



## **TENDER DOCUMENT**

### **INVITATION TO TENDER**

The Georgian National Communications Commission (hereinafter referred to as the GNCC) hereby invites potential Tenderers to provide consultancy service – Valuation of Spectrum in 800/900/1800/2100/2600Mhz bands

## Contents

DEFINITION OF TERMS .....	3
Chapter I- General Guidelines of the Tender .....	4
Chapter II- Background .....	5
Chapter III- Technical assignment - (provision of consultancy service - Valuation of Spectrum in 800/900/1800/2100/2600 MHz bands) .....	6
1. General requirements of the assignment.....	6
2. Specific requirements of the assignment.....	6
3. Deliverables of the assignment.....	7
4. Timeframe.....	7
5. Place of provision of the service.....	7
6. Provision of information and confidentiality.....	8
7. Tender price (bid) offered .....	8
Chapter IV- Minimum requirements for participation in the tender.....	9
1. Qualification and eligibility criteria.....	9
2. Experts.....	9
3. Technical Documentation (proposal) to be submitted for participation in the tender .....	9
Appendix 1 Draft Agreement on State Procurement .....	11

## DEFINITION OF TERMS

In this Document, unless the context otherwise suggests, the following terms and expressions have the following meanings:

- **“Agreement”** means the contract to be entered by and between the CNCC and the Service Provider which is set out in draft form in Appendix 1.
- **“Bid”** means Tender price offered by the Tenderer
- **“Commission” or “GNCC”** means Georgian National Communications Commission and includes, if the context so admits or requires, its employees, officers or representatives
- **“Minimum Requirements”** means the pass / fail minimum requirements set out in Chapter IV
- **“Successful Tenderer” or “Service Provide”** means the Tenderer who is awarded and enters into the Agreement with the Commission
- **“Purchaser”** means Contracting Authority- (buyer)
- **“Tender Document”** means documentation issued by the Purchaser
- **“Tender Proposal”** means Technical Documentation and Bid offered by the Tenderer
- **“Tenderer”** means person submitting Tender Proposal (Tender participant)
- **“800 MHz band”** means 791-821MHz and 832-862 MHz frequency spectrum
- **“900 MHz band”** means 880-915MHz and 925-960 MHz frequency spectrum
- **“1800 MHz band”** means 1710-1785 MHz and 1805-1880 MHz frequency spectrum
- **“2100 MHz band”** means 1920-1980 MHz and 2110-2170 MHz frequency spectrum
- **“2600 MHz band”** means paired 2500-2570 MHz and 2620-2690 MHz frequency spectrum and unpaired 2570-2620 MHz frequency spectrum

## Chapter I- General Guidelines of the Tender

1. Electronic procurement is conducted via the Unified Electronic System of State Procurement (hereinafter the System);
2. Procedures in the system take place according to the Georgian law on “State Procurement” ([http://procurement.gov.ge/files/\\_data/eng/legalacts/Law\\_of\\_Georgia\\_on\\_State\\_Procurement.pdf](http://procurement.gov.ge/files/_data/eng/legalacts/Law_of_Georgia_on_State_Procurement.pdf)) and Order No 9 of the Chairman of the State Procurement Agency on “Approving the Rules for Conducting Procurement, Electronic Tender and Electronic Tender” ([http://procurement.gov.ge/files/\\_data/eng/legalacts/order\\_no\\_9\\_20110407.pdf](http://procurement.gov.ge/files/_data/eng/legalacts/order_no_9_20110407.pdf)). For submitting Tender Proposals potential Tenderers have to register in the system. For more information see User Manual of Unified Electronic System of State Procurement ([http://procurement.gov.ge/files/\\_data/geo/publication/e-tenders\\_guideline\\_eng\\_v3.0.pdf](http://procurement.gov.ge/files/_data/geo/publication/e-tenders_guideline_eng_v3.0.pdf)).
3. Technical Documentation of the Tender proposal must be submitted in Georgian Language. In case the Technical Documentation is drafted in foreign language duly authorized Georgian translation shall be attached; (for assistance concerning translation and authorization of Technical Documentation, please contact Georgian Mission in your country [http://www.mfa.gov.ge/index.php?lang\\_id=ENG&sec\\_id=38](http://www.mfa.gov.ge/index.php?lang_id=ENG&sec_id=38))
4. Technical Documentation uploaded in the system must be signed and/or sealed by the duly authorized representative;
5. The Draft agreement attached to this Tender Document shall be amended in accordance with the Tender Proposal of the Successful Tenderer;
6. Tenderer shall have no right to submit alternative tender proposal.
7. Advance payment conditions shall not be considered.
8. The Tender price (bid) shall include all costs of the Tenderer related to the provision of services under this Tender Document excluding the VAT. Costs not included in the Tender price (Bid) shall not be reimbursed. All taxes prescribed by the Georgian legislation shall be paid by GNCC.
9. Payment under the Agreement concluded with the winner of this Electronic Tender shall be effected from the budget of the Georgian National Communications Commission; the total value of the agreement shall include the Tender price (bid) offered by the winner of the Tender plus all taxes prescribed by the Georgian legislation, that shall be paid by GNCC ;
10. The winner of the Tender shall present the bank (performance) guarantee in the amount of 2% of the contractual price. The bank (performance) guarantee must be submitted before signing the respective Agreement. The validity term of the performance guarantee shall exceed the term of the respective Agreement by 2 weeks.
11. Additional information regarding tender documentation can be obtained from tender commission unit at the following address: Tbilisi, Ketevan Tsamebuli Ave/Bochorma street 50/18, 4<sup>th</sup> floor, room № 4, Ms. Katy Rekhviashvili; tel: +995532 2394995, e-mail: [krekhiashvili@gncc.ge](mailto:krekhiashvili@gncc.ge), Grigol Sulukhia, Tel: +99532 2399669, e-mail: [gsulukhia@gncc.ge](mailto:gsulukhia@gncc.ge).

## Chapter II- Background

Georgian National Communications Commission is a statutory body regulating electronic communications and broadcasting sectors in Georgia. In addition to other duties GNCC is responsible for managing (planning, allocating and assigning) the use of radio spectrum.

900/1800 MHz bands are currently licensed in Georgia for the provision of GSM mobile services and 2100 MHz band - for UMTS mobile services. Part of 800 MHz band (850 MHz) is licensed for the provision of CDMA mobile services, due to which full spectrum available within harmonized 800 MHz band will not be available during first phase of the auction. The 2.6 GHz band is currently licensed for the provision of Multi-point Microwave Distribution System (MMDS) pay-television services

In order to promote wider availability of wireless broadband services In Georgia, GNCC has to harmonize spectrum allocations with EU practice and make the bands covered by respective Commission Decisions (if reasonable and technically possible) available for (MFCN) terrestrial systems capable of providing electronic communications Service under terms and conditions described in those decisions. According to the amendments to the Law of Georgia on Electronic Communications, GNCC has to modify (make technology and service neutral) current GSM/UMTS (900/1800/2100 MHz) licensee, extend their duration for 15 years starting from modification date, carry out 800 MHz band licensing process and set fair fees for modification (license renewal under technological and service neutrality) of (GSM/UMTS) licenses as well as fair and reasonable reserve prices for forthcoming auctions.

Additional information on spectrum liberalization/reframing project, market situation as well as current spectrum holdings can be obtained from GNCC official web-page (<http://analytics.gncc.ge/en/statistics/> and [http://www.gncc.ge/index.php?lang\\_id=ENG&sec\\_id=2101&info\\_id=115675](http://www.gncc.ge/index.php?lang_id=ENG&sec_id=2101&info_id=115675))

## **Chapter III- Technical assignment - (provision of consultancy service - Valuation of Spectrum in 800/900/1800/2100/2600 MHz bands)**

### **1. General requirements of the assignment**

General Requirements of the assignment are as follow:

- To provide estimates of the market value of spectrum within (liberalized) 800/900/1800/2100/2600 MHz bands for Georgia using comprehensive and sufficiently detailed methodologies/approaches fully justifying regulatory decision-making process;
- To develop approach/model for calculating the relative values of (liberalized) 800/900/1800/2100/2600 MHz bands.
- To recommend GNCC on approaches to be used for setting reserve price of spectrum (including the option for setting and estimating market value reflecting reserve prices as well as estimation of reserve price for 800 MHz band spectrum with and without coverage obligation);
- To recommend GNCC on approaches for setting (market value reflecting) license fees and to estimate the value to be paid by the license holders for license renewal (duration 15 years) under technology and service neutrality terms

### **2. Specific requirements of the assignment**

The specific requirement of the assignment shall include but shall not be limited to the following:

- Valuation of spectrum within respective bands should be performed by using combination of benchmarking and business modeling methodologies/approaches.
- Methodologies/approaches used for valuation of spectrum should be comprehensive and sufficiently detailed that take into account Georgian country specific demographic and economic data and timeframe of the corresponding license duration, i.e. 15 years.
- While performing benchmark based valuation of spectrum careful consideration should be given to the selection of suitable benchmarking samples in order to avoid underestimation or overestimation of liberalized spectrum value in Georgia.
- Business case modeling has to be based on the Georgian market-specific data/parameters and has to consider the technical and commercial value of the respective band.
- The model developed for calculation of the relative values/approximate ratios between the values of spectrum within different bands should be based on the input

parameters that allow for changes to input variables in order to perform sensitivity and scenario analysis.

### **3. Deliverables of the assignment**

The Successful Tenderer shall produce final report detailing the final results and conclusions of the assignment, including all justifications and assumptions used in reaching these conclusions.

The output of the final report should be, but should not be limited to the following:

- To present business case modeling and benchmark based valuation results for 800/900/1800/2100/2600 MHz band spectrum and arguments documenting all assumptions and input data (including their sources) used for valuation approaches.
- To present the model developed for calculation of relative values of 800/900/1800/2100/2600 MHz bands and results of the model used. All assumptions and input data (including their sources) used should be well documented.
- To present final results of assessment of the value of spectrum within 800/900/1800/2100/2600 MHz bands in Georgia (including general price of 1 MHz spectrum within each band) and based on the obtained results:
  - a) Present final recommendations on setting market value reflecting license renewal fees and estimate market value of 1 MHz spectrum within bands that should be paid by existing license holders for their license renewal/modification. (Please note that as a final result general price of 1 MHz spectrum should be estimated for each band. It is not possible to define different prices of 1 MHz for different block sizes within the same band.)
  - b) present final recommendation on the approach to be used for setting reserve price of spectrum within 800/900/1800/2100/2600 MHz bands (including the option for setting market value reflecting reserve prices as well as reserve price for 800 MHz band spectrum with and without coverage obligation);

### **4. Timeframe**

The project shall be carried out within 5 weeks. The final deliverables should to be handed over not later than at the end of the fifth week after signing the respective agreement.

### **5. Place of provision of the service**

- a) The place of provision of the services could be the Successful Tenderer's place/premise;
- b) The Successful Tenderer will be required to work with GNCC staff permanently by means of e-mails and conference calls;
- c) During the project at least three face to face Meeting shall be held with GNCC staff at GNCC office in Georgia:
  - Preparatory Meeting (at the beginning of the project) - meeting with GNCC staff to agree on main parameters and assumptions to be used for business modeling and benchmarking;
  - Interim Meeting (at the middle of the project) - meeting with GNCC staff to discuss preliminary results of the assignment;
  - Final Meeting (at the end of the project) - meeting with GNCC staff and market players to present final results of the assignment.
- d) Exact dates of the meetings to be agreed with Successful Tenderer.

#### **6. Provision of information and confidentiality**

- a) GNCC shall be responsible for the provision of Successful Tenderer with Georgian market information (including information on traffic, revenues of the operators and etc) available at the Commission.
- b) The successful Tenderer will be required to sign a confidentiality Agreement;
- c) The confidentiality of the work and information obtained from GNCC shall be protected at all times;
- d) All documents produced by successful Tenderer shall remain the property of GNCC.

#### **7. Tender price (bid) offered**

The tender price (bid) offered by the Tenderer must be inclusive of all costs associated with the project, including: presentation of the reports to CNCC, as well as any travel and accommodation costs the Tenderer estimates are necessary.



## Chapter IV- Minimum requirements for participation in the tender

### 1. Qualification and eligibility criteria

Tenderer is expected to have previous experience in valuation of spectrum designated for terrestrial systems capable of providing electronic communications services under respective EC decisions. The tenderer shall have international repute and experience. The specific requirements include:

- At least 10 years experience in providing consultancy/advisory services in electronic communications sector carried out for regulators and operators internationally and within Europe.
- Knowledge and practical experience of carrying out multiband spectrum valuation projects (based on benchmarking and business modeling methodologies) for regulators, one of which should be carried out for European Union member country regulator.

### 2. Experts

- a) The Expert team proposed by the Tenderer should have reasonable experience in developing of spectrum valuation models (including benchmarking and business case modeling), conducting spectrum valuation (sell side/buy side) projects and evaluating technical and economic/commercial sides of deploying Next Generation Mobile Networks/Services in different bands.
- b) The proposed Expert team should include, but should not be limited to the Technical/Radio Access and Spectrum Valuation Experts with at least 5 years experience in electronic communications sector and having experience in the provision of spectrum valuation services in the last 3 years.

### 3. Technical Documentation (proposal) to be submitted for participation in the tender

Tenderers shall submit signed Technical Documentation in Georgian language (if Technical Documentation is drafted in foreign language duly authorized Georgian

translation shall be attached) clearly demonstrating their ability to perform the assignment, covering the following issues:

- a) Tenderer's identification information and bank requisites;
- b) Description of the work to be performed proving the Tenderer's understanding of the assignment;
- c) Details of the methodologies, approaches to be used and work plan for performing the assignment;
- d) Information about the similar work completed to-date by the Tenderer; including any samples which can be provided;
- a) Description of the individuals/Expert Team proposed for the assignment (including managerial personnel) and their roles and responsibilities in the assignment; Current Curriculum Vitae of proposed Experts outlining details of similar projects on which they have worked, their specific responsibilities in relation to such projects together with details of formal qualifications or expertise suited to the assignment under this tender;

Note: Information supplied by Tenderer(s) will be treated as contractually binding and Commission, reserves the right to seek further clarification or verification of any such information.

## Appendix 1

This document is the draft agreement on state procurement to be concluded with the Successful Tenderer after the completion of the Electronic Tender. The terms and conditions of the draft agreement shall be specified based on the Tender Proposal of the winner, which shall be attached to the agreement and form an integral part of thereof.

### **Draft Agreement on State Procurement**

**Agreement No**

Georgian National Communications Commission (hereinafter the Purchaser), represented by its Chairman Mr. Vakhtang Abashidze, on the one hand, and, \_\_\_\_\_ (hereinafter the Service Provider) represented by its \_\_\_\_\_, on the other hand, on the basis of the Law on State Procurement and the Tender Proposal offered by the Service Provider as a result of conducting the Electronic Tender conclude the present Agreement on the following:

#### **1. Definition of terms used in the agreement**

- 1.1. “Agreement on State Procurement” (hereinafter the Agreement) - the present Agreement made between the Purchaser and the Service Provider, signed by the parties, with all enclosed documentation;
- 1.2. “Value of the Agreement” - total amount to be paid by the Purchaser to the Service Provider for full and accurate fulfillment of contractual obligations;
- 1.3. “Day”, “Week”, “Month”- calendar day, week, month;
- 1.4. “Purchaser” – organization implementing the procurement;
- 1.5. “Service Provider” – provider of services in the scope of this agreement;
- 1.6. “Services” – subject of the agreement as specified in Article 2 therein.
- 1.7. “Technical assignment” – Technical assignment of the Tender Document to be attached to the agreement as its integral part.

#### **2. Subject of the Agreement**

- 2.1. Consultancy service – Valuation of Spectrum in 800/900/1800/2100/2600Mhz bands
- 2.2. Description of services provided by the agreement shall be given in the Technical Assignment of this Tender Document.

### **3. Value of the Agreement**

- 3.1. Total value of the Agreement shall amount to \_\_\_\_\_
- 3.2. Total value of the Agreement shall include all costs of the Service Provider related to the services under this Agreement and all taxes payable under the Georgian legislation.
- 3.3. Payment under this Agreement shall be made by the Purchaser's own funds. The total value of the agreement shall include the Tender price (bid) offered by the winner of the Tender plus all taxes prescribed by the Georgian legislation, that shall be paid by the Purchaser ;

### **4. Form and terms of payment**

- 4.1. Payment to the Service provider shall be made by bank transfer in local or foreign currency -----
- 4.2. Payment to the Service Provider shall be made on the basis of a final Act of Acceptance upon full completion of services under this Agreement and submission of an appropriate invoice.

### **5. Rule of service delivery-acceptance**

- 5.1 After full completion of services the Service Provider shall submit to the Purchaser the Act of Acceptance.
- 5.3. Services shall be deemed fully completed as of the date of signing the final Act of Acceptance.
- 5.4. Person Authorized for signing the Act of Acceptance on behalf of the Purchaser shall be designated for the date of signing of the Agreement.

### **6. Place and term of provision of services**

- 6.1. The place of provision of services shall be the Purchaser's and/or Service Provider's -----
- 6.2. Provision of services shall end not later than -----

### **7. Rights and responsibilities of the parties**

- 7.1. The Purchaser shall have the right:
- a) to perform at any time inspection of work and quality of the work to be performed by the Service Provider;
  - b) to request necessary documents from the Service Provider before completion of services.
- 7.2. The Purchaser shall be responsible:

- a) to reimburse the cost of services rendered by the Service Provider in accordance with the terms and conditions of this Agreement;
- b) to designate a representative to supervise the working process, and provide appropriate information and consultations to the Service Provider, if required.

7.3. The Service Provider shall be entitled to request from the Purchaser reimbursement of services in accordance with the terms and conditions of the Agreement.

7.4. The Service Provider shall be responsible:

- a) to provide services of adequate quality and in full volume within the term specified in paragraphs \_\_\_\_ of the Agreement;
- b) to ensure provision of services in accordance with the Technical Assignment;
- c) to observe confidentiality of documentation handed over to him by the Commission;
- d) to submit to the Purchaser final work (report) in electronic format after full completion of services.

## **8. Inspection of contractual obligations**

8.1 Inspection of contractual obligations of the Service Provider shall be carried out by a person duly authorized by the Purchaser for the moment of signing this Agreement.

8.2. Inspection shall mean- control of terms and conditions of the work of the Service Provider, as well as the quality of rendered services.

8.3. All costs related to elimination of any identified faults or inconsistencies shall be born by the Service Provider as prescribed by the Georgian legislation.

## **9. Penalty for nonfulfillment**

9.1. In case of delay in the fulfillment of contractual obligations the party will be charged with a penalty in the amount of 0,1% of the value of unfulfilled obligation for each day of delay.

9.2. If the total amount of the imposed penalty exceeds 10 (ten) percent of the total value of this Agreement, the Purchaser shall have the right to terminate the Agreement and request from the Service Provider reimbursement of the penalty amount due for the date of termination of this Agreement.

9.3. Payment of the penalty shall not relieve the party from fulfillment of his principal obligations.

## **10. Amendment and termination of the Agreement**

10.1. Any amendment or addition to this Agreement shall be made only in a written form upon mutual agreement of the parties.

10.2. Changing of the terms and conditions of this Agreement, including the price, is inadmissible, if these changes cause increase in the price of the total value of the Agreement or are worsening the conditions for the Purchaser, except in cases provided for by Article 398 of the Civil Code of Georgia. The terms and conditions of the Agreement may be revised in accordance with the procedure established by the Georgian legislation.

10.3. If circumstances specified by Article 398 of the Civil Code of Georgia should occur, increase in the total value of the Agreement for more than 10 (ten) percent shall be inadmissible.

10.4. If any of the parties fails to fulfill the terms and conditions of this Agreement, other party shall be entitled to make the decision on termination of the Agreement unilaterally.

10.5. The party shall be responsible to notify the other party in written or through electronic communication means about the decision made under paragraph 10.4 above no less than 5 calendar days earlier.

10.6. The Agreement may be terminated also at the parties' discretion based on mutual agreement.

## **11. Force-majeure**

11.1 The parties shall be released from responsibility for nonfulfillment of contractual obligations if this is caused by effects of force-majeure. If such circumstances should occur, the party shall be responsible to notify the other party about the impossibility of fulfillment of assumed responsibilities.

11.2 If any of the parties cannot perform his obligations under this Agreement due to the force-majeure conditions, the party shall be responsible to notify the other party immediately (but not later than the next calendar day) about the occurrence and/or completion of such circumstances, otherwise the relevant party shall not be relieved from assumed responsibilities.

11.3 Responsibilities and obligations of the parties shall be resumed upon completion of the effect of force-majeure circumstances.

## **12. Resolution of disputes**

All disputes that may arise during the validity term of this Agreement shall be resolved by mutual agreement between the parties. If the agreement cannot be reached, the parties may appeal to the court for resolution of disputes in accordance with the effective legislation of Georgia.

## **13. Validity of the Agreement**

The Agreement shall come into force on the above indicated date and shall remain in effect through-----.

Purchaser:

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Service Provider:

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