

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)
COMISION EJECUTIVA PORTUARIA AUTONOMA (CEPA)

**THE DETAILED DESIGN
ON
PORT REACTIVATION PROJECT IN LA UNION PROVINCE
OF
THE REPUBLIC OF EL SALVADOR**

***Draft Report
on The Assistance Service for
The Preparation of The Bidding Document of
Concession Agreement for
Management and Operations of
Terminals at La Union Port***

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**DRAFT REPORT
ON
THE ASSISTANCE SERVICE
FOR
THE PREPARATION OF THE BIDDING DOCUMENT
OF
CONCESSION AGREEMENT
FOR
MANAGEMENT AND OPERATIONS
OF
TERMINALS AT LA UNION PORT**

MARCH 2003

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1. BACKGROUND AND INFORMATION CONVEYED TO CEPA

1.1 Background

This report was made by the JICA study team as a part of the Detail Design Study of the Port Reactivation Project in La Union Province of the Republic of El Salvador (hereinafter referred to as “the Project”). The purpose of this service is to assist the bidding procedure of the concession agreement for management and operations of the marine terminals at La Union Port between the port authority (CEPA) (hereinafter referred to as “PA”) and a private terminal operating company (hereinafter referred to as “TOC”) as a concessionaire through the following scope of works with the discussions between the JICA study team and CEPA:

- Preparation of the basic framework for the concession bidding
- Preparation of the draft TOR as the basic concept of Bidding Documents

The results of the JICA study herein prepared will be followed by CEPA as below:

1. Finalizing the basic concept supported by the JICA study
2. Formulating the basic framework supported by the JICA study
3. Checking the legal aspect supported by local lawyers/consultants
4. Preparing the bidding documents supported by local or international consultants
5. Selecting the bidders by project consultants/local consultants

1.2 Information Conveyed to CEPA

The following information was prepared to be conveyed to CEPA from the JICA side for the smooth linkage of the results of the JICA study herein prepared and CEPA's work to be followed after this:

Documentation of EOI Procedure

1. The Draft of EOI Document herein prepared by the JICA study team shows only possible evaluation criteria items, but not criteria themselves; the criteria need to be prepared by CEPA. It is strongly recommended/required that the evaluation criteria be

prepared prior to the Bidding/EOI process.

Documentation of Bidding Procedure

1. The Draft of Bidding Document herein prepared by the JICA study team shows only evaluation criteria items, but not criteria themselves; the criteria need to be prepared by CEPA. It is recommended that the evaluation criteria covering technical proposal and financial proposal be prepared prior to the Bidding process.
2. The port regulations should be prepared in advance of the Bidding process. If the formal regulations could not be prepared in time, at least a draft regulations need to be prepared as the second best as mentioned in clause 2.4.
3. Port Tariffs of the Navigation Services and Berth Services to be fixed by CEPA were tentatively given on the draft of Bidding Document on the Tables 2 and 3 under clause 2.3. The tariff structure and rates need to be determined by CEPA prior to the Bidding process.
4. Annual Fixed Fee Payment left in blank on the draft of Bidding Document under clause 3.3.2 needs to be determined by CEPA prior to the Bidding process.
5. The amounts of Performance Guarantee, Concession Guarantee and Bid Guarantee left in blank on the draft of Bidding Document under clauses 3.3.4, 3.3.5 and 4.3.1 (a) ANNEX A need to be determined by CEPA prior to the Bidding process.
6. In connection with finalizing the said Bidding Document, legal aspect in the light of the Salvadorian Law needs to be thoroughly checked by the local lawyers. This is necessary because the ruling law of the concession scheme shall be Salvadorian Law. And the complementarity of Salvadorian Law to the contract of the concession is very important.

2. BASIC FRAMEWORK FOR THE CONCESSION AGREEMENT

2.1 Categories of Bidding Procedures

Although there are various types of possible bidding procedures, they can be divided into the following three categories:

- Competitive bidding
- Competitive negotiations
- Direct negotiations

The main advantages of competitive bidding over competitive/direct negotiations are generally said to be ensuring transparency, providing a market mechanism for selecting the best proposal and stimulating interest among a broad range of potential bidders, whereas in competitive bidding there is possibility to encourage underbidding if renegotiation is possible later. In competitive bidding, it needs to be noted that transparency is ensured only if required bidding outputs are standardized and clearly defined.

On the other hand, competitive negotiations, a variant of competitive bidding, are generally said to be well suited to projects in which many technical variations are possible, there is much scope for innovation, and it would be difficult to secure project financing on the basis of standardized documents of concession agreement; the proposals are reviewed and selected that are technically responsive to the request for proposals. Competitive negotiations, however, are said to have disadvantages of less transparency than a pure competitive bidding approach due to a variety of technical and price grounds.

Direct negotiations occur most often where a project idea originates with a private sector rather than a public sector.

In the light of the nature and purpose of the Project with funds including JBIC Loan, competitive bidding is considered to be an appropriate bidding procedure for the selection of a concessionaire.

2.2 Process of Competitive Bidding

A competitive bidding process in case of concession related to an infrastructure project generally has a series of the following steps:

1. Public notification of the intention of a public authority (PA) to seek a private company (concessionaire) for management and operations to be surrendered infrastructure to, including a request for expression of interest from private companies
2. A formal process of pre-qualification for screening potential bidders and finalizing a shortlist of pre-qualified bidders
3. Distribution of bidding documents to pre-qualified bidders
4. A formal public process for presenting proposals, evaluating them, and selecting a winner

Purpose of pre-qualification mentioned in the above process “2” is a way to ensure that potential bidders have the technical and financial capacity the task demands and a track record in performing similar tasks prior to assessing the quality of bids. Pre-qualification can also reduce the costs of bidding processes. Those involving large numbers of bidders can be complex and costly without necessarily increasing the quality of the winning bid. For this reason, PAs often choose to limit bidding to a few pre-qualified companies in bidding. Limiting the number of bidders can also increase their motivation to participate in bidding, because it increases each bidder’s chance of winning.

From the above, pre-qualification is considered to be a preferable procedure for the Project.

The typical stepwise bidding process including pre-qualification and sample time table (see in the following parenthesis, time is counted from release of EOI documents of step “1”) shown as follows:

1. Release of EOI (expression of interest) documents (0days)
2. Response submitted by interested registrants (40 days)
3. Assess EOI submissions (60-90 days)
4. Release of bidding documents to short-listed registrants (95 days)
5. Submission of proposals by short-listed registrants (170 days)

6. Evaluation of proposals (180 – 210 days)
7. Announcement of preferred bidder(s) (210 days)
8. Negotiations with a preferred bidder to complete a formal concession agreement
9. Award of concession

2.3 Pre-qualification System

As mentioned in the former section “1.2”, the purpose of pre-qualification is to assess the technical and financial capacity of potential bidders rather than to assess the quality of bid on what it promises on what terms. In this view, the criteria of pre-qualification generally include the combination of the following:

- Share capital of the bidder company
- Length of experience in the business
- Size of the customer base currently served by the bidder company
- Number of countries in which the bidder has similar experience
- Efficiency and performance of recent projects
- Financial Statements

The criteria may be either qualitative or quantitative. Qualitative criteria allow greater flexibility and discretion, but they are also less transparent.

To keep transparency in bidding process, the criteria of pre-qualification should be made prior to an EOI procedure and clearly indicated in EOI documents in which registrants expressing interest are requested to provide information corresponding to criteria items in the form of an annex. The followings are sample items of pre-qualification criteria:

1. Financial Viability
 - Financial commitment of the entities supporting the EOI
 - Structure and security of financing arrangements proposed
2. Industry Experience
 - Proven industry experience of container terminal and/or multi-purpose terminal
 - Approach to project delivery as demonstrated on previous projects

- Proven experience in meeting the evolving requirements of the sea transport industry
 - Demonstrated ability to attract market share in container and/or conventional cargo stevedoring
3. Commercial
 - Understanding of Public Private Partnerships and/or associated commercial structures in the infrastructure project
 4. Risk Management
 - Understanding of risk management concepts
 - Commitment to, and demonstration of, risk management capabilities
 - Level of response to the management and pricing of identified risks in risk allocation in Public Private Partnerships in the infrastructure project
 5. Technical
 - Commitment to, and demonstration of, technical capabilities required at all stages of the Project
 - Flexibility to incorporate industry developments arising over the life of the Project
 - Demonstrated innovation in project delivery and management of port facilities
 - Demonstrated strength and capability of nominated management structure
 - Strength and robustness of any proposed project implementation structure and resources of each phase of the Project
 6. Pricing Structure
 - Demonstrated commercial approach to pricing in a competitive environment
 7. Corporate Standards
 - Demonstrated standing of the Registrant in the business community
 - Demonstration that the culture and philosophy of the Registrant and its shareholders are consistent with the policy objectives and goals of the Project

The Draft of the EOI Document is attached in ANNEX2 for the reference.

2.4 Bidding System

2.4.1 General

Central to the bidding process are decisions about what (pre-qualified) bidders should

be required to include in their bids and how these bids should be evaluated. The following points are generally taken into account when determining the required items and the criteria of bid evaluation:

- How should the responsiveness of the bid to PA's requirements be evaluated?
- How should all the parameters of the proposal be combined into a single variable so that comparing the bids is straightforward?
- Should there be a two-stage process in which technical characteristics are scored in the first stage and price bids are obtained and compared in the second? Or should price be weighted against other attributes of the offer?

Most infrastructure projects including marine terminal projects use a two-stage bidding system in which bidders submit a technical envelope and a financial envelop. The two-stage bidding system is considered to be suitable to evaluate the quality of bids

2.4.2 Two-stage Bidding System

The technical envelop in the two-stage system may have purposes ranging from simply obtaining an indication of firms' fitness and willingness to participate in bidding, to eliciting detailed proposals from bidders on how they would satisfy PA's requirements. Assuming the pre-qualification system is adopted, in which willing to participate in bidding is confirmed and firms' fitness is assessed, there are the following two possible options in the evaluation of bids using the two-stage bidding system:

- **Option 1**

Bidders are required to include a technical proposal in the technical envelope setting out their proposed business plan including investment and financing plans for meeting the service objectives. The plans are reviewed for consistency with the project specifications and requirements, and proposals either pass or fail. Again, the concession is awarded to the surviving bidder with the best financial bid.

- **Option 2**

Technical proposals are required as in Option 1, but rather than passing or failing, the proposals are scored. The financial proposals are also scored, and the concession is awarded on the basis of the weighted technical and financial scores.

Option 1 might be chosen if PA has firm and clear ideas on the minimum technical requirements, whereas Option 2 if there is less clarity about requirements, and if different technical proposals may have different financial implications at different stages of the project's life. The former option has more transparency.

Taking account of the nature of the Project in which the minimum technical requirements could be clarified, Option 1 with more transparency is considered to be preferable.

2.4.3 Criteria of Bid Evaluation

The criteria of bid evaluation on the basis of concession agreement and on the assumption of the adoption of pre-qualification system and two-stage bidding system generally covers the followings:

1. The credibility of the bid as a whole
2. The bidder's detailed proposals for carrying out the mandatory conditions, his proposals, if any, for modified or alternative options, his proposals for desirable conditions and any additional features offered
3. The financial return to PA

To evaluate bids, pre-qualified bidders are required to submit information relating to the bidder and to the business of operating marine terminals. The evaluation criteria of items "2" and "3" mentioned above correspond to a technical envelop and a financial envelop, respectively (see ANNEX1 PART IV).

2.4.4 Components of Bid

Bidders are requested to submit bids after the form of bidding documents. Sample components of bid to be filled in the form are as follows:

1. Statement of Bid
 - Name and address of bidder
 - Options for which bids are submitted
 - Authentication
 - Bid bond

- Payment to PA
- Statement
- 2. Details of Bidder
- 3. Acceptance of Conditions
- 4. Business Plan
 - Business arrangement
 - The detailed program
 - Traffic forecasts
 - Tariff structure and pricing
 - Revenue to PA
 - TOC revenue forecasts
 - Staffing requirements
 - Equipment and infrastructure requirements
 - Investment profile
 - Operating costs
 - Income statement
 - Balance sheet
 - Cash flow statement
 - Strategy of TOC as the bidder (regional marketing strategy)

3. DRAFT OF TERMS OF REFERENCE (TOR) FOR CONCESSION BIDDING

The Draft of Terms of Reference (TOR) for Concession Bidding was worked out in the basic framework of the concession scheme proposed in Section 2. The draft of TOR herein prepared is the basic concept of so-called Bidding Document that will be finalized by CEPA as mentioned in Section 1 Introduction and then distributed to pre-qualified applicants as potential bidders. The Draft of TOR is attached in ANNEX I.

4. FINANCIAL ASPECTS OF CEPA IN TERMS OF CONCESSION AGREEMENT

4.1 Revenue Structure

Generally, revenues to a grantor from a concessionaire in a concession agreement are divided into the two categories, viz. “fixed fee” and “variable fee”, that are proposed by a bidder in its financial proposal (price proposal). “Fixed fee” or “variable fee” could be solely applied in the agreement. The combination of “fixed fee” and “variable fee”

could also be applied in the agreement. In addition there are variants of “variable fee” category that are set an upper limit, a lower limit or both.

In the case of the said La Union Port project, probable revenue sources to CEPA are considered as listed below:

1. Navigation Service Charge from Shipping Lines
2. Tug Lease Fee from a Tug Service Company
3. Concession Fixed Fee from a Concessionaire
4. Concession Variable Fee from a Concessionaire

4.2 Pricing of Vessel Navigation Service Tariff and Concession Fixed Fee

As to the Navigation Service Charge, it is preferable to decide the tariff level so that maintenance dredging expense will be paid from the revenue of the service charge.

As to the Concession Fixed Fee, the amount of the fee must not exceed the fair market value (FMV) of the concession terminals in the marine terminal market rather than the level estimated by the costs incurred to the Project. FMV must be searched and estimated through the preparation of the bidding documents supported by local or international consultants that will be entered into contract by CEPA cited in the item “4” of Section1 Introduction.

It is preferable that the amount of the annual payment of the fixed fee will exceed the sum of repayment of principal and averaged payment of interest of JBIC and BCIE loans with satisfying the above condition in terms of FMV.

5 An Important Matter of Negotiation on an Agreement

After selection of a concessionaire to enter a negotiation to finalize a concession agreement, the negotiation is expected to be very hard and time-consuming. Therefore, it is strongly advised to prepare for the negotiation such as hiring another consultant specialized in contract negotiation for a concession scheme in port operation.

ANNEX1

DRAFT OF TOR

THE REPUBLIC OF EL SALVADOR
COMISION EJECTIVA PORTUARIA AUTONOMA (CEPA)
BIDDING DOCUMENT (DRAFT)
OF
CONCESSION AGREEMENT
FOR
THE MANAGEMENT AND OPERATIONS
OF
TERMINALS
AT
LA UNION PORT

MARCH 2003

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GLOSSARY

| | |
|----------------------------|---|
| Agreement | The concession agreement for the Management and Operations of Terminals at the Port |
| AMP | The Maritime and Port Authority: Regulatory entity established under the Maritime and Port General Law enacted in 2002 |
| Bid | The bid submitted by the Bidder |
| Bidder | The bidder who responds to this Bidding Document and submits Bid |
| Bidding Process | The process of the bidding for the Agreement subsequent to the EOI process |
| Bidding Document | This document |
| BCR | Central Reserve Bank of El Salvador |
| CDL | Chart Datum Level |
| CEPA | Executive Committee of Autonomous Port (Comision Ejecutiva Portuaria Autonoma) that administers and manages the Port |
| CFS | Container Freight Station |
| CNT | The container terminal at the Port |
| Cranes | The quayside container gantry cranes to be installed at CNT |
| Concession | The concession to be granted to TOC from CEPA under the Agreement |
| EOI | Expression of Interest; any responses to EOI document |
| GRT | gross tonnage |
| JBIC | <i>The Japan Bank of International Cooperation</i> |
| KN | Kilo Newton |
| MPT | The multi-purpose terminal at the Port |
| MT | metric ton (1000 Kg) |
| ODA | The official development assistance |
| Port | La Union Port |
| Port Users | The port users provided port services by TOC at the Port |
| Project | The project denotes the development of the Port through the construction, management and operations of the new terminals composed of CNT, ROT and MPT |
| ROT | The Ro-Ro terminal at the Port |
| TEU | Twenty foot equivalent unit |
| Terminal Operations | The management and operations of the Terminals at the Port under the Agreement |
| Terminals | The terminals composed of CNT, ROT and MOT |
| TOC | The company to manage and operate the Terminals under the Agreement with CEPA |

PART I INTRODUCTION

1.1 Preamble

- 1.1.1 New port terminals are in the process of construction at La Union Port (“the Port”) with a loan from Japan Bank of International Cooperation (“JBIC”) under the official development assistance (“ODA”) of the Government of Japan. La Union Port (the Port) faces the Gulf of Fonseca in La Union Province of the Republic of El Salvador.
- 1.1.2 The construction works of the new terminals (“the Terminals”) containing the following three terminals is expected to be completed in the middle of the year 2006.
- (a) Container Terminal (“CNT”)
 - (b) Ro-Ro Terminal (“ROT”)
 - (c) Multi-purpose Terminal (“MPT”)
- 1.1.3 It is the policy of the Government of El Salvador to promote the participation of the private sector into the operations of the Terminals so as to ensure economic efficiency in the operations, and consequently to contribute to the national economy and the development of the regions with ports.
- 1.1.4 For this purpose, the Government has decided to grant the concession of management and operations of the Terminals to the private sector based on the concession agreement (“the Agreement”).
- 1.1.5 Executive Committee of Autonomous Port (Comision Ejectiva Portuaria Autonoma: “CEPA”) that administers and manages La Union Port has been given the capacity to administer the Agreement with the Terminal Operating Company (“TOC”) by the Government.

1.2 Invitation to Bidding

- 1.2.1 CEPA hereby invites pre-qualified applicants to submit bids for the management and operations of the new terminals at La Union Port.

(Optional Paragraph for “Partitioned Concession”)

- 1.2.2 *A bidder may bid for one or two options out of the two options. One option is the Combined Terminals composed of the Container Terminal and the Ro-Ro Terminal. And the other option is the Multi-purpose Terminal in terms of the concession for the management and operations.*

(Optional Paragraph for “Master Concession”)

- 1.2.2 *A bidder shall bid for the Combined Terminals composed of the Container Terminal, the Ro-Ro Terminal and the Multi-purpose Terminal in terms of the concession for the*

management and operation as one package

- 1.2.3 Bids must be submitted in accordance with the requirements of this document (“the Bidding Document”). Concession(s) will be granted to the successful Bidder(s) subject to the mutually acceptable terms and conditions of the Agreement between CEPA and the Bidder.

1.3 Nature of the Concession Agreement

- 1.3.1 The Agreement will cover the provision of payment by TOC to CEPA against the grant of the concession for management and operations of the Terminal(s) (“the Concession”), consisting of annuities of fixed fee and variable fee expressed in an amount per TEU in case of CNT and in an amount Metric Ton (“MT”) ton in case of MPT and ROT as the volume of cargo discharged and loaded from/onto ocean-going vessels at the Terminal(s) in each operating year. All port charges payable by the Port Users against services supplied by TOC related to the management and operations of the Terminal(s) (“the Terminal Operations”) will be retained by TOC.
- 1.3.2 TOC will be responsible for all aspects of the safe and efficient management and operations of the terminal(s); for the provision of necessary cargo handling equipment additional to that provided by CEPA; for the operations and maintenance of all equipment; for the maintenance of the port infrastructure within their Terminal(s) and for the provision of all onshore services which he wishes to supply.
- 1.3.3 TOC will not be responsible for the provision of pilotage services, towage services or for maintenance of the access channel, port basins, navigation aids and other common use facilities. These responsibilities will be provided or ensured by CEPA in Part III, Conditions of the Agreement.

1.4 Purpose of this Document

- 1.4.1 This document is intended to set out the framework within which bids may be submitted. It provides information relating to the Port, it sets out the main conditions of the Agreement, it specifies the information to be supplied in support of the Bidding, and it defines the administrative procedures to be followed in the submission of the Bids.
- 1.4.2 Part II of this document contains background information relating to the Terminals at the Port, including:
- (a) Throughput projections of the Port
 - (b) An inventory of facilities and equipment at the Terminals
 - (c) An outline of the institutional and regulatory framework that will be set up to monitor and regulate activities carried out under the Agreement.

- 1.4.3 Part III of this document sets out conditions of the Agreement and outlines the responsibilities and requirements of TOC and CEPA under the Agreement.
- 1.4.4 Part IV explains the criteria for evaluation of the bids and contains details of the required extent and format of the information to be submitted.
- 1.4.5 Finally, Part V outlines the procedures for submitting the Bids and dealing with queries and sets out the further procedure and timetable for processing the Bids.

PART II BACKGROUND INFORMATION

IMPORTANT NOTE: All background information is tentative. Bidders will be advised of any changes as soon as possible.

2.1 Throughput Projections

Indicated throughput projections are based on data prepared by the study team of Japan International Cooperation Agency (“JICA”) in the year 2001. These data are for reference information only and should be dealt with most cautiously. CEPA cannot be held responsible with regard to this information.

- (a) Container Cargo (‘000 TEUs)
2007/2015: 146/276
- (b) Cereals and Soybeans (‘000 MT)
2007/2015: 377/497
- (c) Fertilizer (‘000 MT)
2007/2015: 105/105
- (d) Raw Sugar (‘000 MT)
2007/2015: 60/60
- (e) Cement (‘000 MT)
2007/2015: 64/80
- (f) Iron and Steel Products (‘000 MT)
2007/2015: 45/79
- (g) Vehicles (‘000 MT)
2007/2015: 5/10

Details of projections (methodology and results) prepared by the JICA study team can be looked into at the Engineering Section of CEPA, San Salvador, TEL: _____.

2.2 Description of La Union Port Facilities

2.2.1 Location of Port

La Union Port is located at the Southwestern Side of the Gulf of Fonseca in La Union Province.

Approximate coordinates are according to National Grid System (Local Lambert NAD

27):

At the Northwest end of the Container Berth

N 246,087.35

E 626,937.69

2.2.2 Sea Bottom Depths

(a) Access Channel: Sea bottom depths vary from 14.5 m below Chart Datum Level (“CDL”) in the outer harbor outside of the Gulf of Fonseca to 14m below CDL in the inner harbor within the Gulf of Fonseca, length: 22 km, widths varying from 130 m (outer harbor) to 140 m (inner harbor) in the straight fairway and approximately 300 m at the bent.

(b) Stopping and Maneuvering Area: Sea bottom depth 14m below CDL, Shape: Circle with a diameter of 600 m

(c) Berthing Depths: CNT and MPT: 14 m below CDL, ROT: 9.5 m below CDL

2.2.3 Infrastructure, Buildings and Equipment of the Terminals

The infrastructures, buildings and equipment of the Terminals to be provided by CEPA include the following main facilities:

(a) Container Terminal (CNT):

Infrastructure:

- Berth length: 340 m
- Terminal area: 340 m x 400 m
- Pavement:

| | |
|------------------------|----------------------------|
| Apron: | Concrete |
| Vehicle passage: | Concrete |
| Laden container yard: | Gravel with concrete plate |
| Reefer container yard: | Gravel with concrete plate |
| Empty container yard: | Macadam |
- Fender system for container ships of Panamax size
- Crane foundation with rails: Rail gauge: 25 m
- Area lighting facilities
- Surface water drainage

Buildings and building utilities:

(Buildings)

- Port administration building
- Container Freight Station (CFS): 75.0 m x 30.0 m
- Maintenance/repair shop
- Gate house

(Building utilities)

- Ventilation and air-conditioning
- Water supply system
- Power distribution and outlet system
- Lighting system
- Telephone system
- Sanitary fixtures
- Wastewater treatment plant

Equipment:

The following cranes (“the Cranes”) will be procured by CEPA. The Cranes are expected to be delivered by July 2006. The warranty period for the Cranes is two years from the date of commissioning of the Cranes by CEPA.

- Two (2) quayside container gantry cranes: rail-mounted, lifting capacity of 40.6 tons under spreader, maximum vessel width: 32.3 m

(b) Ro-Ro Terminal (the ROT):

Infrastructure:

- Berth length: 240 m
- Terminal area: trapezoid with a longer base of 487.6 m, a shorter base of 101.1 m and a height of 94.5 m
- Pavement: Vehicle passage: Asphalt concrete
Open storage: Macadam
- Fender and berthing system for Ro-Ro ships
- Surface water drainage

(c) Multi-purpose Terminal (the MPT):

Infrastructure:

- Berth length: 220 m
- Terminal area: 220 m x 250 m
- Pavement: Apron: Concrete
Open storage: Macadam
- Fender system for bulk carriers of Panamax size

In the case of the Ro-Ro Terminal (the ROT):

(a) Open Storage Yard

- Maximum axle load: 120 KN

In the case of the Multi-purpose Terminal (the MPT):

(a) Apron

- Maximum axle load: 170 KN

(b) Open Storage Yard

- Maximum axle load: 120 KN

Detailed information, drawings and technical specifications of all structures can be looked into at the Engineering Section of CEPA, San Salvador, TEL: 260-3279.

2.2.5 Quayside Container Cranes – Specifications Information

Specifications of quayside container cranes under clause 2.2.3 (a) and list of their spare parts are shown in Table 1.

TABLE 1**QUAYSIDE CRANES (1/4)****Outline Specifications and Spare Parts**

NOTE: Contracts for the supply of quayside cranes have not yet been awarded. Indicated information is part of the bidding documents. Minor changes are likely to occur.

1. Basic Dimensions

- (a) Hoist capacity:
 - Including spreader: min. 50 tons
 - Under spreader: min. 40.6 tons
 - Under heavy lift hook beam: min. 45 tons
- (b) Outreach from seaside rail center: max. 37.5 m
- (c) Span (rail gauge): 25 m
- (d) Back-reach from landside rail center: min. 11 m
- (e) Lift total: min. 46 m
 - Lift above rail: 32.8 m
- (f) Width (buffer to buffer): max. 28 m
- (g) Portal clearance under horizontal stays: min. 14 m
- (h) Portal clearance between seaside legs: min. 17 m
- (i) Height of crossbeam: max. 4 m
- (j) Traveling distance: 560 m
- (k) Power supply: Cable reel system

2. Type of Cranes

- (a) Type: Rope trolley type, rail-mounted, single lifting gantry, traveling quayside container crane
- (b) Control: Inverter control system

3. Operating Speed

- (a) Main hoist:
 - With empty spreader: at least 150 m/min
 - With 45% load: at least 90 m/min
 - With full load: at least 65 m/min
- (b) Trolley: at least 150 m/min
- (c) Gantry: at least 45 m/min
- (d) Boom hoist not more than 8 min. to raise or lower

TABLE 1 QUAYSIDE CRANES (2/4)

- (e) Secondary movement requirements:
 - Trim: at least 3 degrees
 - List: at least 3 degrees
 - Skew: at least 3 degrees
- (f) Spreader: Telescopic type for ISO 20, 35, 40 and 45 ft. containers
- (g) Rail clamp: Electro-hydraulic or electro-mechanical

4. Acceleration and Deceleration for Main Hoist and Trolley Travel

(a) Main hoist:

With empty spreader:

Hoisting

- Acceleration: not less than 0.8 m/sec^2
- Deceleration: not less than 1.2 m/sec^2

Lowering

- Acceleration: not less than 1.0 m/sec^2
- Deceleration: not less than 1.0 m/sec^2

With full load under spreader:

Hoisting

- Acceleration: not less than 0.6 m/sec^2
- Deceleration: not less than 1.0 m/sec^2

Lowering

- Acceleration: not less than 1.0 m/sec^2
- Deceleration: not less than 0.6 m/sec^2

(b) Trolley travel:

With full load and against the maximum operation speed:

- Acceleration and deceleration: not less than 0.5 m/sec^2
- Acceleration and deceleration time: not more than 5 sec

TABLE 1 QUAYSIDE CRANES (3/4)

5. Capacities and Numbers of Motors

| | Total Capacity | No. | Brake | Control System |
|----------------|------------------------|----------|---|--------------------------------|
| Main Hoist | At least AC 470 kW | 1 | AC Thruster disk brake(s) | Inverter with field control |
| Trolley Travel | At least AC 120 kW | 1 | AC Thruster disk brake(s) | Inverter |
| Gantry Travel | At least AC 37.5 kW | 4 or (8) | AC Magnetic disk brake(s) | Inverter |
| Boom Hoist | At least AC 75 kW | | AC Thruster disk brake(s). Hydraulic disk brake | Inverter |

6. Spare Parts (Compulsory)

| Item No. | Item | Quantity for each |
|----------|---|--|
| 1 | Brake lining | 100% of working numbers |
| 2 | Bearings | 2 piece for each type |
| 3 | Oil seals and O ring | 100% of working numbers |
| 4 | Wire ropes for main hoist Wire ropes for trolley drive | 100% of working lengths and numbers 200% of working numbers |
| 5 | Spreader | 1 complete set for two cranes |
| 6 | Rollers of festoon cable carrier | 100% of working numbers |
| 7 | Grease nipple | 50% of working numbers |
| 8 | Flexible hose for hydraulic | 1 piece for each type |

TABLE 1 QUAYSIDE CRANES (4/4)

| Item No. | Item | Quantity for each |
|----------|---------------------------------|-------------------------|
| 9 | Twist lock pin | 4 for each spreader |
| | Flipper frame of spreader | ditto |
| .10 | Oil strainers | 100% of working numbers |
| | Air strainers | 100% of working numbers |
| .11 | Hydraulic and electric actuator | 100% of working numbers |
| .12 | Fuses | 100% of working numbers |
| .13 | Limit switches | 1 piece for each type |
| | Control switches | ditto |
| | Control chips | 50% of working numbers |
| | Magnetic contractors | ditto |
| | Print boards | 1 for each type |
| | Transistor for main drive | 50% of working numbers |
| | Modules for PLC | 1 for each type |
| .14 | Bulbs for lighting lamps | 10% of working numbers |
| | Pilot lamps | 2 for each type |
| | Bulbs for pilot lamps | 100% of working numbers |
| | Indication lamps | 200% of working numbers |
| | Auxiliary relays and timers | 50% of working numbers |
| .15 | Festoon cable for trolley | 100% of working numbers |
| | Umbilical cable for spreader | 100% of working numbers |

7. Spare Parts (Optional)

After contract between the Employer and the Manufacturer, it will be listed.

2.2.6 Public Utilities and Common Service Facilities at the Port

(a) Electricity

Electric power within the Port area will be fed through the Power Supply Station equipped with transformer to be installed within the area. The Emergency Power Generation Units will be also placed at the Power Supply Station.

- All buildings: 480/208 - 120 V
- Quayside cranes: 4.16 KV
- Reefer container plugs: 240/480 V: 64 plugs at the Container Terminal

(b) Area Lighting

Area lighting facilities will be provided at CNT and MPT, the common port roads and parking lots.

(c) Telecommunications

All the buildings within the port area will be provided with telecommunications.

(d) Fresh Water Supply

Fresh water will be available for sale and supplied to the buildings, fire hydrants, and to ship water supply outlets on the quay and around the working areas.

(e) Sewerage

Wastewater collected from the buildings within the Port area and treated by sewerage facilities to be installed adjacent to the corresponding building complexes will be discharged to culvert pipes composing the drainage network within the Port area.

(f) Surface Water Drainage

Surface water within the Port area including the terminal areas will be collected into trenches and be discharged to culvert pipes composing the drainage network within the Port area .

2.2.7 Inland Transport Links

Direct access to the Port is available from Pan-American Highway via the access road running in the center of La Union City. In addition, the new access road to connect the port to the highway, which will by-pass the city center of La Union, will be ready prior to the

commencement of the major construction works of the Terminals

2.3 Port Tariff Fixing

2.3.1 Tariffs of the Navigation Services

CEPA fixes the tariff structure and rates of the Navigation Services including Port Dues and Towage payable to the Port Users (Tables 2 and 3).

2.3.2 Tariffs of the Berth Services

CEPA fixes the tariff structure and rates of the Berth Services including Berth Hire and Wharfage payable to the Port Users (Tables 2 and 3)

2.3.3 Tariffs of the Terminal Services

- (a) “The Terminal Services” denotes Cargo Handling Services, Storage Services and other services provided by the TOC on its terminal(s) but excluding the Berth Services under clause 2.3.2. The TOC shall fix the tariff structure and rates of “the Terminal Services” subject to a notification of them to CEPA and AMP (the Maritime and Port Authority).
- (b) For bidding purposes, bidders are free to make their own assessment of the appropriate tariff structure and rates of “the Terminal Services”.

2.4 Port Regulations

A set of draft regulations based on up-to-date port practices, which may be of assistance to bidders, is attached to this document (Appendix A). The port regulations are further being considered by CEPA and will be issued in final form at a later date.

TABLE 2 TARIFF STRUCTURES OF NAVIGATION AND BERTH SERVICES

| Service Item | Component | Charging System | | |
|--------------|--|-----------------------------|--------------------------------------|-------|
| | | Basis | Unit | Payer |
| NAVIGATION | PORT DUES For utilization of marine facilities outside the port area, lights, navigational aides, channels, traffic control, pilotage, mooring and unmooring | Size of ship | GRT | Ship |
| | TOWAGE | Time | Hour | Ship |
| BERTH | BERTH HIRE for use of the berth and all associated fixtures, facilities and services | Size of ship Time | m (LOA) Hour | Ship |
| | WHARFAGE for use of the berth and all associated fixtures, facilities and services | Amount and Type of cargo | TEU/ Revenue Ton (Freight Ton) | Cargo |
| | ANCILLARY SERVICES for provision of various services at the berth, e. g. - cleaning, - water supply - telephone | Amount consumed | Various | Ship |

TABLE 3 TARIFF RATES OF NAVIGATION AND BERTH SERVICES

| Component | Unit | Rate (US\$) |
|----------------------|----------------------|-------------|
| PORT DUES | per ton (GRT) | <u>0.37</u> |
| TOWAGE | per hour | — |
| BERTH HIRE | per m (LOA) per hour | <u>0.15</u> |
| WHARFAGE | | |
| - Container Cargo | per TEU | — |
| - Conventional Cargo | per Metric Ton (MT) | — |

PART III CONDITIONS OF CONCESSION AGREEMENT

3.1 Introduction

The conditions of the concession agreement (“the Agreement”) will be formulated in discussion with the preferred Bidders following the initial assessment by the Evaluation Committee. This part of the bidding document sets out the conditions of the Agreement that shall be mandatory and will be incorporated in the formal document of the Agreement. It also refers to the desirable conditions where some flexibility is offered to the bidder.

Independent of the above, the conclusion of the Agreement shall be subject to the approval by _____.

3.2 General Provisions

3.2.1 Laws to be Observed

The Agreement shall be governed by and construed to the laws and regulations of the Government of El Salvador

3.2.2 Language

- (a) The Agreement shall be executed in English.
- (b) All notices, instructions, correspondence or any other written documentation concerning the Agreement between CEPA and TOC shall be in Spanish or English as mutually agreed.

3.2.3 Infrastructure, Buildings and Equipment Provided by CEPA

The infrastructure, buildings and equipment that will be provided by CEPA to TOC under the Agreement includes the following main facilities and equipment:

(a) Container Terminal (CNT):

Infrastructure:

- Berth length: 340 m
- Terminal area: 340 m x 400 m
- Pavement
- Area lighting facilities
- Surface water drainage

Buildings including building utilities (specified in clause 2.2.3 (a)):

- Port administration building
- Container Freight Station (“CFS”)
- Maintenance/repair shop
- Gate house

Equipment:

- Two (2) quayside container gantry cranes: rail-mounted, lifting capacity of 40.6 tons under spreader, maximum vessel width: 32.3 m

(b) Ro-Ro Terminal (ROT):

Infrastructure:

- Berth length: 240 m
- Terminal area: trapezoid with a longer base of 487.6 m, a shorter base of 101.1 m and a height of 94.5 m
- Pavement
- Surface water drainage

(c) Multi-purpose Terminal (MPT):

Infrastructure:

- Berth length: 220 m
- Terminal area: 220 m x 250 m
- Pavement
- Area lighting facilities
- Surface water drainage

Buildings including building utilities (specified in clause 2.2.3 (c)):

- Gate house

3.2.4 Scope of the Terminal Services Provided by TOC

“The Terminal Services” under clause 2.3.3 (a) denotes Cargo Handling Services, Storage Services and other services provided by TOC on its terminal(s). The Agreement will cover the Concession of the Terminal(s) as specified in clause 3.2.3 against a payment to CEPA as specified in clause 3.3 and provision of “the Terminal Services” by TOC under the concession. TOC will be solely allowed to use infrastructure and equipment on the Terminal(s) provided by CEPA under the Agreement to offer the

services and to charge the Port Users against the services.

3.2.5 Period of the Concession Agreement

The Agreement will be granted for a fixed period of ____ years. The starting date of the period of ____ years shall be on the date the terminal is available, under the conditions as specified in the Agreement, to TOC. This date will be fixed by CEPA. Before the expiration of the Agreement, the current TOC will have priority right to negotiate for the extension of the period of the Agreement not extending ____ years subject to terms and conditions acceptable to CEPA. TOC shall submit its request for extension of the period of the Agreement in writing minimum two years in advance of the end of the period of the original Agreement.

3.2.6 Ownership of Assets

- (a) CEPA is the owner of all port assets provided by itself.
- (b) All assets provided by TOC and necessary for the operations of the Terminal(s) will be owned by TOC for the period of the Agreement. This includes infrastructure, equipment, and facilities of any kind provided by the TOC. After the Agreement has ended, the immovable assets shall become the property of CEPA. For the movable assets, CEPA shall have the right to buy all or part of the equipment at the current book value calculated with mutually agreed on investment cost and depreciation periods. The initial investment cost shall be justified by submission of invoices and any other certifying documents. In case CEPA does not wish to buy any or part of the equipment, TOC shall have the obligation to remove such equipment from the premises of the Port within thirty (30) days. If such equipment is not removed within the said period, CEPA shall be entitled to put it to auction. After deducting expenses and damages incurred by CEPA from the proceeds of the auction sale, the remaining will be returned to TOC. TOC has no right for compensation with regard to the utilization of the equipment by CEPA as specified above.
- (c) TOC and CEPA will mutually agree on the list of assets owned by TOC and normally used for operations of the Terminal(s). The list will be reviewed on an annual basis and will be binding for the transfer of property to CEPA in the case mentioned above. In case of missing assets or assets damaged beyond normal wear and tear, TOC shall compensate CEPA at the cost as mutually agreed by both parties or as determined by the arbitrators. TOC will also provide CEPA with one copy of all handbooks and operational and administrative procedure descriptions.
- (d) In case the Agreement is terminated before the legal end following either violations or default by TOC, all infrastructure, equipment, installation,

handbooks, operational and administrative procedure descriptions etc., owned by TOC and necessary for the operation of the terminal(s) shall become the property of CEPA without any compensation to TOC.

(Optional clause)

3.2.7 *Salvadorian Participation*

The Concession will be granted only to a Company registered in El Salvador (a Salvadorian Company) or a Salvadorian Joint Venture that includes and maintains participation of at least one Salvadorian partner with experience in the transportation sector in El Salvador. The aggregate share of Salvadorian partners shall, at any time, constitute ____ % or more of shares in the Company, the Joint Venture or Consortium.

3.2.8 Berth Use

The terminals shall be operated as public facilities and open to any Port Users regardless of nationality. The TOC may set preferential berthing rules in order to secure efficient operations of the terminals, provided that the TOC must give a uniform treatment, under similar conditions to all those who will request the use of the terminals. The berths of the terminals shall be used subject to the following:

- (a) The berth of CNT shall be used for container ships only.
- (b) The berth of ROT shall be used for cargo ships, e.g. Ro-Ro ships, Pure Car Carriers (PCC), container ships and passenger boats but excluding petroleum tankers other than those for bunkering services.
- (c) The berth of MPT shall be used for cargo ships, e.g. bulk carriers, general cargo ships, container ships but excluding petroleum tankers other than those for bunkering services.

In case of emergency, with regard to the interests of the port, or national interests or with regard to safety of people or infrastructure or in accordance with the Agreement, CEPA shall have unconditional rights for berthing any vessels at the terminals.

3.2.9 Limitation of Terminal Use in Case of CNT

CNT may not be used for handling cargo other than containerized cargo. Further limitation will be specified in the Port Regulation.

3.2.10 Subcontracting

In no case may the management of the Terminal(s) be subcontracted. Specific activities may be subcontracted with the written approval of CEPA. If the performance of the

subcontractor is prejudicial to the Terminal Operations, CEPA may require the termination of such subcontract. In this event, TOC cannot make any claim against CEPA. TOC may sublease any property of the Terminal(s) to the others subject to prior written approval from CEPA.

In case TOC has decided to lease equipment or installations, the lease contract shall contain a clause allowing CEPA to continue or take over the lease contract at the same conditions as TOC.

3.2.11 Changes of the Original Design and/or Location of Pavement and/or Buildings to be Provided by CEPA

- (a) TOC may request CEPA to change the original design and/or location of pavement and/or buildings including building utilities within the terminal areas as specified in clauses 2.2.3 and 2.2.4 to be provided by CEPA only in case CEPA bears no additional costs to implement the changes. The requested changes shall be made subject to the consent of CEPA, being specified in conditions and being set forth in the the Agreement.
- (b) As to the buildings including building utilities as specified in clauses 2.2.3, alternatively, TOC may construct its own buildings including building utilities by using its own design and entering into a contract with its own contractor only in case CEPA bears no costs by constructing the buildings of TOC and subject to the consent of CEPA, being specified in conditions and being set forth in the Agreement.
- (c) CEPA shall not unreasonably refuse the changes requested to CEPA by TOC or the construction by TOC if necessary for the good and proper operations of the Terminal(s)

3.2.12 Additions and Changes to Infrastructure

Any addition or change to the existing infrastructure shall be subject to a written approval by CEPA. Proposals for changes or additions to infrastructure works submitted by TOC shall be considered by CEPA only in case TOC bears all costs to implement the changes and all costs that are a consequence of the changes. CEPA shall not unreasonably refuse such proposed addition or changes to infrastructure if necessary for the good and proper operations of the Terminal(s).

3.2.13 Further Development of the Port by CEPA

CEPA shall have the right to access for reasonable modification of the terminal facilities for purposes of expansion of the Port adjacent to the TOC's Terminal(s). It is understood that CEPA will ensure that any disruption of the TOC's business during such

expansion will be minimized to the extent possible.

3.3 Payment and Guarantees

3.3.1 Port Charges

(a) Port Charges related to the Navigation Services

CEPA shall invoice and collect all port charges related to the Navigation Services due by the Port Users at the tariffs fixed by CEPA and based on the information and documentation provided by the Terminal Operating Co. (the TOC).

TOC shall, in case of any proven shortcoming from its side, be responsible for outstanding navigation charges by its Port Users. TOC shall pay to CEPA any such dues outstanding for more than six days from the date of invoicing by CEPA. Subsequent payments by the Port Users shall be reimbursed to TOC after withholding compensation payments for administrative costs and delay interests.

(b) Port Charges related to the Berth Services and the Terminal Services

TOC shall collect from the Port Users and retain all port charges related to the Berth Services, the Terminal Services containing Cargo Handling Services, Cargo Storage Services and any other services provided on the Terminal(s) by TOC (clauses 2.3.2 and 2.3.3).

3.3.2 Payment of the Concession Fee by TOC to CEPA

Payment of the concession fee by TOC to CEPA shall consist of the annual payment of the fixed fee and the annual payment of the variable fee.

(a) Annual Fixed Fee Payment

In case when all the infrastructures, buildings and equipment as specified in clause 2.2.3 will be provided by CEPA to TOC, TOC shall pay the amount that has been fixed by CEPA as follows (Million US\$):

(Optional Paragraph for "Partitioned Concession")

| <i>Operating Year</i> | <i>Combined Terminals (Container Terminal and Ro-Ro Terminal)</i> | <i>Multi-purpose Terminal</i> |
|-----------------------|---|--|
| | <i>Annual Fixed Fee Payment (Current Prices)</i> | <i>Annual Fixed Fee Payment (Current Prices)</i> |
| 2006 | _____ | _____ |
| 2007 | _____ | _____ |
| 2008 | _____ | _____ |
| 2009 | _____ | _____ |
| 2010 and after | _____ | _____ |

(Optional Paragraph for "Master Concession")

| <i>Operating Year</i> | <i>Combined Terminals (Container Terminal, Ro-Ro Terminal and Multi-purpose Terminal)</i> |
|-----------------------|---|
| | <i>Annual Fixed Fee Payment (Current Prices)</i> |
| 2006 | _____ |
| 2007 | _____ |
| 2008 | _____ |
| 2009 | _____ |
| 2010 and after | _____ |

Alternatively, in case when the buildings and building utilities as specified in clause 2.2.3 (a) and (c) will be provided by the TOC in accordance with clause 3.2.11 (b), the TOC shall pay the amount that has been fixed by CEPA as follows (Million US\$):

(Optional Paragraph for "Partitioned Concession")

| <i>Operating Year</i> | <i>Combined Terminals (Container Terminal and Ro-Ro Terminal)</i> | <i>Multi-purpose Terminal</i> |
|-----------------------|---|--|
| | <i>Annual Fixed Fee Payment (Current Prices)</i> | <i>Annual Fixed Fee Payment (Current Prices)</i> |
| 2006 | _____ | _____ |
| 2007 | _____ | _____ |
| 2008 | _____ | _____ |
| 2009 | _____ | _____ |
| 2010 and after | _____ | _____ |

(Optional Paragraph for "Master Concession")
*Combined Terminals (Container Terminal,
 Ro-Ro Terminal and Multi-purpose Terminal)*

| <u>Operating Year</u> | <u>Annual Fixed Fee Payment</u> (Current Prices) |
|-----------------------|---|
| 2006 | _____ |
| 2007 | _____ |
| 2008 | _____ |
| 2009 | _____ |
| 2010 and after | _____ |

For the operation period in 2006 less than the full year, annual fixed fee payment will be prorated to the payment of the full year mentioned above taking into account the actual operation period.

(b) **Annual Variable Fee Payment**

In the case of the Container Terminal a bidder is required to propose the variable fee expressed in an amount per TEU for containers discharged or loaded from/onto ocean-going vessels at the Terminal.

In the case of the ROT or the MPT a bidder is required to propose the variable fee expressed in an amount per metric ton ("MT") for cargo discharged or loaded from/onto ocean-going vessels at the Terminals.

The payment of the variable fee to CEPA by TOC under this clause shall be subject to an adjustment for inflation every three years by using an average annual increase rate of Consumer Price Index in the last three years published by Central Reserve Bank of El Salvador (BCR) but not exceeding the ceiling increase rate of 3% per annum. The ceiling increase rate shall be reviewed every six years and may be revised as mutually agreed by both the TOC and CEPA. Deflation is not considered in adjustment for the payment to CEPA by TOC.

If TOC fails to pay at the determined period of time, CEPA shall be entitled to be paid by enforcing the monies due from the Concession Guarantee. The Concession Guarantee will then be renewed in full amount by TOC within thirty days; failing of such CEPA shall terminate the Agreement for default of TOC.

3.3.3 **Documentation and Information for Payments**

TOC shall provide CEPA in due time all necessary information and documents including copies of manifests related to vessels and cargo using the Terminal(s) which form the basis for charging the Port Users. TOC shall provide CEPA within ten days after each quarter with a recapitulated list of all cargo movements expressed in an

amount per TEU in containers or in an amount per MT in conventional cargo through the Terminal(s) which form the basis for charging the variable fee under clause 3.3.2 (b) from TOC.

Crosschecking of the information provided will be performed by CEPA staff should there be any discrepancy between the information and documents by TOC and the findings by CEPA, then CEPA reserves the right to calculate its revenues based on its own assessment of services provided. Such assessment shall be conclusive and binding upon TOC. It shall be incumbent on TOC to prove that CEPA calculations concerning the payment under clause 3.3.2 to CEPA are incorrect.

3.3.4 Performance Guarantee

The award of the Agreement will be subject to the provision by TOC of a Performance Guarantee issued by a bank in El Salvador in a form acceptable to CEPA. The Performance Guarantee will be provided as a means of guaranteeing the implementation by TOC of its obligations as described under clause 3.6.2 (c). The Performance Guarantee shall be effective until all obligations on the part of TOC under clause 3.6.2 (c) have been fulfilled and thereafter, it shall be released within fifteen (15) days. During clause 3.6.2 (c) period, the TOC shall arrange for a bank to maintain the guarantee in such full amount as required by this clause. If the amount of the guarantee decreases under whatever event, TOC must arrange for the bank to increase the amount of the guarantee to reach the required amount within thirty (30) days from the receipt from CEPA. The Performance Guarantee shall be in the amount as follows (Million US\$):

(Optional Paragraph for "Partitioned Concession")

Combined Terminals (Container Terminal and Ro-Ro Terminal)

Multi-purpose Terminal

(Optional Paragraph for "Master Concession")

Combined Terminals (Container Terminal, Ro-Ro Terminal and Multi-purpose Terminal)

3.3.5 Concession Guarantee

The award of the Agreement will be subject to the provision by TOC of a Concession Guarantee issued by a bank in El Salvador in a form acceptable to CEPA. The Concession Guarantee will be provided as a means of guaranteeing the good and accurate performance and non-violation of any condition of the Agreement including payment of the concession fee and any other dues in accordance with the Agreement. The Concession Guarantee shall be effective until all obligations on the part of TOC

under the Agreement have been fulfilled and thereafter, it shall be released within fifteen (15) days. The Concession Guarantee shall be provided on a yearly basis for the following year, sixty (60) days before the start of the year. The Concession Guarantee shall be in the amount as follows (Million US\$):

(Optional Paragraph for "Partitioned Concession")

Combined Terminals (Container Terminal and Ro-Ro Terminal) Multi-purpose Terminal

(Optional Paragraph for "Master Concession")

Combined Terminals (Container Terminal, Ro-Ro Terminal and Multi-purpose Terminal)

3.3.6 Public Utility Charges and Charges for Common Port Services

TOC shall be responsible for all charges incurred in the course of management and operations of the Terminal(s) in respect of public utilities. Charges towards electricity supply and communication are fixed at the amounts charged by the Public Utility Companies. Charges for the common port services are payable by TOC at a rate to be fixed by CEPA. This relates to services for fresh water supply, garbage collection and lighting of common use areas. CEPA shall fix the charges for the common port services in function of the actual operation and maintenance cost.

3.3.7 Default on Payments

TOC shall pay all fees by the due date without prejudice to the right of CEPA to terminate the Agreement as herein provided. If there is a delay in payment interest charge on a delay basis at the minimum overdraft rate of the Bank of _____ calculated on the outstanding amounts shall be paid by TOC.

3.3.8 Taxes, Customs Duties, and Stamp Duties

TOC shall be responsible in the payment of all taxes, custom duties levies and contributions that are by law payable by TOC in respect of the Agreement. TOC shall bear the costs of all stamp duties incurred in connection with the execution of the Agreement.

3.4 End of the Agreement and Settlement of Disputes

3.4.1 Termination of the Agreement

(a) Termination of the Agreement for Default by TOC.

CEPA shall have the right to terminate the Agreement if TOC violates the conditions of the Agreement, following notice of ninety (90) days by CEPA stating the reasons justifying the termination and the failure of the TOC to satisfy CEPA. TOC shall be responsible for any damages or costs incurred by CEPA during the said period. If such violations cause substantial damage to national interests or international acceptance standards of safety for marine terminal or the terminal infrastructure, CEPA shall be entitled to terminate the Agreement immediately. In case of termination of the Agreement before such expiration following any violation of the Agreement by TOC, TOC shall have no right for any compensation due directly or indirectly to the early termination of the Agreement. In case of termination for violation or default of the Agreement before the expiration of the Agreement by TOC, CEPA shall have the right to seize the guarantee(s) and take possession of the Terminal(s) and its equipment and take over the management and operations of the Terminal(s) at once. TOC shall provide any assistance necessary to CEPA in the resumption of the operations of the Terminal(s).

(b) Termination by Special Reasons

For reasons of national security, public safety, or other issues of similar nature, CEPA may terminate at any time by written notice thereof to TOC. Upon any such termination, CEPA will pay TOC for all equipment, facilities and property of any kind furnished by TOC at cost as mutually agreed by both parties or determined by the arbitration. In no case shall TOC claim for damages, including loss of anticipated profits on account of termination.

(c) Termination by the Expiration of the Agreement

In case of the expiration of the Agreement, CEPA shall have the right to take possession of the Terminal(s) and its equipment and take over the management and operations of the Terminal(s) at once. TOC shall submit all documents, data and information in the management and operations of the Terminal(s) to CEPA at the time of taking over as mentioned above.

3.4.2 Settlement of Disputes and Arbitration

In case of controversy or dispute arising between TOC and CEPA concerning the Agreement, either party may refer such dispute or controversy to arbitration. Unless both parties agree to the appointment of a single arbitrator, either party shall serve upon the other a notice of intention to submit the controversy or dispute to arbitration and specify the name of an arbitrator to be appointed by him. Then the controversy or dispute shall be referred to two arbitrators, one to be appointed by the issuing party as aforesaid and the other one to be appointed by the other party, within thirty (30) days

after receipt of said notice.

In case of failure of the two arbitrators to reach a decision, the two arbitrators shall appoint an outside person to act as umpire within thirty (30) days from the date on which the arbitrators cannot reach a decision. The umpire shall give his decision within thirty (30) days of the matter being referred to him.

Should both parties to the Agreement be unable to appoint his own arbitrator or in case of disagreement as regards the appointment of an umpire, both parties are entitled to refer the matter to the Civil Court (San Salvador) for the appointment of an arbitrator or umpire as the case may be. The arbitration proceedings shall follow the Rule of Arbitration of the Ministry of Justice's Arbitration Office or any rule agreed by both parties and shall be conducted in San Salvador. Pending decision from arbitration of a dispute, TOC shall, except in case of termination, proceed with the performance of the Agreement in accordance with the decision of CEPA.

Each party shall bear the costs of its own arbitrator's service and share equally other cost of all proceedings. In case the matter is decided by a single arbitrator or in case an umpire is appointed; whether the whole cost of the single arbitrator's services or the cost of the umpire's service shall be decided by the arbitrator, or the umpire as the case may be. The arbitration award shall be final, conclusive and binding upon both parties.

3.4.3 Penalties

CEPA shall have the right to impose a penalty on TOC in case TOC violates any condition of the Agreement and fails to remedy the violation after receipt of a warning issued by CEPA within a reasonable period. The penalty shall be calculated on a daily basis from the date of receipt of the warning issued by CEPA as mentioned above till the date of TOC remedies the violation. The penalty is fixed at _____ US\$ per separate violation and per day. TOC shall pay the penalty within thirty days after the date of receipt of the invoice from CEPA. If TOC fails to pay the penalty within the said period of time, CEPA shall be entitled to be paid by enforcing the monies due from the Concession Guarantee and/or the Performance Guarantee.

3.4.4 Force Majeure

"Force Majeure" denotes any event, the happening or pernicious results of which could not be prevented even though a person against whom it happened or threatened to happen were to take such appropriate care as might be expected from him in his situation.

If either party is unable to comply with any of the condition or obligations under the Agreement because of Force Majeure that party shall notify the other party as soon as possible but not later than ten days after such occurrence. The latter party shall, within

reasonable time after the date of receiving such notification, notify the former party whether he shall accept the existence of Force Majeure and the effect on obligations and responsibilities under the Agreement.

3.5 Functions of CEPA

3.5.1 Functions of CEPA may include:

- (a) Monitoring the activities of TOC to ensure that they are within the law and regulations, recommending any necessary changes to the regulations as the need arises;
- (b) Investigating any complaints from the public that have not been resolved through normal complaint procedures by TOC;
- (c) Monitoring the TOC's performance under the Agreement, especially with regard to operational efficiency, environmental protection, safety procedures and satisfactory maintenance of fixed assets;
- (d) Requesting and receiving financial and operating statistics from TOC, crosschecking these against data supplied by customs and shippers and preparing a full financial report on the use of the Port's assets.
- (e) Follow-up on the state of the quayside container gantry cranes ("the Cranes") by using monitoring equipment.
- (f) Controlling port landside traffic by ensuring gate control at the main gate and the sub-gate, but not at the terminal gate(s)

3.5.2 Provision of Common Port Services

CEPA shall provide or shall ensure the provision of the following common port services:

(a) Fire Fighting

The port basically relies on the fire fighting trucks of La Union City. In order to assist the city fire fighting trucks, movable fire pumps and hydrants are stationed inside the port area. Two tugboats (3,600 hp each) equipped with an external firefighting system will operate at the Port.

(b) Safety and Security

Safety and security within the Port will be enforced by CEPA and the Port Police.

CEPA safety personnel and Port Police have the right to enter, at any time, all premises of the TOC within the Port in the execution of their duty. The main gate at the Port will be manned by CEPA.

(c) Site Cleanliness, Garbage Collection

Cleanliness of the common use port areas is the responsibility of CEPA. The port basically relies on La Union City in the collection of refuse from TOC on land and from the cargo vessels and passenger boats.

(d) Fresh Water Supply

The fresh water supply plant and distribution system as far as provided by CEPA outside the Terminal areas (clause 2.2.3) will be kept in good working order by CEPA.

(e) Fuel Oil Station

A fuel station will be provided by CEPA to pump diesel for cargo handling equipment to be operated within the CNT. The fuel station shall be operated by TOC.

(f) Electricity and Lighting

The electricity supply system and area lighting as far as provided by CEPA outside the terminal areas (clause 2.2.3) will be operated and maintained by CEPA. Electricity will be supplied to:

- All buildings (480/208 - 120 V)
- Quayside cranes (4.16 kV)
- 64 reefer plug connections (480/240 V)

(g) Maritime Port Access and Basin

Maintenance dredging and regular survey of the navigation and berthing areas will be performed by CEPA. The controlled water depths are 14.0 m below CDL in the inner channel and 14.5 m below CDL in the outer channel.

(h) Pilotage

Pilotage will be compulsory for all vessels over ____ gross tonnage ("GRT") as provided by CEPA Regulations for all movements within the Port including berthing and unberthing. Pilots, Pilot boats and related services will be provided

by CEPA (or a company designated by CEPA).

(i) Towage

Towage will be compulsory for all vessels over ____ GRT as provided by CEPA Regulations for entering and leaving including berthing and deberthing. Tugs will be provided by CEPA or by a company designated by CEPA.

(j) Navigation Aids

Following Navigation Aids Services will be provided by CEPA:

- Navigation buoys indicating access to the Port
- VTS System (VHF communication and AIS)
- Light house on Zacatillo Island

Navigation Aids Services are not charged separately but are included in the Port Dues.

(k) Bunkering Services

CEPA has no immediate plans with regard to bunkering services. It shall not, in any way, be an obligation of CEPA to provide or ensure bunkering services. The TOC may not unduly refuse access to its terminal(s) to any bunkering service company recognized as such by written permission from CEPA for performing such services to any vessel at its Terminal(s).

(l) Chandlery Services

CEPA reserves the sole right to organize chandlery services throughout the Port through one or more concession(s). In case CEPA has not yet recognized chandlery services, TOC is allowed to provide these services towards vessels at its terminal(s). TOC may not unduly refuse access to its terminal(s) to any chandlery service company recognized as such by written permission from CEPA for performing such services to any vessel at its terminal(s).

Charges for Common Port Services are described under clause 3.3.6.

3.6 Mandatory Conditions of Management and Operations for TOC

The Agreement will be made subject to the consent of the following mandatory conditions of terminal management and operations for TOC.

3.6.2 Terminal Management and Operations

TOC shall be entirely responsible for the development and use of the assets for the purpose of management, operations and commercial development of the Terminal(s). It shall make the best effort to ensure the optimum benefit accrued to the commercial and industrial development of the Eastern Region of El Salvador, the Government and itself.

- (a) TOC shall provide all services to the Port Users as are necessary for the efficient Terminal Operations, according to its business plan under clause 4.4.
- (b) TOC shall, during the terms of the Agreement and in accordance with its business plan, provide all equipment, infrastructure and administrative facilities additional to the infrastructure and equipment provided by CEPA that is necessary for the Terminal Operations.
- (c) The Terminal(s) shall be operational from the date not later than thirty (30) days after the date the terminal is available as denoted in clause 3.2.5. "Operational" means that TOC shall be able to receive and/or dispatch cargo on the Terminal(s), to store cargo and to load and/or unload the cargo onto/from vessels.
- (d) TOC shall provide CEPA with financial and operating statistics including traffic volume.

3.6.3 Labor and Staff

TOC shall be responsible for the provision and conduct of any staff and hired labor.

3.6.4 Compliance to the Regulations

- (a) TOC must operate the Terminal(s) in accordance with the laws, statutes, bylaws, regulation policies and operating standards as may from time to time be specified by CEPA, the Government, or by one of its Agencies.
- (b) Terminal regulations may be issued by TOC only with the written consent of CEPA

3.6.5 Audit

TOC shall provide CEPA with copies of the audited accounts that have been submitted to the Revenue Department not later than the third months after the end of the financial year.

3.6.6 Insurance

TOC shall insure and pay the premium for following insurances with an insurer

registered or authorized to do business in El Salvador and in terms approved by CEPA. TOC shall, whenever required, produce to CEPA the policies of insurance and the receipts for payment of the current premiums. The insurance policies shall be effective covering for the entire period of the Agreement as denoted in clause 3.2.5. All costs related to insurances are to be borne by TOC.

- (a) TOC must insure for its full value against any losses or damages, all property provided by CEPA or TOC included in the Agreement. CEPA shall be the beneficiary of properties listed hereunder. For insurance purposes, the following asset values shall be assumed.

| | (Million US\$) |
|--|----------------|
| - Quay and quay appurtenances | 22.5 |
| - CFS (Container freight station) | 1.0 |
| - Container terminal gatehouse | 0.4 |
| - Container terminal administration building | 1.4 |
| - Container terminal maintenance/repair shop | 0.8 |
| - Quayside container gantry crane (per unit) | 12.8 * |
| * Subject to change after bidding of quayside cranes | |
| - Utilities (Electricity, water supply, communication) | 5.6 |

The values of these assets may be reassessed from time to time by CEPA.

- (b) TOC shall follow Salvadorian Laws for all workmen and employees employed in the scope of the Agreement.

- (c) Third Party Insurance

TOC shall take out and maintain policies of insurance subject to normal practice against all liabilities in respect of any damage, loss or injury that may be suffered out of the use of the Port Facility. TOC shall also keep CEPA indemnified against all such liability and shall deliver to CEPA copies of all applicable insurance policies. TOC shall not do or allow or permit any act to be done that may render the terms of the insurance policy to become void or liable to be set aside.

- (d) TOC shall insure all cargo while it is in its custody against fire, loss or damage that is a consequence of any negligence by TOC, its employees or its subcontractors.

3.6.7 Maintenance Requirements

- (a) Maintenance Requirement

TOC must undertake maintenance of all infrastructure, buildings and equipment including those provided by CEPA inside its terminal(s) in a manner that is to the

entire satisfaction of CEPA. TOC shall not be responsible for repair or defects to infrastructure and buildings provided by CEPA that is the proved consequence of inadequate design or poor workmanship. Such repair shall be dealt with by CEPA. CEPA shall not, at any time, be responsible for damage caused to the infrastructure, buildings or equipment by the Port Users. TOC will substitute CEPA in all its rights to pursue legal action against the Port Users or third parties causing such damage.

(b) Maintenance of Infrastructure, Buildings and other immovable Assets

TOC will be responsible for maintenance and repair of the infrastructure, buildings and other immovable assets within the terminal areas (clause 2.2.3) and for any utility infrastructure installed by TOC outside its terminal(s) for connecting to the Port's main systems. TOC shall at all times provide free access and the necessary assistance to the authorized CEPA personnel or the terminal operating contractor's personnel for the inspection of the state of the infrastructure and buildings provided by CEPA and for all related activities that take place at this location;

(c) Maintenance of Equipment

Equipment procured by the TOC or provided by CEPA shall be operated and maintained in good working order in accordance with "Operation and Maintenance Manuals" of the manufacturer. TOC shall at all times provide free access and the necessary assistance to the authorized CEPA personnel or the terminal operating contractor's personnel for monitoring the state of the equipment provided by CEPA and for all related activities that take place at this location.

(d) Repair of accidental Damage

In case of accidental damage by any third party to any infrastructure, buildings or equipment inside its terminal or utility infrastructure installed by the TOC outside its terminal(s) for connecting to the Port's main systems, the damage will be repaired by TOC who shall claim repayment of costs from the third party. Repaired works shall be to the entire satisfaction of CEPA. TOC shall keep records of all accidental damage, accidental reparation and maintenance works, including details of the third party involvement. Such records shall be submitted to CEPA. All such incidents shall be reported to CEPA within 24 hours of the incident and all such records maintained for the CEPA evaluation for a period of not less than 2 years or until the Agreement expires whichever comes first.

(e) Overhaul/Reconditioning of Equipment and Restoration of Infrastructure Works

At the end of the concession period TOC shall overhaul or recondition all equipment and restore infrastructure and buildings to a state that is acceptable to CEPA reasonably considering wear and tear.

3.6.8 Ancillary Services Provided

TOC shall provide the following ancillary services in a manner that is to the entire satisfaction of CEPA. The TOC shall bear all costs related to these ancillary services.

(a) Fire Fighting

TOC shall be responsible for dealing with fires on land and on ships at berth from the time the alarm is raised until the city fire brigade arrives and takes control.

(b) Safety and Security

TOC shall be responsible for all safety and security measures within its premises and shall cooperate with CEPA to enhance safety and security within the port area.

(c) Pollution Control and Environmental Considerations

TOC shall be responsible for complying with the national environmental regulations. TOC shall be responsible for the collection, treatment and disposal of all its sewage in accordance with the rules and regulations in force. TOC shall make sure that its sewage treated and released by TOC into the common use drainage system is in accordance with the rules and regulations in force.

(d) Site Cleanliness

TOC shall be responsible for the cleanliness and good housekeeping of its premises. As such it shall be responsible for the sweeping and cleaning of roads, cargo handling areas, offices sheds and other buildings under its responsibility. Refuse shall be presented in a sanitary way for collection by CEPA. Oily residue shall be disposed of by TOC in an environmentally acceptable way.

(e) Amenities

TOC shall be responsible for providing and maintaining in a sanitary condition adequate toilet and washing facilities for all persons entitled to be inside their premises.

3.6.9 Operational Permits

TOC shall, at any time, be responsible for obtaining the necessary permits or licenses from the authorities concerned to operate the facilities. CEPA will assist TOC upon its request in its relation with other Government Agencies. TOC, however, cannot claim for any compensation from CEPA in case of failure to obtain the necessary permits.

3.6.10 Indemnity

TOC shall indemnify and hold harmless CEPA from and against all claims, damages suits, etc. by third parties including all costs and expenses incurred in defending any claim that may arise out of or is attributable to the management and operations of the terminal(s) by TOC.

3.6.11 Transport in and out of the Port

Any trucking into and out of the Port is the responsibility of TOC. TOC shall organize the trucking into and out of the Port and shall take full responsibility of any legal liability of the trucker inside the Port.

3.6.12 Port Promotion

TOC shall cooperate with and contribute to CEPA, other Government Agencies and Private Sector Organizations related to the Transportation Sector in a working group to be set up by CEPA on port promotion.

3.7 Desirable Conditions

In addition to the mandatory operating conditions mentioned in clause 3.6, TOC should also consider the following:

- (a) Marketing program
- (b) Commitment to the long-term future of the Port
- (c) Maintenance of good industrial relations
- (d) Preventive maintenance program
- (e) Structural training program for suitably qualified Salvadorian nationals in the Terminal Operations

PART IV BID REQUIREMENTS

4.1 Introduction

This part of this Bidding Document deals with Bid requirements. It sets out the format for required information relating to the Bidder and to the business of operating the Terminal(s). The need for this information is set in context by reference to the criteria that will be used in assessing the Bids.

4.2 Criteria for Bid Evaluation

4.2.1 Bids will be assessed according to three main criteria as follows:

- (a) The credibility of the Bid as a whole;
- (b) The Bidder's detailed proposals for carrying out the mandatory conditions, his proposals, if any, for modified or alternative options, his proposals for the desired conditions and any additional features offered;
- (c) The financial return to CEPA.

The way in which these criteria will be applied is briefly described in the following paragraphs.

4.2.2 Assessment of the Bids will first concentrate on whether the bid as a whole is reasonable and credible. This assessment will take into account the Bidder's understanding of the market, his anticipated traffic volumes, the methods of operations and investment program put forward in the Bid. The ability of the bidder to implement his plans, to support the investment and to withstand potential losses, will be of equal importance.

4.2.3 Once the Evaluation Committee has screened the bids for overall credibility, they will be further checked for compliance with the conditions of the Agreement as set out in Part III of this Bidding Document. Bids will be rejected if they do not comply with the mandatory conditions. Where desirable conditions are offered, the Committee will consider the proposals put forward by the bidder, and will also evaluate any alternative conditions the Bidders may propose as an option.

4.2.4 Finally, the Committee will assess the financial return to CEPA based on the variable fee as a part of the concession fee. For the purpose of calculating the return to CEPA, the same scenario of cargo throughput will be used for all Bidders.

4.3 Components of the Bid

4.3.1 The Bid documentation shall consist of the following components:

- (a) ANNEX A: STATEMENT OF BID that contains the name of the Bidder and joint venture partners and states the options bid for;
- (b) ANNEX B: DETAILS OF BIDDER must be completed by the Bidder or by each party in a joint venture bid. This document requests information about each of the Bidding companies and its staff to be in charge of the Agreement;
- (c) ANNEX C: ACCEPTANCE OF CONDITIONS must be submitted by each Bidder and signed by each party to any joint venture;
- (d) ANNEX D: BUSINESS PLAN must be submitted for each option bid for.

(Optional Paragraph for "Partitioned Concession")

A Bidder may bid for one or two options: one option is the Combined Terminals composed of the Container Terminal and the Ro-Ro Terminal, and the other option is the Multi-purpose Terminal in terms of the Concession for the Terminal Operations.

In case any one bidder is successful for two options through separate evaluation by option, the successful two options will be awarded to the bidder. The respective amounts of annual fixed fee payment in the two Bid options are set forth in clause 3.3.2 (a).

(Optional Paragraph for "Master Concession")

A Bidder shall bid for the Combined Terminals composed of the Container Terminal, the Ro-Ro Terminal and the Multi-purpose Terminal in terms of the concession for the Terminal Operations as one package. The amount of annual fixed fee is set forth in clause 3.3.2 (a).

A Bidder may select the option that the TOC will construct its own buildings in accordance with clause 3.2.11 (b). If the option is selected, that shall be stated in the format set out in ANNEX A. If buildings will be constructed by TOC in accordance with clause 3.2.11 (b), the annual fixed fee payment corresponding to the condition as stated in clause 3.3.2 (a) will be applied. Whether a Bidder selects the option in the construction of buildings or not will not be considered in the Bid Evaluation.

4.3.2 Obligatory format and details of the information required are given in ANNEXES A, B and C of this document. The content of the business plans to be submitted is discussed below and the required information and format are set out in ANNEX D.

4.4 Business Plans

(Optional Paragraph for "Partitioned Concession")

4.4.1 *Bids will be considered for the Terminal Operations bid out of the following terminals:*

- (a) *Container Terminal (CNT),*
- (b) *Ro-Ro Terminal (ROT),*
- (c) *Multi-purpose Terminal (MPT).*

Bidders should submit business plans for any option as appropriate. If a Bidder bids for two options under clause 4.3.1, business plans for each option should be submitted.

(Optional Paragraph for “Master Concession”)

4.4.1 *Bids will be considered for the management and operations of the following terminals:*

- (a) *Container Terminal (CNT),*
- (b) *Ro-Ro Terminal (ROT),*
- (c) *Multi-purpose Terminal (MPT).*

4.4.2 The business plans should detail how the Bidder proposes to manage and operate the terminal(s). It should be supported by detailed estimates and projections in tabular form as set out in ANNEX D (Tables AD-1 – AD-13). It should cover the following aspects:

- (a) The business arrangements of the company or of joint venture partnership, including the percentage ownership by Salvadorian and foreign partners of the joint venture or the new company (Optional clause 3.2.7),
- (b) The detailed program for setting up the management at the terminal(s), the timing for mobilizing all major items of plant and the program for taking operational control, which must be at the respective completion dates of each terminal,
- (c) The detailed traffic forecasts (Tables AD-2 and AD-3) supported by a description of the proposed marketing initiatives and the shipping pattern on which the forecasts are based,
- (d) Forecast of revenues to CEPA (Table AD-4) from the Navigation Services under clause 2.3.1 and the concession fee under clause 3.3.2,
- (e) Forecast of revenues to the TOC (Table AD-5) from the Berth Services under clause 2.3.2 and the Terminal Services under clause 2.3.3. As mentioned in clause 2.3.3 (b), for bidding purposes, the bidders are free to make their own assessment of the appropriate tariff structure and rates of the Terminal Services.
- (f) Staffing requirements (Table AD-6) for the terminal operations detailing the proposed management structure and the number of staff engaged in different port functions and whether full-time or part-time,

- (g) Plant, equipment and infrastructure requirements (Table AD-7) setting out the amount of plant and type of facilities additional to those provided by CEPA that will be required to handle the projected workload at the terminal. Plant should be specified by type and capacity.
- (h) Profile of the investment (Table AD-8) that will be needed for handling equipment, storage facilities etc.; the unit cost and the total value of capital investment by type of equipment and infrastructure works should be stated.
- (i) Operating expenses (Table AD-9) of administration, staff payroll, maintenance of equipment, plant and infrastructure, etc.
- (j) Financial plan stated by financial statements (Tables AD-10 - AD-12) containing income statement, balance sheet and cash flow statement extending over the concession period.
- (k) Financial resources (Table AD-13) for setting out the terminal operating business at the Port.

ANNEX A

FORM OF DOCUMENT REQUIRED FOR
STATEMENT OF BID

COMISION EJECTIVA PORTUARIA AUTONOMA (CEPA)

BID FOR
CONCESSION FOR
THE MANAGEMENT AND OPERATIONS OF
TERMINALS AT LA UNION PORT

STATEMENT OF BID

1. NAME AND ADDRESS OF BIDDER

State name, address and country of registration of company, joint venture or consortium and each firm of the joint venture or consortium company. In the case of a joint venture or consortium a document of intent to form a joint venture or consortium identifying all firms, defining the sponsor and contact address for the joint venture or consortium and signed by authorized officers of each firm must be submitted. This document of intent must include a clause stating that all members will be jointly and severally bound for performance of the Concession Agreement.

(Optional Paragraph for "Partitioned Concession")

2. OPTIONS FOR WHICH BIDS ARE SUBMITTED

| | <i>Terminals</i> | <i>Option Bidded for (Yes/No)</i> | <i>Priority (1,2)</i> |
|-----|---|---------------------------------------|---------------------------|
| (a) | <i>Combined Terminals (Container Terminal and Ro-Ro Terminal)</i> | _____ | _____ |
| (b) | <i>Multi-purpose Terminal</i> | _____ | _____ |

Bidders shall indicate priority of each option bidded for. In case any one bidder is successful for two options through separate evaluation by option, the successful two options will be awarded to the bidder. The priority indicated is for the reference to CEPA and does not affect the selection of a successful Bidder.

3. SELECTION OF BUILDING OPTION

Selection of the option that the TOC will construct its own buildings in accordance with clause 3.2.11 (b):

(Yes/No) _____

Whether a bidder selects the option or not will not be considered in the Bid Evaluation.

4. AUTHENTICATION

Authentication statements confirming the registration status of the company or each company of the joint venture and the authority of each signatory must accompany the bid.

5. BID GUARANTEE

Bid guarantee in the sum of US\$ _____ valid from the closing date of bid submission for a period of 240 days must accompany the bid in the form attached hereto. One bid guarantee is requested from the bidder (Single Company, Joint Venture or Consortium) independent of the option or number of options bid for.

6. PAYMENT TO CEPA

6.1 Container Terminal

Variable fee expressed in an amount per TEU for containers discharged or loaded from/onto ocean-going vessels at the Container Terminal as specified in clause 3.3.2 (b):

US\$ _____ per TEU

6.2 Ro-Ro Terminal

Variable fee expressed in an amount per Metric Ton (MT) for cargo discharged or loaded from/onto ocean-going vessels at the Ro-Ro Terminal as specified in clause 3.3.2 (b):

US\$ _____ per Metric Ton (MT)

6.3 Multi-purpose Terminal

Variable fee expressed in an amount Metric Ton (MT) for cargo discharged or loaded from/onto ocean-going vessels at the Multi-purpose Terminal as specified in clause 3.3.2 (b):

US\$ _____ per Metric Ton (MT)

7. STATEMENT

We hereby submit our bid comprising ANNEXS A, B, C and D hereof for the concession for management and operations of the terminal(s) at La Union Port and

confirm that the information given in the accompanying ANNEX B is true and correct. We have also signed ANNEXS C and D. The bid will remain valid for acceptance for a period of 180 days from the closing date of the bidding.

* (Name and Position)

* (Name and Position)

Date: _____

Note: * All joint venture companies must sign

Prescribed Form of Bid Guarantee

Bid Guarantee

No. _____

Date: _____

_____ Guarantor

_____ Witness

_____ Witness

ANNEX B

FORM OF DOCUMENT REQUIRED FOR
DETAILS OF BIDDER

COMISION EJECTIVA PORTUARIA AUTONOMA (CEPA)

BID FOR
CONCESSION FOR
THE MANAGEMENT AND OPERATIONS OF
TERMINALS AT LA UNION PORT

DETAILS OF BIDDER

Note: ANNEX B should be completed by each party to the bid.

1. NAME OF BIDDER

2. NAME OF PARTNER COMPANY

State the name of the company whose details follow.

3. DIRECTORS AND PRINCIPAL OFFICEHOLDERS

Supply the names and addresses of the directors and principal officeholders of your company.

- (a) Directors
- (b) Chief Executive Officers
- (c) Accountants
- (d) Solicitors
- (e) Auditors

4. CORPORATE STRUCTURE AND SHAREHOLDERS

Supply details of the group structure of your company relevant to the management and operations of the terminal of the Port, and of the structure of the shareholding including a list of substantial shareholders.

5. KEY STAFF

Curricula vitae of the senior key staff to be in charge of the Agreement shall be attached including information indicated in Table 1.

TABLE 1 KEY STAFF TO BE IN CHARGE OF THE AGREEMENT

Resumes of key personnel should include the following information:

- Name
- Employed by
- No. of years with firm
- Nationality
- Date of birth
- Higher education
- Qualifications
- Languages spoken and proficiency
- Particulars of relevance to this project
- Work experience with dates of joining and leaving each firm
- Other particulars e.g. membership of official bodies, publications, awards etc.

FORM OF DOCUMENT REQUIRED FOR
ACCEPTANCE OF CONDITIONS

COMISION EJECTIVA PORTUARIA AUTONOMA (CEPA)

BID FOR
CONCESSION FOR
THE MANAGEMENT AND OPERATIONS OF
TERMINALS AT LA UNION PORT

ACCEPTANCE OF CONDITIONS

We confirm our acceptance of the mandatory conditions and provide detailed proposals herein.

In addition to our acceptance of the mandatory conditions we offer as an alternative option, variations to some of those conditions. These variations are fully described below and the effect on our business plan is also elaborated.

We also describe in detail the desirable conditions that we have been able to offer together with additional features, which we consider will enhance the business development of the port.

Signed

Date:

ANNEX D

FORM OF DOCUMENT REQUIRED FOR
BUSINESS PLAN

COMISION EJECTIVA PORTUARIA AUTONOMA (CEPA)

BID FOR
CONCESSION FOR
THE MANAGEMENT AND OPERATIONS OF
TERMINALS AT LA UNION PORT

BUSINESS PLAN

Notes:

1. Tables should show annual figures from 2006 up to the end of the period of the original Agreement.
2. For the purposes of these projections, assume that the operations commence on:

For the Container Terminal: July 1, 2006
For the Ro-Ro Terminal: July 1, 2006
For the Multi-purpose Terminal: July 1, 2006

Projections should be prepared on an annual basis.

3. Submissions should contain at least the amount of data indicated in the tables. It will be of advantage to the bidder to supply further details and explanatory notes.
4. The financial information should be presented at current prices
5. All assumptions used in the financial forecasts should be justified in detail.
6. All currency figures to be in units of US\$ 1,000
7. Exchange rates used should be Central Reserve Bank of El Salvador (BCR) selling rate on the date 60 days before the day of opening the bids or in case this day is an official holiday on the first following working day.
8. A separate business plan for each option bid for is to be submitted.

Table AD-1 Proposed Tariff Structure and Rates for Cargo Handling in Terminal Services Payable by Port Users

| Cargo Type | Tariff Component | Tariff Unit by Cargo Item | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | ---- | | |
|---|---|--|------|------|------|------|------|------|------|--|--|
| Container | e.g. Stevedorage, Haulage, Lift-on/Lift-off and Stroage | e.g. US\$ per TEU, Box by Laden, Empty, Reefer, 20/40 footer | | | | | | | | | |
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| Conventional Cargo (Break-bulk or Bulk) | e.g. Stevedorage, Haulage and Stroage | e.g. US\$ per Metric Ton (MT) by Cargo Item | | | | | | | | | |
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Table AD-2 Cargo Forecast Volumes

| Cargo Type | Cargo Item | Unit | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | ---- | |
|---|--|----------------------|------|------|------|------|------|------|------|--|
| Container | Categorized Containers e.g. Laden, Empty, Reefer, 20/40 footer Containers by Import and Export | e.g. in TEUs, Boxes | | | | | | | | |
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| Conventional Cargo (Break-bulk or Bulk) | Itemized Cargo by Import and Export | e.g. Metric Ton (MT) | | | | | | | | |
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Table AD-3 Forecast of Ship Calls (Number of Vessels)

| Ship Type | Category | Ship Size Distribution | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | ---- |
|-------------------|--|------------------------|------|------|------|------|------|------|------|
| Container Ship | e.g. Mainline, feeder, direct | e.g. < 500 TEUs | | | | | | | |
| | | 500 - 1000 TEUs | | | | | | | |
| | | 1000 - 2000 TEUs | | | | | | | |
| | | 1000 - 2000 TEUs | | | | | | | |
| | | 2000 - 3000 TEUs | | | | | | | |
| | | > 3000 TEUs | | | | | | | |
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| Conventional Ship | e.g. Bulk Carrier, General Cargo ship, Car Carrier | e.g. < 3000 DWT | | | | | | | |
| | | 3000 - 5000 DWT | | | | | | | |
| | | 5000 - 10000 DWT | | | | | | | |
| | | 10000 - 20000 DWT | | | | | | | |
| | | 20000 - 50000 DWT | | | | | | | |
| | | 50000 - 70000 DWT | | | | | | | |
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Table AD-4 Forecast of Revenues to CEPA from the TOC and the Port Users

Unit: '000 US\$

| Revenue Source | Item | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | ---- |
|---------------------|----------------------------|------|------|------|------|------|------|------|
| Navigation Services | Port Dues, Towage | | | | | | | |
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| Concession Fee | Fixed Fee and Variable Fee | | | | | | | |
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Table AD-5 Forecast of Revenues to the TOC from the Port Users

Unit: '000 US\$

| Revenue Source | Item | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | ----- |
|-------------------|---------------------------------------|------|------|------|------|------|------|-------|
| Berth Services | Berth Hire and Wharfage | | | | | | | |
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| Terminal Services | e.g. Stevedorage, Haulage and Storage | | | | | | | |
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Table AD-6 Staffing Requirements (Number of Staff of the TOC)

| Staff Category | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | ----- |
|--|------|------|------|------|------|------|-------|
| Management, Finance and Administration Staff | | | | | | | |
| Maintenance Staff | | | | | | | |
| -Equipment | | | | | | | |
| -Infrastructure | | | | | | | |
| Labor for Cargo Operations | | | | | | | |
| Security | | | | | | | |
| Others * | | | | | | | |
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Note: * : To be specified

Table AD-7 Equipment Requirements (Total Amount of Equipment Needed During Each Year)

| Type of Equipment * | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | ----- |
|---------------------|------|------|------|------|------|------|-------|
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Note: * Type to be specified

Table AD-8 Investment Costs Incurred by the TOC

Unit: '000 US\$

| Investment Category | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | ----- |
|-------------------------|------|------|------|------|------|------|-------|
| Equipment * | | | | | | | |
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| Infrastructure Works ** | | | | | | | |
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| Total Investments | | | | | | | |

Note (1): * Indicate type of equipment, unit rate and depreciation period

Note (2): ** Indicate type of infrastructure works

Table AD-9 Operating Expenses for the Terminal Operations

Unit: '000 US\$

| Expense Item | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | ----- |
|--|------|------|------|------|------|------|-------|
| <u>Direct Operating Expenses</u> | | | | | | | |
| - Operating Personnel | | | | | | | |
| - Cargo Operations | | | | | | | |
| - Maintenance | | | | | | | |
| - Security | | | | | | | |
| - Others * | | | | | | | |
| - Maintenance Expenses for Equipment | | | | | | | |
| - Maintenance Expenses for Infrastructure | | | | | | | |
| - Fuel, Utilities expenses | | | | | | | |
| - Others * | | | | | | | |
| <u>Indirect Operating Expenses</u> | | | | | | | |
| - Depreciation Expenses | | | | | | | |
| - Equipment | | | | | | | |
| - Infrastructures | | | | | | | |
| - Concession Fee Paid to CEPA | | | | | | | |
| - Insurance Expense | | | | | | | |
| - Others * | | | | | | | |
| <u>General and Administrative Expenses</u> | | | | | | | |
| - Administrative Personnel | | | | | | | |
| - Others * | | | | | | | |
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| <u>Total Operating Expense</u> | | | | | | | |

Note: * : To be specified

Table AD-10 Income Statement

Unit: '000 US\$

| Statement Item | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | ----- |
|---|------|------|------|------|------|------|-------|
| <u>Revenue (A)</u> (Table AD-5) | | | | | | | |
| <u>Operating Expense(B)</u> (Table AD-9) | | | | | | | |
| <u>Operating Income (C)</u> = (A) - (B) | | | | | | | |
| <u>Other Expense (Income) (D)</u> | | | | | | | |
| - Interest Expense | | | | | | | |
| - Others * | | | | | | | |
| <u>Income before Tax (E)</u> = (C) - (D) | | | | | | | |
| <u>Income (Corporate) Tax Expense (F)</u> | | | | | | | |
| <u>Net Income after Tax (G)</u> = (E) - (F) | | | | | | | |
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| <u>Retained Earnings</u> | | | | | | | |

Note: * : To be specified

Table AD-11 Cash Flow Statement

Unit: '000 US\$

| Statement Item | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | ----- |
|--|------|------|------|------|------|------|-------|
| <u>Cash Beggining (A)</u> | | | | | | | |
| <u>Cash Flow from Operating Activities (B)</u> | | | | | | | |
| <u>Cash Flow from Investing Activities (C)</u> | | | | | | | |
| <u>Cash Flow from Financing Activities (D)</u> | | | | | | | |
| <u>Net Increase in Cash (E) = (B) +(C) + (D)</u> | | | | | | | |
| <u>Cash Ending (F) = (A) +(E)</u> | | | | | | | |
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Table AD-12 Balance Sheet

Unit: '000 US\$

| Item | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | ----- |
|---|------|------|------|------|------|------|-------|
| <u>Current Assets (A)</u> | | | | | | | |
| <u>Property Plant and Equipment (B)</u> | | | | | | | |
| <u>Total Assets (C) = (A) +(B)</u> | | | | | | | |
| <u>Current Liabilities (D)</u> | | | | | | | |
| <u>Long-term Liabilities (E)</u> | | | | | | | |
| <u>Capital (F)</u> | | | | | | | |
| <u>Total Liabilities and Capital (G) = (D) +(E) + (F)</u> | | | | | | | |
| <u>(A) = (G)</u> | | | | | | | |
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Table AD-13 Financial Resources for Setting Out the Terminal Operations by the TOC

Unit: '000 US\$

| Cost Component | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | ----- |
|------------------------|------|------|------|------|------|------|-------|
| <u>Equity</u> | | | | | | | |
| Local | | | | | | | |
| Foreign | | | | | | | |
| <u>Long-term Loan</u> | | | | | | | |
| Local | | | | | | | |
| Foreign | | | | | | | |
| <u>Short-term Loan</u> | | | | | | | |
| Local | | | | | | | |
| Foreign | | | | | | | |
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| | <u>Long-term Loan</u> | | <u>Short-term Loan</u> | |
|------------------|-----------------------|---------|------------------------|---------|
| | Local | Foreign | Local | Foreign |
| Grace Period | _____ | _____ | _____ | _____ |
| Interest Rate | _____ | _____ | _____ | _____ |
| Repayment Period | _____ | _____ | _____ | _____ |

PART V BIDDING PROCESS

5.1 Introduction

This part of this Bidding Document provides information regarding procedures during the bidding period and of the proposed timetable until the Agreement is signed and the successful Bidder commences management and operations. It deals with control procedures during the Bidding period and also includes certain caveats regarding the Bidding process.

5.2 Bidding and Bid Evaluation Procedure

5.2.1 Bidders are invited to a meeting at _____ Office of CEPA, San Salvador on the date stated in the letter of invitation. The meeting is to consider questions from Bidders or receive advice from them. Any questions asked by Bidders shall be submitted in writing at the meeting. Written answers to bidders' questions will be circulated to all Bidders.

5.2.2 One original and nine certified copies of the completed Bid shall be enclosed in a sealed envelope marked 'Bid for Concession for Management and Operations of Terminals at La Union Port' and should be addressed to:

President,
Comision Ejectiva Portuaria Autonoma (CEPA),

San Salvador,
El Salvador, Central America

Bids shall be delivered to the ___th floor of the _____ Office at the above address by hand only so as to arrive between 9:00 hrs and 10:30 hrs on the date stated in the letter of invitation. Bids received by CEPA before the closing time may not subsequently be withdrawn.

Bids or any modifications to bids received after the closing date will not be considered.

5.2.3 Bids will be opened in public in the presence of the bidders or their representatives at 11:00 hrs on the date of submission of bids at the address given in clause 5.2.2.

An announcement will be made of:

- Name of Bidder
- Presence or otherwise of the required number of bid packages
- Presence or otherwise of the required bid guarantee
- Any other details at the discretion of CEPA

5.2.4 The bid itself shall be signed by (a) person(s) duly authorized to bind the Bidder and whose power of attorney indicating such authority shall be submitted with the bid. This power of attorney shall be certified by a notary public and if needed the Salvadorian Embassy in the country concerned. A bid guarantee in the sum of US\$ _____ (_____ US dollars) valid from the submission date of the Bid for a period of 240 days must accompany the bid in the form attached to ANNEX A.

The bid guarantee shall be in the form of a bank guarantee in US dollars issued by any bank registered in El Salvador and acceptable to CEPA.

In case CEPA needs to extend the validity of the guarantee beyond said period, the bidder shall submit a new bid guarantee as required. The total extensions of the bid guarantee will be for not more than 120 days.

The bid guarantees of unsuccessful bidders will be returned promptly after expiration of the bid validity period including extensions thereof.

The bid guarantee of the successful bidder shall be returned upon the execution of the Agreement and the receipt of the performance guarantee and the concession guarantee.

If the successful bidder refuses or neglects to sign the Agreement awarded by CEPA or fails to furnish the required performance guarantee or concession guarantee within the time specified by CEPA, its bid guarantee shall be forfeited.

5.2.5 Bid evaluation by the Evaluation Committee will proceed immediately after the opening and is tentatively scheduled to be completed within 2 months after opening of the bids. If sums expressed in both figures and words differ then the written sum will prevail.

5.2.6 After Bid evaluation under clause 5.2.5 has been completed, CEPA shall invite the highest-ranked Bidder to enter on negotiations on the conditions of the Agreement between them. If the two parties are unable to reach agreement on the conditions within a reasonable time, CEPA shall terminate the negotiations with the first negotiating party and invite the Bidder who ranked second in the evaluation under clause 5.2.5 This procedure shall be followed until CEPA reaches agreement with a preferred Bidder.

5.3 Award of the Agreement

5.3.1 Once a preferred Bidder has been selected by CEPA through negotiations under clause 5.2.6, a simple Memorandum of Understanding shall be completed between the two parties. Such understanding shall stay in force until the Agreement has been signed by the consenting parties and a performance guarantee has been accepted in place of the bid guarantee.

5.3.2 The tentatively scheduled date for the award of the Agreement is _____ of _____.

5.3.3 An award may not necessarily be made to the financially most advantageous or any bidder. No compensation may be claimed from CEPA on this account.

5.3.4 Once the Agreement has been signed, the following announcement will be made to Bidders for each option bid for:

- Name of a successful bidder
- The amounts of variable fee proposed by bidders

5.4 Information for Bidders and Access to the Port

5.4.1 All information in connection with the bidding procedure and conditions must be obtained from the President of CEPA , _____ , San Salvador.

5.4.2 Questions from bidders must be by facsimile or in writing and any response, which will include both questions and answers, will be circulated to all bidders. Questions received less than 15 days before the date of submission of Bids may not receive attention.

5.4.3 Authority to gain access to factual information regarding the construction contract for the port and regarding the specification of cargo handling equipment may be requested by writing to the President of CEPA , _____ , San Salvador.

5.4.4 Permission to visit the port site during the bidding period should also be obtained in the same manner by writing to the President of CEPA , _____ , San Salvador giving the dates of proposed visits and names of the persons visiting.

5.4.5 Any information given in this document or subsequently during the bidding period is given as a guideline to Bidders who should verify the accuracy thereof for themselves.

5.4.6 All documents pertaining to the bid shall be in English.

5.4.7 No costs incurred by the bidder in the preparation of his bid or in visiting the Port or in failing to sign the Agreement shall be borne by CEPA.

ANNEX2

DRAFT OF EOI DOCUMENT

THE REPUBLIC OF EL SALVADOR

COMISION EJECTIVA PORTUARIA AUTONOMA (CEPA)

EXPRESSION OF INTEREST DOCUMENT (DRAFT)

OF

CONCESSION

FOR

THE MANAGEMENT AND OPERATIONS

OF

TERMINALS

AT

LA UNION PORT

MARCH 2003

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GLOSSARY

| | |
|--------------------------------|--|
| Agreement | The concession agreement for the Management and Operations of Terminals at La Union Port |
| AMP | The Maritime and Port Authority: Regulatory entity established under the Maritime and Port General Law enacted in 2002 |
| Applicant | The applicant who responds EOI Document and submit EOI |
| Bid | The bid submitted by the Bidder |
| Bidder | The bidder who submits a bid in the Bidding |
| Bidding | The bidding for the Agreement subsequent to the EOI process |
| CEPA | Executive Committee of Autonomous Port (Comision Ejecutiva Portuaria Autonoma) that administers and manages La Union Port |
| Concession | The concession to be granted to TOC from CEPA under the Agreement |
| CNT | The container terminal at the Port under construction by CEPA |
| EOI | Expression of Interest; any responses to EOI document |
| EOI Document | This document |
| JBIC | Japan Bank of International Cooperation |
| MPT | The multi-purpose terminal at the Port under construction by CEPA |
| ODA | Official Development Assistance |
| Port | La Union Port |
| Port Users | The port users provided port services by TOC at La Union |
| Pre-qualified Applicant | The party selected as qualified potential Bidders from Applicants who responds EOI Document and submit EOI prior to the Bidding procedure |
| Project | The project denotes the development of La Union Port through the construction, management and operations of the new terminals composed of CNT, ROT and MPT |
| ROT | The Ro-Ro Terminal at the Port under construction by CEPA |
| Terminal Operations | The management and operations of the Terminals at the Port under the Agreement |
| Terminals | The terminals composed of CNT, ROT and MOT |
| TOC | The company to manage and operate the Terminals under the Agreement with CEPA |
| To shortlist | To make a list of pre-qualified Applicants |

1. INTRODUCTION

Executive Committee of Autonomous Port (“CEPA”) calls for Expressions of Interest (“EOIs”) from parties interested in the Concession Agreement for the Management and Operations of the Terminals at La Union Port (“the Agreement”) placed in the Republic of El Salvador.

Responses to this EOI Document will be assessed in accordance with the assessment process outlined in Section 6 of this EOI Document. If EOIs are acceptable, pre-qualified applicants may then be short listed and invited to submit bids for “the Agreement”.

The purpose of this EOI Document is to provide information necessary for interested parties to prepare their EOIs.

Detailed technical and financial submissions are not being sought at this time. These will be sought as part of the proposals that pre-qualified applicants submit in the subsequent to “the Bidding Process” in accordance with the timetable detailed in Section 4.3.

It is CEPA’s intention and desire that significant resources are not expended in responding to this EOI Document.

2. BACKGROUND

2.1 La Union Port

La Union Port is located at the Southwestern Side of the Gulf of Fonseca in La Union Province in the Republic of El Salvador. The trunk sea route connecting Asia and the USA West Coast with the USA East Coast and the USA Gulf via the Panama Canal runs off La Union Port. In addition, the Port faces the calm waters within the Gulf of Fonseca protecting the waters from penetrating waves from the outer sea of the Pacific Ocean. Thus, the Port has above-mentioned superior conditions generally required for a principal seaport. On the other hand, as to the inland transport link, direct access to the Port is available from Pan-American Highway via the access road running in the center of La Union City.

The new terminals (“the Terminals”) containing the three terminals, viz. the Container Terminal (“CNT”), Ro-Ro Terminal (“ROT”) and Multi-purpose Terminal (“MPT”) are in the process of construction at La Union Port with a loan from Japan Bank of International Cooperation (“JBIC”) under the official development assistance (“ODA”) of the Government of Japan.

The construction works of the Terminals are expected to be completed in the middle of the year 2006. The maximum size of receivable vessels calling at the Port is Panamax-size in both container ships and bulk carriers.

2.2 AMP

The Maritime and Port Authority (“AMP”) is an autonomous institution of public service responsible for exercising the technical and economic regulation of the maritime and port activities. AMP was established under the Maritime and Port General Law enacted in 2002.

2.3 CEPA

CEPA that administers and manages La Union Port with a function of a public port authority has been given the capacity to administer EOI Process and the subsequent Bidding Process of the Agreement for the management and operations of the Terminals

at the Port. CEPA is under the jurisdiction of the Ministry of Public Works, Transportation, Housing and Urban Development, and managed by the Board of Directors.

2.4 Port Tariff Fixing

CEPA fixes the tariff structure and rates of the Navigation Services including Port Dues and Towage payable to the Port and the Berth Services including Berth Hire and Wharfage payable to the Port Users.

The Terminal Operation Company (“TOC”) shall fix the tariff structure and rates of “the Terminal Services” including Cargo Handling Services, Storage Services and other services provided by TOC on its terminal(s) but excluding the Berth Services subject to a notification of them to CEPA and AMP

3. THE CONCESSION

3.1 Objectives of the Concession

It is the policy of the Government of El Salvador to promote the participation of the private sector in the operations of the Terminals so as to ensure economic efficiency in the operations, and consequently to contribute to the national economy and the development of the region where ports are placed.

For this purpose, the Government has decided to grant the concession of management and operations of the Terminals under construction at the Port to the private sector based on the Agreement.

3.2 The Concession Term

The Concession will be granted for a fixed period of ____ years. The starting date of the period of ____ years shall be on the date the Terminals are available to TOC. At the expiration of the Concession, it is contemplated the Terminals and the equipment of CEPA's ownership will be reverted to CEPA, and the immovable assets provided by the TOC at the Terminals shall become the property of CEPA.

3.3 Infrastructures and Equipment Provided by CEPA

CEPA will provide the infrastructures including quay walls, paved yards, utilities and two quayside container gantry cranes at the Terminals.

4. THE PROCESS OF THE CONCESSION AGREEMENT

4.1 Stage of the Process

Stage 1: EOI Stage

Applicants will be assessed based on the EOI Selection Criteria outlined within this document.

The major objective of the process is to shortlist parties as pre-qualified Applicants that CEPA genuinely believes have the capability to deliver the management and operations of the Terminals under the Agreement – parties will not be shortlisted to make up the numbers.

Stage 2: Bidding Stage

Pre-qualified Applicants will be invited for the Bidding. Then, the Bidding Document will be delivered to respondents. The Bidders will submit the respective bids, and subsequently the bids will be evaluated by the Evaluation Committee. Finally preferred Bidder(s) will be selected.

Stage 3: Award of the Agreement

The Agreement will be signed by the consenting parties, viz. a successful Bidder and CEPA.

4.2 Timing of the Process

The time frame envisaged is set out in the following table.

| Action | Indicative Date |
|---|-----------------|
| 1. Release of EOI Documents | 2003 |
| 2. Response submitted by interested Applicants | 2003 |
| 3. Assessment of EOI submissions | 2003 |
| 4. Announcement of pre-qualified and short-listed Applicants | 2003 |
| 5. Delivery of the Bidding Documents to pre-qualified respondents | 2003 |
| 6. Response submitted by the Bidders | 2003 |
| 7. Evaluation of the Bids | 2003 |
| 8. Announcement of the preferred Bidder(s) | 2003 |

4.3 Confidentiality

Applicants should be aware that they may be required to enter Confidentiality

Agreements if they are short-listed and invited to submit the Bids.

5. EOI ASSESSMENT PROCESS

5.1 Overview

Responses will be viewed as a whole and considered on the basis of the extent to which the response demonstrates an ability on the part of the Applicant to implement the Terminal Operations set out in this EOI Document.

Applicants should note that CEPA reserves the right in its absolute discretion to seek clarification in relation to information submitted by any Applicant prior to concluding its evaluation process. CEPA is not obliged under any circumstances to prepare a shortlist or to select an Applicant as a short-listed party, nor is CEPA required to give reasons for appointing any Applicant as a short-listed party or otherwise.

Basic information is being requested in the form of the Annexes attached to this EOI Document.

Applicants are encouraged to submit any additional information in their request to demonstrate how they excel at any or all of the selection criteria.

5.2 EOI Responses

Applicants are requested to provide the information sought in the Annexes. The EOI responses will be considered bearing in mind the following matters.

1. Financial Viability (ANNEX 2)

- Financial commitment of the entity (ies) supporting the EOI
- Structure and security of financing arrangements proposed

2. Experience In Port Terminal Operations (ANNEX 3)

- Proven port terminal industry experience and technical capability.
- Demonstrated levels of services provide to the Port Users
- Understanding of the shipping market in the Central America

3. Competitive Position (ANNEX 4)

- Demonstrated competitive strengths compared to others within Central America facing the Pacific Ocean in Terminal Operations

4. Corporate Standards (ANNEX 5)

- Demonstrated standing of the Applicant in the business community.
- Demonstration that the culture and philosophy of the Applicant and its shareholders are consistent with the policy objectives and goals of CEPA

General

Applicants should submit complete and comprehensive information at the time of lodging their EOI and not rely upon further information being sought by CEPA. The intention is to conduct the short-listing on the basis of the information submitted with the EOI responses.

6. TREATMENT OF EOI RESPONSES

Applicants should note:

Subject to the CEPA's obligations at law, CEPA undertakes that it will use reasonable and proper endeavors to maintain confidentiality in respect of the information contained in the Applicant's EOI response.

Applicants may identify material in their EOI response regarded as the intellectual property of the Applicant. Subject to CEPA's obligations at law, CEPA undertakes that it will use reasonable and proper endeavors to maintain confidentiality in the identified intellectual property, if it is validly subject to the legitimate property rights of the Applicants and not within the public domain. CEPA reserves the right to negotiate terms for the use of that intellectual property, if deemed appropriate.

7. INQUIRIES

Any inquiries regarding the Concession must be directed to:

Project Director

CEPA

Tower Building (Edificio Torre Roble), __ Floor.

Los Heros Street (Boulevard Los Heros)

San Salvador, El Salvador C.A.

Telephone: _____

Facsimile: _____

Email: _____

Applicants are not permitted to direct inquiries to any other CEPA personnel, any other Government Departments or any other party contracting or consulting to CEPA unless the written approval of the Project Director has been given.

CEPA is aware of the need to keep bid costs to the minimum required and does not intend to subject potential Applicants to unnecessary travel or time consuming briefing sessions during the EOI stage.

8. LODGMENT

Applicants are required to submit an original (stamped "Original") and two copies (Stamped "Copy") of their EOI response. The responses should have all pages numbered consecutively to ensure that complete documents are submitted.

Responses should be supported and signed by senior representatives of the Applicants. Letters of support from financiers would be viewed favorably by CEPA.

It is expected that the entire contents of the EOI response and in particular the responses to the Annexes shall be understood and supported by the signatories to the EOI response. All pages of the Annexes should be initialed by the person(s) supporting the EOI response as demonstration of their having read, understood and agreed with the contents.

EOI responses should be submitted to the following address and clearly endorsed:

| |
|---|
| CEPA Tower Building (Edificio Torre Roble), __ Floor. Los Heros Street (Boulevard Los Heros) San Salvador, El Salvador C.A. Attention: _____ - Project Director Expression of Interest |
|---|

By __ PM on _____ 2003

EOI responses after that time may not be considered.

9. RELATED DOCUMENTATION

Other documents that may be useful in preparing this EOI Document include

- _____
- _____
- _____

10. DISCLAIMER

This is a document that has been prepared to provide parties that are considering seeking award of the Concession to whom CEPA has supplied this publication with information as to the intended Concession and the likely role of TOC as concessionaire.

The information contained in this publication or any other information provided to Applicants orally or in any other form by CEPA or its employees or consultants is provided on the terms and conditions set out in this EOI Document and on terms or any other agreement made between each Applicant and CEPA.

Each Applicant must make its own independent assessment and investigations of the matters mentioned in the EOI Document and check the accuracy, reliability and completeness of the information and should not rely on the significance, adequacy or accuracy of any such information.

The EOI Document does not purport to contain all the information each Applicant may require. Each Applicant should conduct its own investigation and analysis and obtain independent advice from appropriate sources. CEPA may at its absolute discretion, but without being under any obligation to do so, update, amend or supplement the EOI Document.

CEPA, its employees and consultants make no representation or warranty as to the accuracy, reliability or completeness of the information set out in the EOI Document. CEPA, its employees and consultants shall have no liability to any Applicant or any other person under the law of contract, tort, the principles of restitution or unjust enrichment or otherwise for any loss, expense or damage which may arise from or be incurred or suffered as a result of anything contained in this publication, any matter deemed to form part of this publication, any information supplied by or on behalf of CEPA or otherwise.

ANNEXES

The following Annexes are to be completed by Applicants.

APPLICANT'S NAME AND STRUCTURE

1. Provide details of the Applicant and the structure and ultimate ownership of any Special Purpose Companies, Consortia, Joint Ventures, Nature of Parent Company support(s). Applicants should provide enough details to enable understanding of the structure.
2. Provide details of contact person.
3. Any other relevant information.

FINANCAL VIABILITY

ANNEX 2

EXPERIENCE IN PORT TERMINAL OPERATIONS

COMPETITIVE POSITION

ANNEX 4

CORPORATE STANDARDS AND ACCEPTANCE OF DISCLAIMER

OTHER INFORMATION

ANNEX 6

JICA