminar on the design of dynamic oligopoly models with applications in the telecommunications industry and on their use to measure the effects of regulatory instruments through simulations and calibrations; and for around three (3) days for the submission of the final report and the training of the officers from the Regulatory Policy Department in the use of the calibrated model.

.....
Bidder's or Leading Consultant's Signature



Handwritten signatures and initials in the bottom left corner, including a large signature and several smaller initials.

EXHIBIT I
ECONOMIC PROPOSAL

Lima, _____, 2006

Messrs.
Special Committee
International Contract 00001-2006/OSIPTEL

Dear Sirs,

This is to submit our Economic Proposal net of taxes, which amounts to US\$
xxxxxxxxxxxxx (xxxxxxxxxxxxxxxx)¹

This proposal is submitted as:

- Individual
- Legal entity

Yours truly,

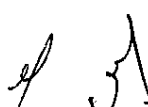
Bidder's signature
(Leading Consultant or Legal Representative)

Or in the event of participating as a consortium:

Legal Representative's
or Leading Consultant's Signature
(Member 1)

Legal Representative's Signature
(Member 2)

Legal Representative's Signature
(Member 3, if applicable)


_____ ¹ The amount of the economic proposal shall be submitted in figures and words.

PRO-FORMA CONTRACT -CI/OSIPTEL

This Services Contract is made and entered into by and between **ORGANISMO SUPERVISOR DE INVERSION PRIVADA EN TELECOMUNICACIONES (SUPERVISORY BODY FOR PRIVATE INVESTMENT IN TELECOMMUNICATIONS) (hereinafter OSIPTEL)**, identified by Tax ID Number (RUC) 20216072155, acting by and through its General Manager **Jaime GARDENAS TOVAR**, identified by National Identity Card (DNI) 07814727, with registered office at Calle De La Prosa 136, San Borja; and **xxxxxxxxxxxxx (hereinafter THE CONTRACTOR)** with registered office at xxxxxxxxxxxxxxxx.

This Contract is entered into under the terms and conditions detailed in the following Articles:

ARTICLE ONE: GENERAL PROVISIONS

THE PARTIES

OSIPTEL is an entity under internal public law with technical, economic and financial, functional and administrative autonomy, created and governed by the Consolidated Text of the Telecommunications Law and its Regulations, Law 26285 and Supreme Decree 008-2001-PCM. The purpose of **OSIPTEL** is to manage that a greater number of persons has access to the telecommunications public utility services, with high quality and efficiency levels, within a scheme of free and fair competition among operator companies, thus contributing to satisfying the national interest in modernizing and developing Telecommunications.

THE CONTRACTOR, xxxxxxxxxxxxxxxxxxxxxxxx.

RECITALS

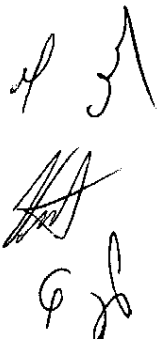
By Resolution xxxxxxxxxxxx, dated xxxxx xxxx, 2006, **OSIPTEL** approved the selection process for hiring the services of **THE CONTRACTOR**.

DOCUMENTS FORMING PART OF THE CONTRACT

This Contract is made up of its text, the Terms of Reference proposed by the Regulatory Policy Department (RPD) through Memorandum xxxx-GPR/2006 dated xxxx xxxx, 2006 and the proposal submitted by **THE CONTRACTOR**.

ARTICLE TWO: PURPOSE OF THE CONTRACT

The purpose of this Contract is to hire an international consultancy for the development of oligopoly and strategic interaction models in the mobile telecommunications market, including the design, simulation and calibration of market models for analyzing the impact of regulatory instruments on competition, penetration and social welfare.



In this regard, the specific objectives of this Consultancy are the following:

- a. To develop an analytical framework and a theoretical, dynamic oligopoly model, applied to the mobile telephony market, to determine how the trajectories of regulatory instruments can stimulate competition, expand penetration and maximize social welfare, in a dynamic context. The referred model must take into account the interdependence between the telecommunications markets, that is, how the regulatory instruments exercise an influence on, and are influenced by, the relevant variables in the fixed telephony market as well as in the public telephony market.
- b. To develop, based on the theoretical model, an applied model that simulates the impact of the different regulatory instruments of the mobile telephony market on competition, penetration and social welfare. This analysis must include a calibrated simulation model (adjusted to the stylized facts of the telecommunications market in Peru) and a sensitivity analysis to estimate the impact of changes in the trajectory of relevant variables.

Taking into account the results of the theoretical and simulated models, recommendations must be given as to which is the optimal regulatory policy to promote competition in the mobile telephone market, enhance penetration and maximize social welfare.

- c. To train the officers from the Regulatory Policy Department (RPD) of OSIPTEL in the design, simulation and calibration of these models in general and in the use of the simulated model especially for Peru.

ARTICLE THREE: TERM OF THE CONTRACT

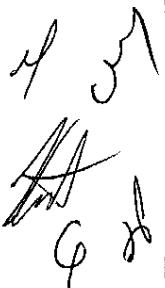
The term of this Contract shall start from the effective commencement of the Consultancy and shall expire upon completion thereof through the approval of the final report and the full payment of the amounts agreed upon by **OSIPTEL** and **THE CONTRACTOR**.

ARTICLE FOUR: COMPENSATION AND PAYMENT CONDITIONS

OSIPTEL undertakes to pay in favor of **THE CONTRACTOR**, a total net amount of US\$ xxxxxxx (xxxxxxxxxxx) for the provision of the services subject matter herein. **OSIPTEL** shall be in charge of the tax aspects corresponding to the Republic of Peru, which shall depend on whether **THE CONTRACTOR** submitted its technical and economic proposals as an Individual or Legal Entity, considering the different tax treatment received by each one of them.

The net amount of the Consultancy shall be paid in accordance with the following schedule:

- 30% after approval of the first preliminary report by RPD.
- 30% after approval of the second preliminary report by RPD.



- 40% after submission and approval of the final report by RPD and once the training of RPD officers has been carried out.

The Regulatory Policy Department shall be in charge of preparing the assessment of reports and, if they are found to be in order, their approval shall be issued.

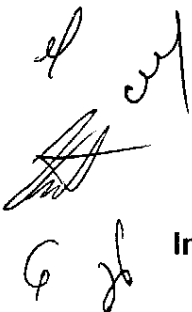
ARTICLE FIVE: CONTRACT PERFORMANCE CONDITIONS

The obligations of **THE CONTRACTOR** are as follows:

- a. To hand over the work plan and schedule of the Consultancy thirty (30) days prior to the effective starting date of the Consultancy.
- b. To hand over a first preliminary report on the analytical framework and the theoretical dynamic oligopoly model applied to the mobile telecommunications market. This report may be delivered up to ninety (90) days following the effective starting date of the Consultancy.
- c. To hand over a second preliminary report on the simulated model, calibrated to adjust the stylized facts of the telecommunications markets in Peru, and on the effects of the optimal trajectories of regulatory instruments on competition and penetration in the mobile telephony market in Peru, on social welfare and on the fixed and public telecommunications markets. This report may be submitted up to one hundred twenty (120) days following the effective starting date of the Consultancy.
- d. To carry out a seminar on dynamic oligopoly models. Said seminar shall be held in Lima – Peru between the 60 and 90 days counted as from the effective starting date of the Consultancy.
- e. To prepare the material in physical and electronic formats used for the seminar on dynamic oligopoly models.
- f. To deliver a final report on the Consultancy and train RPD officers in the use of the simulated model, and in the performance of calibration exercises and sensitivity analyses.

This report includes all information on the used models, both in physical and electronic formats, and the policy recommendations derived from the analysis. Furthermore, it includes all necessary material for the training of RPD officers in the use of the simulated model and in the performance of the necessary calibrations and the sensitivity analysis.

Both the delivery of the final report and the training of RPD officers shall be held up to 150 days following the effective starting date of the Consultancy.



The obligations of **OSIPTEL** are as follows:

- a. To comply with the payment of the agreed consideration for the service rendered by **THE CONTRACTOR**.

The parties expressly acknowledge that the Contract shall be performed abroad, being subject to the tax provisions applicable to services contracts with these characteristics.

ARTICLE SIX: COPYRIGHTS AND INTELLECTUAL PROPERTY

It is expressly agreed that **OSIPTEL** has the ownership, with no limitation whatsoever, of all the rights recognized in the Copyright Law, Legislative Decree 822, regarding intellectual works or creations, models, reports, works, and, in general, any document that **THE CONTRACTOR** may prepare under the provisions hereof and in compliance herewith, without the need for any additional consideration on the part of **OSIPTEL**.

ARTICLE SEVEN: TERMINATION OF CONTRACT DUE TO NONCOMPLIANCE

Any of the parties may terminate this Contract due to noncompliance with the obligations established herein, under the following terms and pursuant to the proceeding detailed hereinbelow:

- i) If **THE CONTRACTOR** fails to comply with any of the obligations established herein, **OSIPTEL** shall forward a notarized letter requiring **THE CONTRACTOR** to fulfill the same within a term not to exceed fifteen (15) business days, under penalty of termination of the Contract.
- ii) Upon expiry of the term referred to in point i) above without the noncompliance having been corrected at the satisfaction of **OSIPTEL**, it may terminate the Contract by forwarding, by notarial means, a General Management Resolution which states said decision and the causes supporting it. The Contract shall be terminated as a matter of law as from the reception of said notice by **THE CONTRACTOR**.
- iii) If **OSIPTEL** fails to comply with its essential obligation, **THE CONTRACTOR** shall forward a letter requiring **OSIPTEL** to fulfill the same within a term not to exceed thirty (30) business days, under penalty of termination of the Contract.
- iv) Upon expiry of the term referred to in point iii) above without the noncompliance having been corrected, **THE CONTRACTOR** may terminate the Contract by forwarding the letter which states said decision and the causes supporting it. The Contract shall be terminated as a matter of law as from the reception of said notice by **OSIPTEL**.

v) In any case of termination, the parties shall reach an agreement regarding the compensation for the services delivered before the termination of the Contract.

CLAUSE EIGHT: PENALTIES

THE CONTRACTOR shall be subject to the payment of the pertinent penalties, in the performance of this Contract, as detailed below:

- i) Penalty for default: It shall be automatically applicable for each calendar day of unjustified delay in the provision of the hired service, until reaching the ten per cent (10%) of the total amount of the Contract. This penalty shall be deducted from the payments on account, from the final payment or in the final settlement. In all cases, the penalty shall be applied and calculated according to the following formula:

$$\text{Daily penalty} = \frac{0.10 \times \text{Amount of the Contract}}{F \times \text{Term in days}}$$

Where $F = 0.25$

In the event of reaching the maximum amount of the penalty for default indicated in the previous paragraph, **OSIPTEL** may terminate the Contract due to noncompliance.

OSIPTEL may discount the penalty amount from the installment(s) still owed.

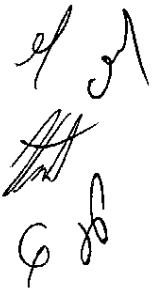
The only causes not attributable to **THE CONTRACTOR** are (i) the delay in compliance due to failure by **OSIPTEL** to deliver information; and, (ii) acts of God or force majeure duly justified by **THE CONTRACTOR** that temporarily prevent the compliance with its obligations. In both cases, the term of this Contract shall be extended for the number of days of delay not attributable to **THE CONTRACTOR**.

ARTICLE NINE: SETTLEMENT OF DISPUTES

Any dispute arising from or deriving from the execution and interpretation of the Contract, including those referred to its nullity and invalidity, shall be solved through arbitration, pursuant to the provisions of the Contracting and Procurement Law and its Regulations. The arbitration shall be solved by a single arbitrator, pursuant to the provisions set forth in Section 278 of the Regulations to the Contracting and Procurement Law. In the event of failure to reach an agreement on the designation of the arbitrator, or if one of the parties denies to comply with said designation, it shall be carried out by the Superior Council of Government Contracting and Procurement pursuant to the administrative provisions of the Regulations.

The arbitration shall be organized and managed by the bodies of the National Settlement and Arbitration Center of the Superior Council of Government Procurement and Contracting (CONSUCODE) and in accordance with its Regulations.

The issued arbitration award is binding upon the parties and shall definitely put an end to the proceeding, being this award final and conclusive before the Judiciary or before



any administrative stage. The parties expressly authorize the single arbitrator to execute the arbitration award.

CLAUSE TEN: EFFECTIVE COMMENCEMENT OF THE CONSULTANCY

The effective starting date of this Consultancy shall be (2) weeks after the execution date of the contract entered into by and between **OSIPTEL** and **THE CONTRACTOR**. The terms established in this contract are counted as from the effective starting date of the Consultancy.

In the event of any dispute arising from or deriving from the execution and interpretation of the Contract, the Spanish version of the Contract shall prevail.

Signed in the city of, this _____ day of _____ 2006, in two (2) counterparts of the same value.

Jaime Cardenas Tovar
GENERAL MANAGER
OSIPTEL

XXXXXXXXX
THE CONTRACTOR

