

# GENERAL REGULATION TO THE LAW FOR THE PROMOTION OF PUBLIC-PRIVATE PARTNERSHIPS

## PART I PURPOSES AND PRINCIPLES

**ARTICLE 1.- Scope of definition of public-private partnership (PPPs).** Public-Private Partnerships (PPPs) are schemes of cooperation or joint effort between the public and private sectors, which incorporate skills, experience, knowledge, equipment, innovation and technology. The determination and distribution of risks within these schemes will be allocated to the party which is in a better position and capacity to assume them. The resources needed to finance public-private partnerships will preferably be private.

Public-Private Partnerships - PPPs may adopt diverse models, which shall have the objective of the creation, development, improvement, expansion, operation, maintenance or reduction of costs of public works and/or public services.

An investment project may not be done through a public-private partnership, when its only scope is the provision of labor force, supply and installation of equipment or the execution of public works.

For purposes of this regulation, unless otherwise stated, references made to "the Law" are references to the Law on the Promotion of Public-Private Partnership approved by Legislative Decree No. 143-2010.

**ARTICLE 2.- Accounting.** - The owners of Public-Private Partnerships shall publish their financial statements every three months. In Addition, they must publish their annual report within the first quarter of the following year. This publication must be made through their website.

**ARTICLE 3.- Technical assistance to the municipalities.-** COALIANZA must have a special unit to handle the requests of the municipalities that require technical assistance, for the management and promotion of projects or processes of Public-Private Partnerships at the regional and local levels.

The request for assistance must be accompanied by the agreement of the respective



Municipal Corporation.

The priority for granting technical assistance will be subject to the budgetary capacity of COALIANZA and the feasibility analysis of projects.

For the purposes of providing technical assistance as required, COALIANZA will subscribe agreements with the respective municipalities. This technical assistance may adopt any of the following forms:

- a. **Technical Assistance by Assignment:** Under this modality, COALIANZA will take over those public-private partnership processes that involve projects at the regional and/or local level.
- b. **Counseling:** Under this modality, the process is carried out by the municipality and COALIANZA shall only provide technical assistance.

## TITLE II PUBLIC PRIVATE PARTICIPATION SCHEME

### CHAPTER I GENERAL PROVISIONS

**ARTICLE 4.- State Initiative.**-The initiatives of Public-Private Partnerships that originate from the public sector shall be accompanied with the preliminary feasibility tests, which shall include the cost-benefit analysis and possible financing schemes. Additionally, they should be included or be compatible with national and local priorities, as appropriate.

On the basis of such examinations, COALIANZA shall determine which of those projects of public initiative can be implemented under schemes of public-private participation.

**ARTICLE 5.- Cost-Benefit Analysis.**- The cost-benefit analysis has the objective of determining if the contribution of the State, implies a higher net benefit for society, for the alternative use of the resources provided by it.

**ARTICLE 6.- Technical Requirements and Service Level.**-The competent public administration entities in coordination with COALIANZA, will identify the technical



requirements and service levels that shall be reached in the public-private partnership.

**ARTICLE 7.- Contributions of Public Administration.-** The commitments assumed by the State in a Public-Private Partnership can be classified according to the following:

- a. **Firm commitments:** Are the obligations of the Public Administration, of certain nature, which shall be granted to the private party such as rights, goods, payments or other of similar nature, in order to mitigate risk and make viable the acts of project implementation under the contract of Public-Private Partnership, for the implementation of projects, works and / or public utilities.
- b. **Contingent commitments:** Are those obligations of payment, of amounts that are certain and quantifiable, intended to support the payment obligations assumed by the public administration, or mitigate contractually the risks of the project, work or service, which may be subject to the occurrence of an event.

For registration purposes, only those quantifiable contingent commitments will be considered.

**ARTICLE 8.- Firm Commitments .-** The Public Administration entity required to attend the firm commitments in a Public-Private Partnership, has the sole responsibility of performing the program and the prioritization of such commitments in its respective budget, observing the applicable provisions on the particular matter.

Among firm commitments considered are the contributions in cash by which the payment is made:

- a. Periodical Quotas with the objective of compensating the investment incurred by the private party; or,
- b. Periodical Quotas with the objective of compensating the activities of exploitation and maintenance incurred by the private investor in order to provide the service.

**ARTICLE 9.- Contingent Commitments.-** The contingent commitments that the State may assume on a Public-Private Partnership may adopt the following modalities:

- a. **Financial Guarantees:** Assurances of unconditional character and immediate execution, whose authorization and contracting aims to support the payment obligations of the State contributions.
- b. **Non- Financial Guarantees:** Assurances set forth in the contract of Public-Private Partnership, with the objective of mitigating the risks of the project, work or



service.

**ARTICLE 10.- Granting permits and licenses .-** The commitment of the State and in its case, the municipalities, regarding the award of permits and licenses to carry out authorized licenses that fall within the scope of their competences and are explicitly identified activities in a public-private partnership, is limited to those permits and in the respective private investment contract.

Those permits and licenses that are not explicitly referred to in the contract, shall be carried out by the private party of the public-private partnership at their own expense.

## **CHAPTER II SELECTION PROCEDURES**

**ARTICLE 11.- National or International Public Tenders.-** A public tender may be called once COALIANZA has the required analysis for the work, service or project to be executed and/or exploited.

**ARTICLE 12.- National or International Public Contest.-** A public contest will be conducted in those cases where COALIANZA does not have the required analysis for the work, service or project to be executed and/or exploited. In that case, COALIANZA shall carry out an integral evaluation of the projects submitted by the interested parties, which must observe the parameters and minimum criteria set by COALIANZA in the specification sheet of the contest.

**ARTICLE 13.- Stages of the selection process .-** Both national or international public contests or national or international public tenders, shall abide the procedure set by in this title. This procedure shall include at least the following stages:

- a. Approval of the Specification Sheet;
- b. Publication of Call;
- c. Prequalification
- d. Approval of the final version of the contract of public-private partnership;
- e. Submission of proposals;
- f. Award, and
- g. Subscription of the contract of Public-Private Partnership.

**ARTICLE 14.- Approval of COALIANZA. -** The Specifications Sheet and the final



draft of the contract of Public-Private Partnership shall be approved by COALIANZA.

In the event of any of the cases established in Article 205 paragraph 19 of the Constitution of the Republic, the contract shall be submitted to National Congress for approval.

**ARTICLE 15.- Specification Sheet.-** The content of the Specification Sheet mentioned in Article 7 of the Law, is of expository character and is not limitative. For the elaboration of the sheet, COALIANZA may include the participation of the competent State Secretariats or other entities.

The referred Specification Sheet shall include, as an annex, a draft of the Contract of Public Private Participation, which shall observe as a minimum the contents set forth in Article 8 of the Law.

**ARTICLE 16.- Summon.-** The summon of public tender or public contest shall be published in two newspapers of general circulation of the country for two consecutive days, and in COALIANZA web page, with a time period of at least fifteen (15) days between the second publication and the deadline for the submission of proposals.

The summon for a international public tender or international public contest, may also be published in newspapers, specialized magazines and/or other media in those countries where there might be interest parties in a Public-Private Partnership.

**ARTICLE 17.-Bidders.-** Only those bidders that pay the rights established in the Specification Sheet may participate in the selection process. In the case of a consortium, it is sufficient that one of its members makes the respective payment.

**ARTICLE 18.- Ineligibility based on the performance of a public duties .-** The President of the Republic and the Presidential Designates, Secretaries and Deputy Secretaries of State, General Directors and officials of the same level of the Secretaries of State, Representatives of the National Congress, Magistrates of the Supreme Court, Members of the National Electoral Court, the Attorney and the Deputy Attorney, the Director and Deputy Director of Administrative Probity, Commissioner of Human Rights, the Prosecutor and Deputy Prosecutor, Senior Members of the Armed Forces, Managers and Assistant Managers or officers of similar rank of the decentralized entities of the State, Mayors and Municipal Councilors in the procurement area of each municipality and other public officials or employees by reason of their positions have intervened directly or indirectly in the contracting process, may not participate as



bidders, directly or indirectly.

**ARTICLE 19.- Other ineligibilities.-** All those that fall under the following ineligibility criteria may participate as bidders:

- a. Those that have been convicted through final judgment of crimes against property, public trust, bribery, unjust enrichment, negotiations incompatible with the exercise of their public duties, misappropriation of public funds or smuggling and fiscal fraud, throughout the period of conviction. This prohibition also applies to companies or other juridical persons whose directors or representatives are in similar situations by actions on behalf or in benefit of the same;
- b. Those that have been subject to firm administrative penalty for tax violations in two or more files during the past five (5) years. In this case, the prohibition shall continue until compliance with the penalty imposed according to the Tax Code;
- c. Those who have been declared bankrupt or those in insolvency proceedings, until they be rehabilitated;
- d. The officers or employees, with or without remuneration, that serve in the State Branches or any decentralized entity, municipality or organization that is financed with public funds, without prejudice of the provisions of Article 258 of the Constitution of the Republic;
- e. The spouse, person bound by domestic partnership or relatives within the fourth degree of consanguinity or second degree of affinity, of any officer or employee that has the responsibility of the prequalification of corporations, the evaluation of proposals, the awarding or the subscription of the contract;
- f. The corporations whose social capital involve public officials or employees, which due to their positions have influence or participate directly or indirectly in any stage of the process for selecting contractors. This prohibition also applies to companies whose partners are spouses, persons related by domestic partnership or relatives within the fourth degree of consanguinity or second degree of affinity, of the officers or employees referred to in the preceding paragraph, or those in managing or representation positions with the same degree of relationship or kinship; and,
- g. Those who have been involved directly or as advisors in any stage of the contracting process or participated in the elaboration of specifications, plan design or terms of reference, excepting the supervision of construction activities.
- h. Those who have led for the cause of being declared guilty to firm resolution of any contract with the Administration.
- i. Those who have been controlling shareholders, related parties or members of the management team of an institution declared in compulsory liquidation.



Those interested in participating in a Public-Private Partnership must declare that they do not fall within any of the ineligibilities mentioned above.

The Specification Sheet may establish that domestic or foreign companies, corporations or consortiums that result awarded must be corporations domiciled in Honduras for the purposes of the Public-Private Partnership.

**ARTICLE 20.- Guarantee** .- To participate in a public tender or public contest it is necessary to ensure the proposal in the form, amount and conditions that for these effects are set in the Specification Sheet.

**ARTICLE 21.- Inquiries to the Specification Sheet and suggestions to the draft of the Contract.**-During the selection process, the interested parties may formulate inquiries about the Specification Sheet, those inquiries shall be resolved no later than fifteen (15) calendar days before the date of receiving the proposals.

The answers to the inquiries and modifications to the terms of reference will be made part of the Specification Sheet.

**ARTICLE 22.- Prequalification** .- Prior to the submission of proposals, the selection process will include a prequalification stage, which will be developed based on legal, technical, economic and/or financial criteria to be established in the respective Specification Sheet.

Only those technical and financial proposals that result prequalified by COALIANZA or by the pre-qualification committee designated by COALIANZA will be received.

**ARTICLE 23.- The act of receiving proposals** .- The act of receiving proposals will be a public event in which a notary will certify the documentation submitted and will attest the act. The technical and financial offers must be submitted in separate sealed envelopes.

At the beginning of the reception process, the technical proposal shall be opened first for evaluation. Once they have declared which offers have passed the technical evaluation they should proceed to open the envelopes containing the financial offers.

If it is intended in the Specification Sheet that the technical evaluation requires more time than was available at the public hearing for reception of tenders, the same may be suspended for a reasonable time which shall be determined in the same statement, to



be resumed once the technical evaluation has concluded. In this case, the envelopes containing the financial offers should be sealed and signed by all members of the evaluating committee and bidders, and may invite the others present to sign if they so desire. The envelopes will be delivered to the notary for safekeeping and cannot be opened except once the act has been reassumed and the candidates who passed the technical evaluation have been announced.

While the process is suspended, contact between bidders and evaluators are prohibited. A violation of this prohibition will result in disqualification of the offer of the person who has made contact.

Once the ceremony has concluded, a report shall be prepared and signed by the Notary, the representative of COALIANZA who chairs the ceremony and the bidders who wish to do so.

**ARTICLE 24.- Clarifications and Comments** .- During the ceremony for reception of proposals and during the evaluation process, COALIANZA may request bidders to make adjustments, widening and/or clarifications on specific aspects of the proposals, making it known to all bidders, according to the provisions of the respective bases.

**ARTICLE 25.- Tender Evaluation and Contract Award.** – The Public-Private Partnership shall be awarded to the owner of the most convenient technical and economic proposal, which is determined according to the evaluation system set in the Specification Sheet.

The evaluation of the technical proposal is oriented to determining whether or not it meets the requirements previously established in the Specification Sheet, and being declared, if it is the case, as technically acceptable.

Later in a public ceremony with the participation of a notary, the opening of financial proposals proceeds, only for those whose technical proposal has been declared acceptable.

Pursuant to the provisions of Article 11 of the Law, the financial assessment shall be limited to evaluating the following aspects:

- a. The provision of the service in better economic conditions for the users, without sacrificing quality and efficiency, according to the Specification Sheet and/or the draft of the contract of Public-Private Partnership;





- b. The offer of greater economic benefits to the State.
- c. The requirement of lower co-financing, guarantees or contribution from the State, in the case of works, services or projects that require co-financing or contribution from the State.

The Specification Sheet will establish the criteria, deadlines and formalities that will be used to evaluate the proposals, in each case.

**ARTICLE 26.- Challenging the Award of Contracts .-** The awarding of the contract may be challenged only by those bidders who submitted a valid financial offer. Objections based on technical character reasons shall not be admitted.

For this purpose, the interested bidder must record its intention in the respective minute and submit the objection to COALIANZA's Executive Secretariat within five (5) calendar days from the awarding of the project. Accompanied by a solidary, irrevocable and unconditional bank guarantee of automatic implementation which will be issued in the name of COALIANZA for a sum equal to 10% of the amount of investment or the approximate cost of the project set in the Specification Sheet. The Executive Secretariat shall resolve the appeal within the period established in the Specification Sheet, which must also establish the assumptions in which the execution of the bank guarantee issued proceeds.

The resolution issued by the Executive Secretariat may be appealed before the Commission, which shall resolve the appeal within a period not exceeding ten (10) calendar days.

The resolution denying the appeal, can be revised only through arbitral proceedings filed before the Arbitration Centre and under the rules stated in the Specifications Sheet. The filing of an arbitration claim against a negative decision may not interrupt in any way the implementation of the project or the recruitment process. The arbitral tribunal shall be solely responsible for reviewing the process of challenge and resolve the damage caused to the appellant, if any, which shall be assessed on the basis of the evidence presented during the arbitration procedure, by an expert appointed to this effect by the arbitral tribunal.

In the arbitration proceedings, relating to the validity of the rejection resolution, compensation for damage does not proceed.

**ARTICLE 27.- Process Abandoned.-** If after the call for proposal submission, no



bidders participated, the process shall be declared void, and a new call for a public tender or public contest can be issued, with a new specification sheet.

**ARTICLE 28 .- Guarantees for the subscription of the contract .-** For the subscription of the respective contract of public-private participation, the contractor must provide sufficient guarantee to ensure the proper execution of the work and service delivery and compliance with the obligations relating to its nature, quality and characteristics. The nature and amount of the guarantee shall be specified in the respective specification sheet.

**ARTICLE 29.- Private Sector Initiatives.-** Private Sector Initiatives shall be governed by the provisions of Chapter IV of this Title.

### **CHAPTER III CONTRACTS OF PUBLIC-PRIVATE PARTNERSHIP**

**ARTICLE 30.- Execution of the work .-** The execution of the work shall be completed in the shortest possible term, subject to compliance with other obligations under the relevant contract of public-private partnership.

**ARTICLE 31 .- Fiscal stability Clause and convertibility rights .-** The partnership contracts of private investment shall explicitly regulate convertibility rights, under which domestic and foreign investors can withdraw their deposits partially or totally in the same currency made or a different one; and the transferring abroad, in freely convertible currencies, for the total of its capital from the investments made and/or the total of dividends or net profits from its investment, as well as royalties and transfer of technology of its property.

The tax regime applicable for the public-private partnership is the general procedure, except as provided in the respective contract of public-private partnership. For these purposes, accreditation should be required of a minimum investment of five million dollars of the United States of America (U.S. \$ 5,000,000.00) or its equivalent in national currency through the establishment of a time plan for the investment of these resources. Failure of making this plan will result in the suspension of protection regime and if it repeats, to the final termination thereof.

**ARTICLE 32.- Cession of Public-Private Partnership .-** The private company that has subscribed a contract of public-private partnership with the State, may transfer to a



third party its contractual position, with prior approval of the Superintendence of public-private partnership, which within a maximum period of thirty (30) days of the submission of the application, will verify if that third party complies with the technical, legal and financial requirements.

**ARTICLE 33.- Granting of guarantees .-** With the purpose of financing the design, construction, maintenance and/or operation of projects and/or services subject to a public-private partnership, private companies, with the previous authorization granted by the Superintendence of public-private partnership, may grant as a guarantee the income earned by the operation of the public-private partnership, in favor of creditors who qualify as such, as provided in the respective partnership contract for private investment.

In the same way, the credits in favor of the private party resulting from a public-private partnership will be the subject of securitization.

#### **CHAPTER IV PRIVATE INITIATIVE REGIME**

**ARTICLE 34.- Purpose .-** The provisions of the present chapter have the objective of regulating the treatment of investment projects in assets, companies, projects, services, public works of infrastructure and public services or another delegable activity under the planning, control, regulation and supervision of the Public Administration which shall be executed as a result of the private initiative.

**ARTICLE 35.- Nature of the Private Initiatives .-** Private initiatives are made on investment projects in assets, companies, services, public works in infrastructure and public services, which may be presented to COALIANZA by domestic or foreign juridical persons, as consortiums of juridical persons or consortiums of natural persons, either domestic or foreign.

**ARTICLE 36.- Requirements to submit private initiatives in investment projects.-** To submit private initiatives for investment projects they must at least contain the requirements listed below:

- a. Legal Existence of the proponent;
- b. Financial capacity of the proponent;
- c. Complete record demonstrating the experience of the author of the initiative,



- including its professional and technical qualifications, human resources, equipment and other physical facilities available and needed to carry out all phases of project, work, service delivery or delegated activity concerned;
- d. Appropriate management and organizational capability, reliability and previous experience in equally large projects or of similar characteristics;
  - e. Identification and detailed description of the project and its nature;
  - f. Presentation of base studies of the economic, financial and technical feasibility of the project, work, service or delegated activity concerned;
  - g. Estimated total investment amount and details of investment per year, as well as the methodology used for its calculation;
  - h. If the project does not involve investment, the savings or improved quality, safety or the time of the goods or services that will be provided;
  - i. Indication of the source of resources and the type of financing, including whether or not the project involves co-financing by the State and in what way;
  - j. Whether or not the project involves the use of things of public domain or patrimonial assets of the State, and their identification;
  - k. Environmental feasibility study in the case of projects that would have to undergo the process of environmental impact assessment under current legislation, and,
  - l. Identification of the public interest.

Private initiatives can not commit public funds to finance the concessionaires, nor grant guarantees of endorsement for this purpose. The State may only assume contingent commitments that represent minimal or no chance of claiming the use of public resources and as the project involves purposes of public interest and is developed to benefit the State.

Private initiatives shall not include investment projects that match or are similar to those that match totally or partially the projects previously approved by COALIANZA, by state initiative or other private initiative. Neither will be allowed private initiatives over projects involving activities which according to the Constitution of the Republic are reserved exclusively to the State or Municipalities.

**ARTICLE 37.- Ensuring sustainability** .- The proponent should include a guarantee or security of sustainability of the proposal, together with the filed documentation, which shall correspond to ten percent (10%) for projects whose estimated amount is less than forty thousand (40,000) minimum wages and five percent (5%) for projects greater than that amount. The guarantee must have a minimum of six (6) months of effectiveness and shall be postponed until the completion of the selection process of the investment project.



**ARTICLE 38.- Dismissal** .-Once a private initiative has been submitted, COALIANZA has the obligation to notify the proponent the admissibility of its application in a maximum term of 60 days counted from the fulfillment of consignment of the minimum information required. In case that the application is denied, the decision shall be notified with no explanation and without incurring in liability. Against this decision there is no appeal.

**ARTICLE 39.- Paper Work for Private Initiatives in Investment Projects** .- The paper work for private initiatives by COALIANZA include, if applicable, verification of the compliance with the minimum requirements, evaluation of the investment project including inquiries to competent entities or bodies, determining the qualification of being of public interest and its publication.

**ARTICLE 40.- Evaluation**.- COALIANZA will evaluate private initiatives taking into consideration the following criteria:

- a. Protected public interest
- b. Social Purpose;
- c. Object and purpose of the project, work or service;
- d. Area (s) of influence or coverage of the project, work or service;
- e. Necessity of the project, work or service;
- f. Measurement of impact (economic and/or social) of the project, work or service;
- g. If the same has been projected previously by the State and the reasons for the failure to perform it, and
- h. Existence and availability of goods and/or public utilities on which the project will be developed necessary for the implementation of the proposal, in the case that the same does not indicate the private financing as the single source of resources,

If deemed appropriate, COALIANZA may require the proponent to present the information and/or documentation required for the declaration of the private initiative as a matter of public interest, within a reasonable period of time. This period may be postponed if deemed necessary by COALIANZA.

In the event that the term established is not respected, COALIANZA may declare the inadmissibility of the petition made by the proponent in consideration that the omission or defect is irremediable by the Public Administration and constitutes a substantive requirement.



**ARTICLE 41.- Inquiries to other Entities.-** In the process of evaluation COALIANZA may request technical opinion from other entities or agencies of the Public Administration in reference to the work, service or activity involved in the private initiative of the investment project.

**ARTICLE 42.- Presentation of new projects during the evaluation of a Private Initiative .-** If during the evaluation stage of a private initiative and prior to the qualification of public interest, one or more third parties submit private initiatives concerning the same investment project, COALIANZA will continue the process with the first private initiative presented. In case it is admitted and qualified of public interest it shall abide to the corresponding procedure of evaluation, selection and awarding and the following private initiatives submitted will be rejected.

The evaluation of the second initiative submitted will remain suspended until the pending resolution of public interest is declared or the rejection of the first initiative submitted. In case the first private initiative was not qualified of public interest, the following private initiatives shall be evaluated and so on.

In case of requesting the execution of alternative investment projects, COALIANZA shall give preference to the one that properly supported, offers greater benefits to the State as deemed appropriate and may reject one of the two at the discretion of the institution.

The statement of preference shall suspend the paper work and/or evaluation of the non-preferred private initiative. If the investment project contained in the private initiative declared preferential is convened to the selection process or the subscription of the corresponding contract in case of direct awarding, the suspended private initiative shall be rejected.

Alternative projects are considered those intending to use the same resources are not destined to the same objective. Projects oriented to the same objective will be considered as the same investment project, even when they use different technologies.

**ARTICLE 43.- Qualification of Public Interest .-** After carrying out the evaluation of the private initiative as described in the previous articles, if applicable, COALIANZA shall proceed to the qualification of public interest of the investment project. Likewise, it shall inform the proponent of such decision within a period not exceeding ten (10) working days counting as from the date the corresponding agreement is adopted.



**ARTICLE 44.- Publication** .- Without prejudice of the notification to the proponent, COALIANZA will publish the qualification of interest on its website and in two newspapers of greater circulation in accordance to the instructions of COALIANZA, whose costs will be assumed by the proponent. The publication of the declaration of interest must contain at least the following information:

- a. A summary of the project of the private initiative that includes:
  - i) Purpose and scope of the investment project.
  - ii) Goods and/or public services on which the project will be developed.
  - iii) Contractual modality and term of the contract
  - iv) Referential Amount of the investment.
  - v) Tentative schedule of the investment project.
  - vi) Proposed form of payment
- b. Indicators of the quality of the service that shall be provided, if applicable.
- c. Essential elements of the draft of the contract, according to the criteria established by COALIANZA.
- d. Guarantee of true compliance to contractual obligations.
- e. Requirements of pre-qualification of the Public Bid, Public Tender or Contest of integral projects that is convened.
- f. Model of a letter of expression of interests to be submitted by third parties interested in the execution of the project.
- g. Term for the submission of expressions of interest, which must be not less than thirty (30) days nor more than ninety (90) calendar days counting from the date of publication.
- h. Sum of the guarantee of presentation of offer, which shall not be less than five percent (5%) nor more than ten percent (10%) of the value of the project.

**ARTICLE 45.- Expression of Interest.-** After the publication of the declaration of public interest has been made, interested parties may submit their expressions of interest regarding the implementation of the investment project within the term specified in the publication, having to accompany with their application of expression of interest, if applicable, additional documentation required by COALIANZA and the guarantee that ensures the submission of the offer.

If there are one or more third parties interested in implementing the investment project, they must have the respective studies that assure the project feasibility and in this case COALIANZA must submit a written communication to the proponent, within a period not greater than ten (10) days following the expiration of the period prescribed in the preceding paragraph. In this communication, COALIANZA will notify about



the existence of third parties in the project.

Similarly, COALIANZA shall convene a selection procedure according to the mechanisms and procedures in the Law.

**ARTICLE 46.- Direct Awarding.-** In there are no interested third parties in the execution of the investment project of private initiative that has been previously declared of public interest, COALIANZA shall directly award the project to the author of the proposal by agreement of the Commissioners.

**ARTICLE 47.- Contract of private public participation .-** Within a term of thirty 30 days counting from the direct awarding of the project, COALIANZA shall define with the proponent, the non-essential aspects of the contractual relationship that had not been covered in the declaration of public interest.

For its part, the proponent must pay the direct and indirect costs incurred by COALIANZA throughout the process, evaluation and declaration of interest of the proposed private initiative.

**ARTICLE 48.- Selection Procedure .-** In the concurrence of one or more interested parties in the corresponding investment project, the selection procedure shall be carried out according to the provisions established in the specification sheet and shall be approved by COALIANZA and in the applicable rules .

COALIANZA will opt for national o international, public tender or public contest, through a summon between the interested parties that manifested explicit interest and also to the proponent.

In case that the proponent participates in the selection procedure notified and complies with the term stipulated in the specification sheets for filing the required documentation, it shall have the right to match the offer with the first place. If both offers are equal, the two bidders must submit a new financial offer within the term established to this effect in the specifications sheet, the contract should be awarded to the winner of the second round.

**ARTICLE 49.- Expense Refund .-** In case the award of the contract for the execution of the investment project was granted to a third party other than the author of the private initiative, the costs incurred in the elaboration of the initiative, which in accordance to COALIANZA criteria are reasonable and are properly supported, will





be refunded by the awardee of the investment project.

The refund of expenses will not proceed when:

- a. Does not meet the conditions mentioned above.
- b. In case that the selection process does not take place or is not completed for reasons that are not attributable to COALIANZA.
- c. In case that the proponent does not participate in the selection process referred to in Article 48.
- d. In case the owner of the private initiative does not submit a valid financial offer in the corresponding selection process.

**ARTICLE 50.- Ownership of the initiative** .- The proponent will have the ownership of all the documents submitted throughout the procedure, which shall be returned if the private initiative is declared inadmissible and even on withdrawal by own initiative of the evaluation process.

**ARTICLE 51.- Confidentiality.**-COALIANZA shall maintain under its responsibility the confidentiality and privacy of the private initiatives submitted. This obligation extends to the public entities and public officials who by their position or in virtue of their responsibilities are aware of the filing and content of a private initiative. The confidential and reserved character of private initiatives will remain until they are declared of interest.

The aspects of the private initiative which due to their nature represent intellectual property rights to the author, will be protected as such within the parameters established by law since the time of presentation, even in the case they are not declared of public interest.

**ARTICLE 52.- Initiatives of Local Character**- Private initiatives of local character whose competences correspond to municipal regimes, shall be presented to COALIANZA, until the specialized units of each municipality are duly empowered to make the eligibility evaluations.

### **PART III INSTITUTIONAL FRAMEWORK**



República de Honduras

**CHAPTER I**  
**COMMISSION FOR THE PROMOTION OF PUBLIC-PRIVATE**  
**PARTNERSHIPS - COALIANZA**

**SECTION I**  
**COMMISSION**

**ARTICLE 53.- Organizational structure of COALIANZA .-** COALIANZA shall adopt the necessary measures to approve and modify the organizational structure of the entity. To do so, it may adopt the internal regulations and/or issue the necessary normative for the better functioning of the Commission. Likewise, it is responsible of approving the appointment and recruitment of the personnel required to fulfill its duties.

**ARTICLE 54.- Guidelines for the Organizational Structure.-** Within its organizational structure, COALIANZA will have at least an office of administration, planning, communications and legal counseling.

The administration office will be responsible for labors relating to the administration and disposition of assets of the entity and those under its administration, management of the personnel and of the financial and material resources of the institution, among other functions assigned.

The planning office will be responsible for labors of planning and organization of the entity among others, as assigned.

The communications office will be responsible for the formulation and implementation of strategies of communication, outreach activities of the organization, coordinating activities of public relations and actions of protocol of the institution.

The office of legal counseling will be responsible for providing legal advisory services to the organs of COALIANZA, both regarding institutional aspects as well as aspects concerning the process for promoting Public-Private Partnerships, among other functions that shall be assigned.

These services may be provided by COALIANZA staff or by third parties hired for these purposes.

**ARTICLE 55.-Special Committees .-** When COALIANZA deems appropriate, it



may provide for the creation of special committees with the task of directing and designing the implementation of one or more processes to promote Public-Private Partnerships.

These special committees will depend on the Commission, unless delegated to the Executive Secretariat. The special committees may also have a technical team which will be selected based on workload and specialty of the projects.

COALIANZA will have the following committees:

- a. Large Projects Committee.
- b. Small Projects Committee.
- c. Municipality Assistance Committee.

The existence of these committees does not exclude the possibility of creating others by COALIANZA.

**ARTICLE 56.- Inter-institutional Relations** .- COALIANZA will maintain coordination relations with other entities of the public administration and the private sector, of national and international scope, through the subscription of agreements.

Likewise, COALIANZA coordinates its activities with the State Secretariats, autonomous institutions, entities or decentralized bodies and other state agencies, without limiting their technical or administrative autonomy.

The coordination relating to granting authorizations, permits, licenses and other requirements to enable effective implementation of the projects of Public-Private Partnership, must not impair the capacity and the administrative responsibility of the competent entities. Private investors shall elaborate and/or manage all the necessary documentation and assume the costs for obtaining the referred authorizations.

## **SECTION II SELECTION AND DESIGNATION OF THE COMMISSIONERS**

**ARTICLE 57.- Designation of the members of COALIANZA** .- The designation of the Commissioners of COALIANZA shall be for a seven (7) year term, with the possibility of being reelected for an equal period.

**ARTICLE 58.- Of the opportunity in the selection process and designation** .- The selection process and the designation is deemed to commence with the communication



made by the President of the Republic by submitting the list of nine (9) candidates to hold the position of Commissioners of COALIANZA.

For the designation of the first Commissioners, the previous communication must be submitted in a maximum term of 15 days from the publication of this Regulation. The selection and appointment of the successive Commissioners should start, at least ninety (90) days before the expiration of the term of the Commissioners of COALIANZA to replace.

**ARTICLE 59.- Of the process of selection and designation of candidates .-** The process of selection and designation of Commissioners of COALIANZA will have the following stages:

- a. Declaration of eligible candidates.
- b. Evaluation and election.

**ARTICLE 60.- Of the verification of the requirements for candidates .-** Within a term not exceeding fifteen (15) calendar days, counting from the day following the date the President of the Republic submitted the list of candidates, the National Congress must verify that the candidates meet the requirements set in Article 11 of the Law, to determine the relation of suitable candidates.

In order to conduct the verification referred to in the preceding paragraph, the Congress may carry out inquiries of any other public or administrative entities that are convenient. To this end, such entities shall collaborate within the timeframes requested.

When the existence of incompatibility of an apt candidate is proved, the National Congress must declare him unfit and removed at any stage of the selection process. The removed candidate may not be replaced.

**ARTICLE 61.- Of the Evaluation .-** The National Congress will convene a public hearing in order to present the candidates declared eligible, their qualifications and experience; and shall gather feedback from attendees.

The Public Hearing shall take place no later than ten (10) calendar days before the election.

**ARTICLE 62.- The Election. -** Once the Commissioners of COALIANZA have been elected and appointed, the process of selection has terminated.



**ARTICLE 63.- The impossibility to reopen stages of the process .-** Upon completion of each stage of the process - Declaration of eligible candidates, personal evaluation and election of Commissioners, the National Congress is unable to reopen any of them under any circumstances.

**ARTICLE 64.- President of the Commission .-** Once the commissioners elected in the first session held, shall elect from among themselves the Chairman of the Commission for the Promotion of public - private partnerships (COALIANZA). This position will be rotated annually, having established the order of rotation at the time you select the president.

The President is a first among equals. It is therefore understood that the role of the President is administrative and transitional. As such, it implies no additional powers or powers to those of the other Commissioners.

**ARTICLE 65.- Removal and vacancy COALIANZA members .-** The causes of vacancy in the office of Commissioner:

- a. Death;
- b. Resignation;
- c. Physical or mental incapacity, duly verified by licensed physician for such purpose by the National Congress;
- d. The detention order or declaration of defendant firm, issued by the prison where he is being held, and
- e. Removal issued by the National Congress of serious misconduct.

COALIANZA Commissioners may be removed only in case of serious misconduct proven and substantiated after investigation ordered by Congress.

If ordered the opening of an investigation of a Commissioner, the Congress may at the same decree ordering the same, limiting the functions of the Commissioner to prevent possible manipulation of it.

**ARTICLE 66.-** In case of removal or vacancy of a Commissioner, the President of the Republic shall submit to the National Congress a list of three candidates for the position. The National Congress should proceed with the selection as indicated in the preceding articles.

The Commissioner elected under these circumstances shall serve as Commissioner for



the remaining period of the vacancy of the Commissioner replaced.

### **SECTION III COALIANZA FUNCTION**

**ARTICLE 67.- Technical and economic Analysis.-** To carry out the processes of Public-Private Participation, COALIANZA shall handle the realization of technical and economic analysis that are necessary, and based on their results, make appropriate decisions regarding projects.

**ARTICLE 68.- Priority of projects .-** In coordination with the competent institutions of public administration, COALIANZA identify priority projects for the development of Public-Private Partnerships.

To make this identification, the relevant sector bodies should conduct an assessment of the current status of the project, asset and / or public service, noting its importance in relation to national priorities, sector and local, as applicable. For this purpose COALIANZA may engage the services of external consultants to advise the process.

**ARTICLE 69.- Project Cycle .-** To determine the private participation in the implementation of the delegable project, work and/or public service, COALIANZA must perform a cost -benefit analysis to determine whether there will be a greater net benefit to society compared to if they were provided by the State through public works.

After determining that a project, work or service must be made as a Public-Private Partnership, the feasible financial schemes shall be determined in order to make it viable.

Additionally, the Secretary of State for Finance (SEFIN), shall determine the financial and non-financial risks, securities, future commitments and tax contingencies.

### **CHAPTER II EXECUTIVE SECRETARY**

#### **SUBCHAPTER I SELECTION AND APPOINTMENT OF THE EXECUTIVE SECRETARY**

**ARTICLE 70.- The Executive Secretary .-** The Executive Secretary is the highest rank authority, which role is to execute, manage and represent COALIANZA, and which



shall be conducted by the Executive Secretary.

**ARTICLE 71.- In the selection of the Executive Secretary** .- The Executive Secretary of COALIANZA shall be selected by public contest, conducted by a national or international company of renown prestige. The elected person must meet at least the same requirements applied to the Commissioners, and set forth in Article 12 of the Law.

In accordance with the provisions of Article 36 of the Law, the process of selection of the national or international company, that will conduct the public contest referred to in the preceding paragraph, is not subject to the provisions contained in the State Procurement Law. To this end, it shall only require the authorization granted by COALIANZA.

**ARTICLE 72.- The removal of the Executive Secretary** .- The removal from office of Executive Secretary corresponds to the Commissioners, by simple majority agreement on the grounds specified in the Law

**ARTICLE 73. - Guidelines for the selection process.** - The public contest for the selection of the Executive Secretary shall be made according to the following guidelines:

- a. The selection process should be on a democratic and transparent manner;
- b. The publication of the summon, shall specify, at least, the deadline for nominations, the evaluation and qualification requirements, and the place, date and time of the election;
- c. The summon will be published in a local newspaper of major circulation and the web site of COALIANZA;
- d. The election shall be made at a public event, and,
- e. Any other relevant aspect in the selection process may be determined by mutual agreement between COALIANZA and national or international company in charge of it.

**ARTICLE 74.- The nomination and recruitment process.** - The position of Executive Secretary Executive of COALIANZA is freely appointed by the Commissioners. According to the Law, COALIANZA is responsible for the recruitment of Executive Secretary.

**ARTICLE 75.- Contracting Regime.-** No later than thirty (30) days after the



appointment of the Commissioners, COALIANZA must approve the rules and procedures for the contracting process pursuant to Article 36 of the Law.

### **CHAPTER III REGULATORY ENTITY**

#### **SECTION I SELECTION AND APPOINTMENT OF SUPERINTENDENTS**

**ARTICLE 76.- The selection and appointment of the Superintendents .-** The process of selection and appointment of the three (3) Superintendents of the Superintendence of Public - Private Partnerships is in charge of the Congress.

This process is deemed to commence with the transmission made by the President of the Republic, by which present the list of nine (9) candidates for the post of Superintendents, proposed after consultation with different sectors of civil society.

For the designation of the first Superintendents previous communication should be sent within 15 days from the date of publication of this Regulation. The selection and appointment of successive Superintendents should be started at least two (2) months prior to expiration of the superintendents to replace.

The appointment of the Superintendents is for a period of five (5) years and may be reelected for the same period. The selected (a) shall at least meet the same requirements are applied to the Commissioners for the recruitment and appointment.

**ARTICLE 77.- The process of selection and appointment of candidates .-** The process of nomination and appointment of the three (3) Superintendents shall be governed under the same procedures and formalities laid down in this Regulation for the selection and appointment of the Commissioners COALIANZA.

#### **SECTION II FUNCTIONS OF THE SUPERINTENDENCE**

**ARTICLE 78.- Types of Roles.-** For the achievement of the objectives, the Superintendence had the following roles: normative, supervisory, auditory and sanctionary.

**ARTICLE 79.- Undelegable character of the roles of the Superintendence. -** The





roles of the Superintendence cannot be delegated. However, the Superintendence may assign other public or administrative entities, the elaboration of the reports it deems necessary to perform such roles and to hire specialized companies to assist when as a result its auditory role, processes of investigation and audit shall be opened.

### **SECTION III REGULATORY ROLE**

**ARTICLE 80.- Definition of Function Regulations .-** The function rules permit the Superintendent to issue exclusively within its competence, autonomous regulations and rules governing the procedures for the application of appropriate sanctions for violation of laws , regulatory or contractual, ensuring the principle of due process.

It includes, in turn, the power to criminalize infringements for breaches of obligations established by law, regulation or contract, under its scope, as well as failure of the regulatory provisions and regulations issued by them.

Also pass its own scale of fines and if it respecting the limits that would establish the National Congress.

**ARTICLE 81.- Participation of Interested Parties.-** It is a requirement for adoption of special rules and regulations of general application issued by the Superintendent, that their projects have been published on its website, to receive comments and suggestions of the interested parties, the same shall not be binding, or give rise to the initiation of an administrative procedure.

The publication shall contain the following:

- a. The text of the disposition that is proposed to be dismissed.
- b. A Statement of Reasons.
- c. The period within which the written comments and suggestions of the interested parties

### **SECTION IV SUPERVISORY ROLE**

**ARTICLE 82.- Supervision Function Definition .-** The supervisory function allows the Superintendent to verify compliance with legal, contractual or technical staff by providing and managing public services, training and infrastructure.



Also, the oversight functions to verify compliance with the Public-Private Partnership contracts or any other obligation that is in charge of supervision agents.

**ARTICLE 83.- Procedures for non-compliance penalties** .- If the Superintendent detected breach of duty by the officers, the agency initiated an administrative procedure involved applying to present their defense, within five (5) working days .

With or without the disclaimer, the Superintendent's decision within a maximum period of ten (10) working days, providing if necessary, the implementation of a verification on the scene. In this case, issue a statement in the period of ten (10) working days of receiving the results of that verification.

Sent the resolution to determine the failure of the agent, the Superintendent shall make the application of the penalties have been established in the respective agreement, license or contract.

**ARTICLE 84.- Responsibility of information** .- supervised agents shall provide all necessary facilities to run the powers of supervision by the Superintendence, ensuring where appropriate, the proper protection of confidentiality of information. Otherwise be subject to administrative penalty and, where appropriate, to take complaints to the Attorney General.

**ARTICLE 85.- The Annual Report** .- Under the provisions of the Act, the Superintendent is required to submit to Congress a report on activities undertaken during the year, not later than 31 January of the year following its implementation .

## **SECTION V OVERSIGHT AND PUNISH**

**ARTICLE 86.- Definition of Auditory and Sanctioning Role.-** The auditory and sanctioning role allows the Superintendence to impose sanctions on officials for the breach of obligations established by law, regulation or contract, under its scope, as well as failure to comply with regulatory and normative provisions and regulations issued by them, in all cases respecting the principles of due process.

In discharging this function, the Superintendence shall respect the autonomy regulations and rules governing procedures for the application of appropriate sanctions for violation of laws, regulations or contracts.

Also, the audit function to supervise the implementation of standards, safety and



technical procedures of measuring and billing control and use of interruption and resumption of services and quality thereof, to which must conform managers and service providers.

Similarly, the audit function reaches the power to monitor the quality of services delivered through Public-private partnership (PPP) in accordance with the standards defined in the respective contracts, and manage to be promoted to the authority for administrative action, civil or criminal, including precautions to ensure compliance with the obligations of service providers in accordance with the provisions of this Act and the respective contracts or licenses.

**ARTICLE 87.- Penalties** .- If case of nonperformance, the Superintendence may impose fines and penalties for offenders, in accordance with the regulations or device, which must be approved by the Superintendent no later than sixty (60) days after the appointment of superintendents. In addition to the penalty to be imposed on the offender criteria, may also impose sanctions on each of their legal representatives or the persons composing the governing bodies of legal persons, as determined by your participation and responsibility for the offenses committed.

The fine may be reduced by fifty (50%) when the offender pays the amount thereof prior to the expiry of the period for contesting administrative resolution ending the proceedings, as no appeal against the ruling.

**ARTICLE 88.- Suspension or Revocation of Public-Private Partnership** .- The Superintendent may declare to the grantor the occurrence of an event of temporary suspension of a Public-private partnership contract or his life, when private enterprise to incur some of these , which has been established in the relevant regulations or the concession contracts.

In order to prevent the paralysis of the corresponding service, the Superintendent shall be permitted to temporarily hire the services necessary to avoid service interruption, until the signing of the new Public-private partnership contract. These service contracts may in no case be longer than one year.

In any event, the proceeds from the operation of the service during the period mentioned in the preceding paragraph shall be used to pay costs and expenses incurred for the provision of contracted services, monitoring costs, and the respective rates .

**ARTICLE 89.- Sanction Registration.**- The Superintendence shall keep a register of



sanctions imposed with the objective of having control, conduct statistics, inform the public, as well as for detecting cases of recidivism.

**ARTICLE 90.- Collection of Rights, Fees, Fines and Penalties .-** The Superintendence is empowered to collect fees, charges, fines, penalties and generally any other amount to be paid by agents subject to their jurisdiction, as established by the Law, Public-private partnership contracts, respectively and other applicable rules and decisions.

## **SECTION VI PROMOTING THE ROLE OF COMPETITION**

**ARTICLE 91.- Definition of the role of promoting economic competitiveness .-** The Superintendence shall promote economic competitiveness and prevent, as appropriate, anticompetitive, monopolistic or discriminatory conducts among the participants for the welfare of consumers.

## **TITLE IV TRANSPARENCY AND PROTECTION OF THE PARTIES**

**ARTICLE 92.- Reservation of information .-** All documents that form part of the files prepared to carry out the process of promoting Public-Private Partnership and that are owned or held by the State, retain their reserve until the subscription of respective Contract of Public-Private Partnership.

Furthermore, officials and public servants, and members of special committees and hired personnel working for the aforementioned committees are obliged under the responsibility, to keep confidential the information they have access to the contents of the Tender and Public-Private Contracts, and after the respective notice of the contents of the proposals submitted by private investors. All the information noted above, is considered confidential and shall not be made known to the public until after subscription the Contract for Public-private partnership.

This provision extends even to those public servants and members of special committees and hired personnel working for the aforementioned committees, which no longer serves on any of above mentioned, as well as contracting companies and suppliers the due to their role may have access to such documents or information.



**ARTICLE 93.- Publication of information** .- Once signed the Agreement for Public Private Participation, any natural or legal person may request and receive the information referred to in the preceding article, without giving reason or cause to substantiate the request . COALIANZA must provide the information requested within a maximum period of fifteen (15) days of your respective application. COALIANZA establish the procedure and charges for reproduction of documents as may be appropriate.

**ARTICLE 94.- Preservation of information COALIANZA** .- It is the responsibility of creating and maintaining public records in a professional manner for the right to disclosure of information can be effectively exercised in accordance with COALIANZA In no case law or any other entity Public Administration may destroy the information you have.

Exceptionally, having spent a period of ten (10) years during which no such information was required, COALIANZA can scan the information that is not public utility and destroy the originals.

**ARTICLE 95.- Advertising for compliance with contracts** .- The acts issued by the Superintendent of Public-private partnership on monitoring the implementation and enforcement of contracts for public-private partnership have become public information.

The Superintendent of Public-Private Partnership will publish on its website all acts or declarations establishing the execution and fulfillment of the obligations of the Public-Private Contracts.

## **TITLE V FINAL AND TRANSITIONAL PROVISIONS**

**ARTICLE 96.- Trust for the Administration of Resources.**- COALIANZA shall hire the services of a qualified trust entity, authorized for that matter, to administer the trust referred to in Article 29 of the Law, the trust patrimony shall be composed of the income from the fee for services provided COALIANZA, as well as the contribution of the regulation corresponding to the Superintendence of Public-private partnership.

The first transfer of resources to the trust is subject to the award of a Public-Private Partnership. Therefore, until these institutions achieve budgetary autonomy, the State



will assign to both entities the necessary budgeted resources to carry out their duties. The funds provided by the State for the initiation of operations of both institutions will not be part of the Trust and shall be subject to the same standards of supervision and inspection of other state entities.

**ARTICLE 97.- Trust Patrimony.-** The transfer in trust domain will include all that in fact or in law corresponds to the trust resources.

The product of the income will be distributed among COALIANZA and the Public-Private Partnership Superintendence, in proportion to the income made by each of these, after deductions for the expenses incurred for the establishment and administration of the Trust.

**ARTICLE 98.- Guidelines for the Trust Contract.-** COALIANZA and the Superintendence of Public-private partnership, through their representatives, shall define the guidelines that will govern the Trust.

To determine the existence of remaining funds in a fiscal exercise, it shall deduct the budgeted resources for the implementation of projects launched in the exercise that were not concluded in the same. After deducting the budgeted resources, the remnant of the exercise shall be destined to the reservation provided for in Article 29 of the Law.

**ARTICLE 99.- Superintendent of Public-Private Partnership .-** As provided in Article 37 of the Law, any mention in the legislation to the Superintendence of Concessions and Licenses, shall be understood as the Superintendence of Public-Private Partnership.

Since the entry into force of Decree No. 143-2010, the Superintendence of Public-Private Partnership assumed all the powers, responsibilities and attributions that the law in force will recognize the Superintendence of Concessions and Licenses for the deployment of its role.

**ARTICLE 100.-** For the selection of the first Superintendents, pursuant to Article 37 of the Law, the current Superintendent of Concessions and Licenses is ratified as one of the three Superintendents. Consequently, only for this one time the National Congress of the Republic shall proceed only to the selection of the other two.

**ARTICLE 101.-** The employees and officials of COALIANZA and of the



Superintendence of Public-Private Partnership may engage in teaching and research for domestic or foreign institutions. COALIANZA will bear the costs of defense in any lawsuit to be filed against the officers and employees of the Institution, and payments of damages to which they are obliged, as a result of being convicted of acts referred to fulfill their duties. COALIANZA shall make the corresponding budget estimates. This benefit will be extended even to those officers who have ceased to hold office, provided that the allegations or defendants included in the time they worked on COALIANZA. An exclusion to the above provision in the cases of gross negligence on behalf of the official convicted.

**ARTICLE 102.-** For the contracts of Public-private partnership, COALIANZA shall fix the amount of payment to be made in accordance with Article 29 of the Law, in the specification sheet.

**ARTICLE 103.-** When deemed appropriate, COALIANZA may establish as a requirement to participate in tenders or contests the subscription of integrity pacts between participants and the Institution.

To ensure transparency of the process, COALIANZA may implement corruption systems in Infrastructure Projects such as those promoted by Transparency International and the Global Centre against Corruption in Infrastructure.

**ARTICLE 104.- Registration of property rights.-** According to Article 33 of the Law, the Public-private partnership are exempt from all taxes, fees and formalities for the registration of property its name and/or the formalization of contractual relationships required for the completion of projects. This provision is linked only to those registrations that are derived directly from the Public-Private Partnership and or the Contract of Participation of respective Private Investment.

Additionally, this does not exempt the owners of the Public-Private Partnership to handle the required documentation and make all necessary arrangements to ensure the registration of property rights, in its behalf or in behalf of the State, as appropriate, as well as to formalize the required contractual requirements.

**ARTICLE 105.- Effectiveness.-** This Regulation shall come into effect upon its publication in the Official Journal "La Gaceta".

