

NEPAL TELECOMMUNICATIONS AUTHORITY (NTA)

**REQUEST FOR PROPOSALS (RFP)
FOR THE SELECTION OF
AN OPERATOR TO ESTABLISH COMMON SERVICES CENTRES (CSCs)
FOR THE PROVISION OF INTERNET AND INTERNET TELEPHONY SERVICES
IN THE SELECTED VDCs OF NEPAL
(RFP-CSCs)**

RFP # RTDF-CSC-PP-01-10/11

Issued at Kathmandu

December 30, 2010

Nepal Telecommunications Authority GPO Box No. : 9754 Bluestar Office Complex, Tripureswor Kathmandu, Nepal	Tel. No.: +977-1-4101030/3, 4101035/8 Fax No.: +977-1-4101034 E-mail: ntra@nta.gov.np
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Nepal Telecommunications Authority
Bluestar Office Complex,
Tripureshwor, Kathmandu

Dear Mr/Ms

1. **Nepal Telecommunications Authority (NTA)** invites proposals from **existing Internet Service Providers (ISPs)** with the objective to provide the Internet and Internet Telephony services in the selected VDCs of Nepal. Details on the scope of the proposal are provided in the **Request for Proposal (RFP)**.
2. An Authorization to provide the service will be awarded to the bidder selected as per the evaluation criteria described in this RFP.
3. The RFP includes the following documents:
 - Part I – Definitions
 - Part II – Introduction
 - Part III – Rights and Obligation of the SLO
 - Part IV – Instruction to the Applicant
 - Annex 1 – List of Selected Districts and VDCs
 - Annex 2 – Subsidy Proposal Form
 - Annex 3 – Bid Security Form
 - Annex 4 – Performance Guarantee Form
 - Annex 5 – Draft Authorization
 - Annex 6 – Bank Guarantee Form for Advance Payment
 - Annex-7– List of Equipment to be provided and installed in Each Common Service Centres (CSCs)
4. The bidders are requested to submit the Application for Proposal (AFP) at the address prescribed in this RFP before the closing date mentioned in this RFP
5. NTA reserves all rights to accept or reject any or all of the proposals without assigning any reasons whatsoever,

Yours Sincerely,

Mr. Bhesh Raj Kanel
Chairman, Nepal Telecommunications Authority

NEPAL TELECOMMUNICATIONS AUTHORITY
Request for Proposals (RFPs)
For the Selection of
An Operator to Establish Common Services Centres (CSCs)
For the Provision of Internet and Internet Telephony Services
In the Selected VDCs of Nepal

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Annex 6/Appendix-2:	Bank Guarantee Form for Advance Payment
Annex-7/Appendix-3:	List of Equipment to be provided and installed in Each Common Service Centres (CSCs)

Part I Definitions

1. Definitions

In this Request for Proposals (RFP), unless the subject matter or context otherwise requires, the following terms shall have the following meanings:

“Act” means the Telecommunications Act, 2053 (1997) as amended and any successor legislation;

“Applicant” means any Person that registers itself with the NTA as an applicant for purposes of this RFP, having purchased a copy of this RFP from the NTA;

“Authorization” means a permission granted by the NTA to establish and operate the Common Services Centers (CSCs) for the provision of Internet and Internet telephony services including other ICT related services in the selected VDCs listed in Annex-1;

“Data Capability” means the network capable of providing Internet with data capacity of at least 256 Kbps and Internet Telephony services.

“Effective date” means the date of an Authorization;

“Force Majeure Event” means circumstances, which are beyond the control and proper responsibility of the Applicant. By way of illustration, the following circumstances are agreed to be properly characterized as events of “force majeure”: flood, fire, earthquake, hurricane and other acts of God; war, military actions, civil war, guerrilla or terrorist actions, including all measures limiting the free movement of foreigners and their performance of activities; failure of public utilities, such as electrical power, natural gas and water, or transportation systems; and acts by a governmental or executive body which obstruct performance by the SLO of the conditions of an Authorization ;

“GoN” means Government of Nepal;

“STD” means subscriber trunk dialing and refers to domestic long distance telecommunications services originating or terminating in licensed VDCs located in different Districts;

“ISD” means international telecommunications services, which connect the telephone located in Nepal to the telephone located outside Nepal;

“Local Services” refers to calls originating and terminating within a VDC or between VDCs located in the same Zone, or any other local service area defined by the NTA;

“NTA” means the Nepal Telecommunications Authority and its successors;

"Selected Licensed Operator" or SLO means existing internet services provider (ISP) who will be selected to provide Internet and Telephony services in the selected VDCs as stipulated in Annex-1.

"Performance Guarantee" means the performance guarantee submitted by the SLO as part of an Authorization process;

"Policy" means the Telecommunications Policy, 2060 (2004) as amended and any successor policy statement;

"PSTN" means the Public Switched Telephone Network, consisting of the telecommunications transmission and switching facilities, including any wire, cable, radio, satellite, optical or other electromagnetic Telecommunications Systems, that are (i) owned by any licensed Telecommunications Service Provider, including the SLO, (ii) used for the transmission or switching of intelligence for members of the public for compensation, and (iii) located wholly or partly in Nepal;

"Public telephone access line" means a Telecommunications line providing access to the PSTN and comprised of technical features which permit the establishing of a telephony channel capable of allowing users to make and receive Local, STD and ISD real time voice telephone calls and capable of providing Internet service with data capability of at least 28.8 Kbps and G3 fax;

"PFA" or "Proposal for Authorization" means a proposal submitted by an Applicant in response to this RFP;

"Common Services Centre (CSC)" means a service centre operated by the SLO or community based organizations or any another person(s) which is equipped with networked computers, printers, scanners, photocopy machines etc. to provide ICT services to any member of the community. The ICT services include telephone, fax, Internet, Internet Telephony, printing, scanning, photocopying services etc.

"RFP" means this Request for Proposal, including all annexes hereto, as amended or modified by the NTA ;

"RTDF" means the Rural Telecommunications Development Fund managed by NTA pursuant to the Act & Rules;

"Rules" means the Telecommunications Regulations, 2054 (1997) and Telecommunications (First Amendment) Regulation, 2055 (1999), as amended and any further regulations established pursuant to the Act;

"Rural areas" mean the VDCs of the five development regions, except Kathmandu Valley, metropolitan and sub-metropolitan cities, municipalities and the VDCs adjoining them; or the areas as defined by NTA from time to time.

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CENTRES (CSCs)

“Subsidy” means the subsidy to be paid to the SLO as part of an Authorization process on achieving the identified establishment and operational requirements;

“Telecommunications Service” has the meaning assigned to that term in the Act;

“Telecommunications System” has the meaning ascribed to that term in the Act;

“VDCs” means one or more of the Village Development Committees of the GON.

“PLMN” refers to public land mobile network which includes the mobile telephone network.

“PPP Model” means the Public Private Partnership model to be used by the SLO for the operation of services as specified in the RFP.

“VE” means a person who has some financial strength, entrepreneurial ability, strong social commitment as well as respect within the community and who is interested and motivated to operate the CSCs services.

“Defaulter” means the one who has not paid applicable taxes or fees or dues (such as Royalty, RTDF, Frequency fees etc.) to the NTA as per the rules and regulations.

End of Part I

Part II Introduction

2. Introduction

- 2.1 The purpose of this Request for Proposals (RFP) is to invite Applications from the **existing Internet Service Providers** for the Authorization to establish and operate the common services centers (CSCs) for the provision of Internet and Internet Telephony services in the selected VDCs as specified in Annex 1.
- 2.2 This RFP is issued by Nepal Telecommunications Authority (NTA) pursuant to *Telecommunications Act, 2053 (1997) (the "Act")* and the policy of the Government of Nepal (GoN) to expedite the development of telecommunications services. In particular, the RFP is aimed at providing access to Internet and Internet Telephony services through CSCs.
- 2.3 NTA will provide **fixed one-time subsidy** (the "Subsidy") to the Selected License Operator (SLO) to provide ICTs related services through CSCs in the specified VDCs listed in Annex-1 pursuant to the **Clause-7 of this RFP**. The subsidy amount (including VAT) would be provided from the Rural Telecom Development Fund (RTDF) managed by NTA and will not exceed NRs. 30,00,000.00.
- 2.4 In order to provide ICT Services in selected rural areas of Nepal, NTA plans to issue an Authorization to the SLO for the establishment of CSCs in the specified VDCs.
- 2.5 It is the intention of the NTA to act quickly to implement GoN's policy of increasing access to ICT services in Nepal, particularly in rural and remote areas.
- 2.6 The Authorization shall be the integral part of the existing license of the SLO and shall be valid throughout the period of validity of the existing license.

3. Schedule

Event	Days	Calendar Date
Publication of Notice and RFP document available for purchase	Day 1	December 30, 2010
Deadline for submission of PFAs	Day 45	February 14, 2011
Issue of LOI to the Qualified Applicant	Day 60	March 1, 2011
Compliance with Authorization requirements; receipt of PG	Day 65	March 6, 2011
Issuance of an Authorization	Day 65	March 6, 2011
Installation and Operation Completed in specified area	Day 245	September 1, 2011

Note: If the scheduled day of an event falls on a legal holiday, the day of the event will be the next calendar day following the holiday.

4. Address for Correspondence

All correspondence relating to this RFP should be addressed to:

The Chairman
Nepal Telecommunications Authority
GPO Box No. 9754
Bluestar Office Complex, Tripureshwor
Kathmandu, Nepal
Tel.: 4101030/3; 4101035/8
Fax : +977-1-4101034
E- mail: ntra@nta.gov.np

End of Part II

Part III

Rights and Obligations of the SLO

5. Exclusivity

The Authorization will be granted on a non-exclusive basis. However, this Authorization shall not affect the provisions of the existing license of the SLO.

6. Establishment and Operational Requirements :

6.1 **Establishment and Operational Schedule** – The SLO shall establish **one CSC in each of the selected VDCs** as specified in Annex-1 by providing equipment as specified in Annex-7. The Establishment and Operational schedule shall be as mentioned hereunder.

(a) The SLO shall complete the Establishment and Operation of the CSCs **within 6 (Six) months** after the issuance of this Authorization.

i. The SLO shall complete the installation and operation of three (3) CSCs in the VDCs specified in Annex-1 within Four (4) months for the dated of issuance of this Authorization.

ii. The SLO shall complete the installation and operation of the remaining two (2) CSCs in the remaining two (2) VDCs within last two (2) months.

(b) NTA or a person(s) appointed by NTA will certify the installation and operation of the CSCs established by the SLO in the selected VDCs.

6.2 **Establishment and Operational Requirements of CSCs** – The establishment and operational modality of the CSCs shall be as mentioned hereunder.

(a) The SLO shall establish and operate five (5) CSCs in the specified VDCs using PPP model.

(b) The CSCs will be established using the PPP model. The PPP model comprises at least (i) SLO, (ii) District Development Committee (DDC) and/or Village Development Committee (VDC) and/or (iii) the Local Community Organization and/or Village Entrepreneur (VE) or others.

(c) The applicant shall coordinate and negotiate with the DDC, VDC, grass root local organizations, VE etc. to form the PPP model and this modality must clearly mention the roles, responsibility and rights of the stakeholders.

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- (d) The PPP modality will be formed such that at least 30% of the annual operational expenses will be contributed by the other partners except SLO and the PPP modality must be approved by NTA.
 - (e) The SLO shall provide and install at least the equipment (hardware and software) as specified in Annex-7 to the CSCs. The SLO can provide additional equipment (hardware and software) and accessories if necessary.
 - (f) The SLO shall maintain and manage the CSCs through selected and trained CSCs operators. Selection of local people for the CSCs operation is preferred.
 - (g) The SLO shall establish and operate CSCs to provide services as specified in Clause– 9.
 - (h) All the CSCs shall be powered by Solar Power along with the battery backup for the duration as specified in Annex-7. The CSCs shall also be powered by grid where grid electricity is available.
 - (i) The PPP model shall be formed such that the ownership of CSC equipment goes to the community.
 - (j) **Insurance:** The equipment provided by the SLO to each CSC shall be insured, so that in case of any event of loss or damage, the equipment can be obtained and the operation of the CSC can be resumed”.
- 6.3 **"Start of the Service"** – For the purpose of these Establishment and Operational requirements, CSCs shall be considered to be ready for the delivery of ICT services when NTA or a person(s) designated by NTA certifies in writing that
- (a) Each CSCs have at least the equipment as specified in Annex-7 of this RFP.
 - (b) Installation of CSCs in the selected VDCs is complete and the CSCs have started providing services as specified in Clause-9.
 - (c) The CSCs have been powered by solar power with battery backup for the duration as specified in Annex-7 and shall also be powered by grid where grid electricity is available.
- 6.4 **Failure to Meet Establishment and Operational Requirements** – Failure to meet the Establishment and Operational requirements may result in the imposition of one or more of the following penalties:
- (a) Loss of eligibility to receive payment of the Subsidy;

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CENTRES (CSCs)

- (b) Forfeiture of the Performance Guarantee pursuant to Clause 33.5 of Part IV of this RFP;
 - (c) Termination of an Authorization ;
 - (d) The imposition of fines for breach of the provisions of the Authorization pursuant to Act and Regulation.
 - (e) The forfeiture of equipment, land and other assets related to the Authorization.
- 6.5 **Force Majeure** – The penalties specified in Clause 6.4 above shall not apply if the establishment and operational delay results solely from the "Force Majeure Event". If a Force Majeure situation arises, the SLO shall promptly notify the NTA in writing of such condition and the cause thereof. Unless otherwise directed by the NTA in writing, the SLO shall continue to perform its obligations under this Authorization as far as is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the Force Majeure event.
- 6.6 **Liquidated Damages** - Subject to Clause 6.5 above, if the SLO fails to fulfil the establishment and operational requirements within the period(s) specified in the Clause 6.1 above, the NTA shall, without prejudice to its other remedies under the authorization, deduct from the Subsidy Amount, as liquidated damages, a sum equivalent to the 0.5% percent of the delivery and installation price of the delayed equipment or unperformed services for each week or part thereof of delay until actual delivery or performance, up to a maximum deduction of the 10%. Once the maximum is reached, NTA may consider termination of the Authorization pursuant to Clause 6.7 of this RFP.
- 6.7 **Termination for default** - NTA, without prejudice to any other remedy for breach of Authorization, by written notice of default sent to the SLO, may terminate this Authorization in whole or in part:
- (a) if the SLO fails to deliver any or all of the services as specified in Clause-6.1 and 6.2 of this RFP, or within any extension thereof granted by NTA pursuant to Clause 6.8 of this RFP; or
 - (b) if the SLO fails to perform any other obligation(s) under the Authorization.
 - (c) if the SLO, in the judgment of NTA, has engaged in corrupt or fraudulent practices in competing for or in executing authorization.

For the purpose of this clause:

“corrupt practice” means the offering, giving, receiving, or soliciting of any thing of value to influence the action of a

public official in the bidding process or in execution of the authorization.

“fraudulent practice” means a misrepresentation of facts in order to influence a bidding process or the execution of a authorization to the detriment of NTA, and includes collusive practice among Bidders (prior to or after bid submission) designed to establish bid prices at artificial non-competitive levels and to deprive NTA of the benefits of free and open competition

6.8 Delays in the Performance of SLO -

- (i) Establishment of CSCs in the selected VDCs shall be carried out in accordance with the time schedule prescribed in Clause-6.1 of the RFP.
- (ii) If at any time during the execution of this Authorization, SLO should encounter conditions impeding timely establishment of the CSCs, the SLO shall promptly notify NTA in writing of the fact of the delay, its likely duration and its cause(s). As soon as practicable after receipt of the SLO’s notice, the NTA shall evaluate the situation and may at its discretion extend the SLO’s time for performance, with or without liquidated damages.
- (iii) Except as provided under Clause 6.5 above, a delay by the SLO in fulfilling its services and obligations shall render the SLO liable to the imposition of liquidated damages pursuant to Clause 6.6 of this RFP, unless an extension of time is granted pursuant to Clause 6.8 (b) without the application of liquidated damage.

7. Subsidy Payments

7.1 **Subsidy Payment Schedule** – The Subsidy shall consist of a one-time subsidy. Subject to Clause 20 of this RFP, It shall be payable in four tranches as follows:

- (a) The SLO shall be entitled to receive an advance payment of 20% (twenty percent) of the total subsidy amount upon the granting of the Authorization, as an initial financial incentive, upon the submission of the bank guarantee in the format specified in Annex – 6, in favor of NTA for the same amount. The bank guarantee shall remain valid till the Installation and operation of CSCs in 100% of the VDCs listed in Annex-1 in this RFP becomes complete, as certified by NTA in accordance to the Establishment and Operation Schedule, as mentioned in Clause 6.1 (a).

RFP FOR THE SELECTION OF AN OPERATOR TO ESTABLISH COMMON SERVICES CENTRES (CSCs)

- (b) The SLO shall be entitled to receive 30% (thirty percent) payment of the total subsidy amount once NTA certifies that the three (3) CSCs have been established and started providing services pursuant to Clause 6.3 of this RFP.
 - (c) The SLO shall be entitled to receive 40% (forty percent) payment of the total subsidy amount once NTA certifies that the remaining two (2) CSCs have also been established and started providing services pursuant to Clause 6.3 of this RFP. If the SLO does not opt for advance payment as stated above in 7.1 (a); 20 % of the subsidy shall also be paid along with the amount payable under the provision of this sub-Clause;
 - (d) The final tranche of 10% (ten percent) of the total subsidy amount will be paid only after the end of 6 months after the start of providing services by all the CSCs in 100% (one hundred percent) of the VDCs listed in Annex-1 of this RFP, provided that quality of service standards have also been maintained as mentioned in the Authorization.
- 7.2 Upon notification by SLO on the completion of work, NTA or person(s) designated by NTA will carry out an inspection of the work within 30 (Thirty) days of the notification, and shall release the due payment after verification of **the start of services** as per Clause 6.3 of this RFP.

OR

Issue directives to the SLO to complete and/or correct the pending shortcoming work or requirements.

- 7.3 In case of requirement for repeated inspection because of the fault of SLO, all the expenses occurred shall be borne by the SLO.
- 7.4 If NTA provides written confirmation that one or more events of force majeure prevented the installation or operation of the Common Service Centers (CSCs) services required to be installed under Clause 6.1 (a), then the amount of the second and third tranches of the subsidy shall be reduced by an amount proportionate to the number of CSCs that the NTA has confirmed to have been reduced by the events of force majeure; provided, however, that the responsibility of the SLO for the installation, and operation of the CSCs shall remain intact during the tenure of an Authorization, on improvement of the conditions giving rise to the event of force majeure.

8. Service Quality and Availability Obligations

The SLO's obligation shall include the following regarding minimum quality and availability of services:

- 8.1 **Service Quality Criteria:** The SLO shall provide the Internet and Internet Telephony services in CSCs with the Quality of Service

mentioned in the existing license of the SLO. In addition the SLO shall also maintain the QoS of the Internet and Internet Telephony service as prescribed by the NTA from time to time.

8.2 **Service Availability**

- (a) The SLO shall ensure that each CSC is open and available to any member of the community to provide ICT services as specified in Clause-9 of this RFP for eight hours a day, every day of the week, and that these hours of operation are sufficiently communicated to the public through the available media.
- (b) The CSCs shall be equipped with the solar power sufficient to provide ICT services to at least 8 hours a day as specified in Annex-7 to ensure that each CSC is open and available for the service delivery.

8.3 **Service Obligation** - The SLO shall ensure that the services specified in clause-9 are made available through the installation and operation of five (5) CSCs in the selected VDCs as listed in Annex-1 and the provision of ICT services to the community through the CSCs shall be retained and continued throughout the validity of the Authorization. Thereafter the service shall continue in accordance with the existing license.

8.4 **Failure to meet service quality and availability obligations** – The failure of the SLO to meet the obligations specified in this Clause-8 shall result in the imposition of the penalties for breach of terms and conditions of an Authorization and other applicable penalties stipulated in the Act. However, the penalties shall not apply if the failure results solely from an event of force majeure.

8.5 **Quality of Service Reporting** - Quality of Service Reporting shall be done in a form satisfactory to the NTA.

8.6 **Reporting Requirement** –

- (a) SLO shall submit the **progress report** of the execution of CSC pilot project to NTA in monthly basis.
- (b) The SLO shall monitor and submit report to NTA indicating the status and performance of the CSC in selected VDCs in every six months after its establishment for at least the period of Authorization.

9. **Scope of Service**

9.1 **Mandatory Services:** The SLO will require to provide following services as mandatory services through the CSCs in each of the selected VDCs as listed in Annex-1 of this RFP:

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- (a) **Public telephone services** - Incoming and outgoing local, domestic long distance (STD) and international (ISD) telephone services must be available to the general public over 1 (one) separate PSTN or Mobile or Limited mobility line or the others.
 - (b) **Internet Service:** These CSCs should have Internet service with the data capability of at least 256 Kbps and provide the same to the community.
 - (c) **Internet Telephony Services** - The CSCs should provide Internet Telephony services to the community.
 - (d) **Desktop Publishing** - The CSCs should provide computer typing, printing, scanning, photocopying etc. to the community
- 9.2 **Optional Services:** – The SLO can provide following services in the VDCs listed in Annex-1 through the CSCs, in addition to above mandatory services:

- Computer Training: Basic Computer Training etc.
- E-governance Services such as academic result publishing through Internet/ Online Application Submission e.g. Registration for Mobile Application etc.
- Rural Health Care and Relief (Telemedicine)
- Education (Distance Learning)
- The postal services (Tracking and Tracing, e-post etc.)
- Online Jobs and Business etc. and
- others

9.3 The Authorization to provide the services listed in Clauses 9.1 and 9.2 above includes the Authorization to construct and to use any required facilities for the provision of such services at the SLO's own cost, and under its own responsibility and within the scope of its license

9.4 Notwithstanding this Clause 9.1 9.2, the SLO may provide as many ICTs related services through CSCs in the VDC's listed in Annex-1 without subsidy at any time within the scope of its license.

10. **Interconnection**

The SLO's network must be technically compatible with other operators' network so as to provide seamless connection and services.

11. **Regulation of SLO's Tariffs**

11.1 The tariff rates charged by the SLO through CSCs to its customers for use of the ICTs related services will be subject regulation by the NTA.

- 11.2 SLO has to get tariff approval for Internet Telephony Services before providing such service to the community through CSCs.
- 11.3 Except with the prior approval of the NTA, the SLO shall not charge tariffs higher than the prevailing tariff rate approved by NTA.
- 11.4 A clear and concise description of all rates must be prominently displayed near each CSCs operated by the SLO. All user charges shall be in accordance with approved rates.

12. Authority to Construct and Use Facilities

- 12.1 Subject to the other terms of the Authorization, the SLO may construct all telecommunications facilities required to provide the Internet and Internet Telephony in the specified VDCs. The SLO may also use the facilities of other licensed telecommunications service providers or the facilities of any other persons that are located in Nepal, for the purposes of providing the authorized Internet and Internet telephony services. Use of such facilities may be obtained from the other operators or persons by agreement with them.
- 12.2 The SLO may utilise any appropriate wireless or wire line technologies for the provision of the Internet and Internet Telephony services in the selected VDCs.
- 12.3 In case of wireless technology, the SLO shall use the Radio Frequency as prescribed by NTA for its existing license. However, if the SLO feels it is necessary to deploy VSAT technologies to provide the Internet and Internet Telephony Services in the VDCs listed in Annex-1, NTA may assign the Radio Frequency for VSAT subject to availability and appropriateness under the Radio Frequency Allocation made by the Radio Frequency Policy Determination Committee as per the existing rules and regulations.
- 12.4 Unless otherwise approved by NTA, all telecommunications facilities and equipment installed by the SLO in its CSCs shall be new when first installed and shall be, so far as reasonably practicable, state of the art technology that complies with internationally recognized standards such as ITU/ETSI etc.
- 12.5 The SLO shall be free to procure the goods, works and services required for its network using its own procurement procedures.

13. Access to Public and Private Lands

The SLO shall have rights of access to public and private lands within the scope of its existing license.

14. Co-operation among Existing Licensees

The SLO shall communicate and co-operate with other licensees with a view to provide compatible and consistent types and quality of Internet and Internet Telephony services to its users.

15. Transfer of Authorization

The Authorization may not be sold or transferred except with the approval of the NTA.

16. Compliance with Law

The SLO shall be required to comply with all the prevailing laws of Nepal applicable to its Internet and Internet Telephony business at all times, including the Act, the Rules, all regulations, by-laws, orders, directives and guidelines issued under the Act (including any other instruments which may be made by the NTA) and the payment of all applicable taxes and dues.

17. Term of Authorization

The initial term of the Authorization will be two (2) years, commencing from the effective date of the authorization. This Authorization shall be continued as a part of the existing license of the SLO and shall be valid till the validity period of the existing license of the SLO.

18. Fees Payable by the Selected Licensed Operator

Payment of RTDF and Royalty: The SLO is liable to pay all the charges as prescribed in its existing license including RTDF and Royalty etc..

19. Frequency

19.1 The SLO may use any wire line and/or wireless technology in providing the ICT Services. After the issuance of the Authorization, the SLO will be authorized to adopt any suitable technology for the provision of the Internet Telephony Services in selected VDCs in line with its existing license. In case of wireless technology, the SLO shall use the Radio Frequency as prescribed by NTA for its existing license to provide the ICT services. However, if SLO wants to deploy VSAT technology, NTA may assign the Radio Frequency for VSAT subject to the availability and appropriateness under the Radio Frequency Allocation made by the Radio Frequency Policy Determination Committee as per existing rules and regulations.

19.2 The SLO will be required to pay fees on an annual basis for the usage of spectrum as determined by Radio Frequency Policy Determination Committee of the GoN.

20. Financial Incentives

The following incentives will be provided to the SLO, in order to promote GoN's policy of providing ICTs access in the rural Area:

- (a) Payment of one time Subsidy not exceeding NRs. 30,00,000;
- (b) Prevailing custom duties on all the equipment imported for rural telecommunications services is 1%. However, it is subject to change by Government.
- (c) Certificate of Appreciation will be provided to the SLO for completing the work ahead of time.

End of Part III

Part IV

Instructions to Applicants (ITA)

21. Selection of Successful Applicant

The NTA plans issue an Authorization with one time subsidy from RTDF to the SLO that proposes the lowest subsidy amount to provide and install the equipment as specified in Annex-7 in the selected VDCs and fulfil the establishment and operation requirements pursuant to Clause-6 of this RFP.

22. Meaning of "Qualified Applicant"

For the purposes of this RFP, "Qualified Applicant" means an Applicant that meets all of the following criteria:

- (a) Only an Existing Internet Service Providers (ISPs) who have already established the network, have operating experience of at least 3 years and operating at the time of the publication of this RFP; and
- (b) Only the ISPs who are not defaulter to NTA.

23. Eligibility of PFAs

PFAs obtained from the Qualified Applicants pursuant to Clause-22 of this RFP, will be eligible for evaluation only if all of the following requirements are met. The PFAs that do not comply with these requirements may be rejected as nonresponsive.

- (a) The Applicant must have purchased a copy of this RFP from the NTA.
- (b) The PFA package should be complete and submitted in accordance with all the requirements of this RFP.
- (c) The PFA must be received before the closing date and time for submission of PFAs identified in Clause -30.7 of this RFP.

24. Validity period of Application

24.1 The PFA shall remain valid for 90 (ninety) days from the closing date identified in Clause 30.7 of this part IV.

24.2 Under exceptional circumstances, the NTA may require the Applicant to extend the period of validity of its PFA for one or more periods which, in total, shall not exceed 30 (thirty) additional days beyond the period specified in Clause 24.1. NTA's notice requiring such an extension and the response thereto shall be made in writing. In this case, the Bid Security provided under Clause 25 shall suitably be extended by the Applicant to match the extended period of validity of the PFA. In this case, an Applicant will not be permitted to modify its Application.

25. Bid Security

25.1 The Applicant shall furnish a Bid Security from a commercial bank located in Nepal in the minimum amount of **NRs. 75,000.00** in the form of Annex-3 to this RFP.

25.2 The Bid Security shall remain valid for a minimum period of 120 (one hundred and twenty) days from the closing date identified in Clause 30.7 (i.e. until, **June 13, 2011**), with the possibility of extension under Clause 24.2. The NTA will not be obligated or liable to pay any accumulated interest on the Bid Security to the Applicant on release of the Bid Security.

25.3 The Bid Security of the unsuccessful Applicants will be released not later than 30 (thirty) days after the issuance of an Authorization to the successful Applicant by NTA.

25.4 The successful Applicant's Bid Security will be released not later than 30 (thirty) days after the issuance of the Authorization.

25.5 The Bid Security shall be forfeited by the applicant in any of the following cases:

- (a) If the Applicant withdraws its application prior to the issuance of an Authorization;
- (b) where the successful Applicant has received from the NTA a Letter of Intent to issue the Authorization and the successful applicant refuses to submit the Performance Guarantee (in the form specified in Annex-4) in accordance with Clauses 32.1 and 33 of this RFP;
- (c) If the successful Applicant does not collect an Authorization within 15 (fifteen) days after issuance of the directive to this effect.

25.6 On the occurrence of any of the forfeiture events identified above in Clause 25.5, the NTA shall select another Applicant. In such an event, the NTA will award an Authorization to the qualified applicant on the basis of evaluation whose proposal has been ranked to have the second lowest subsidy amount. This process will continue till a successful applicant is selected.

26. Grounds for Disqualification

26.1 The NTA shall reject the PFA and shall not consider for evaluation for any of the reasons mentioned hereunder:

- (a) Failure to register with the NTA and purchase a copy of this RFP.
 - (b) Failure to submit the Application by the prescribed deadline.
 - (c) Failure to submit a complete PFA in accordance with this RFP.
 - (d) Failure to comply with any of the procedures or other requirements established by this RFP.
 - (e) Failure to submit Bid Security specified in the RFP document.
 - (f) Inaccuracy or misrepresentation of any facts in any part of the Application.
 - (g) Illegal conduct related to the bidding process or improper attempts to influence the evaluation of PFA. (E.g. Corrupt, fraudulent, collusive, Coercive or obstructive Practice)
 - (i) “Corrupt practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
 - (ii) “fraudulent practice”¹ is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
 - (iii) “Collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party;
 - (iv) “Coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
 - (v) “obstructive practice” is deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a NTA investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or
-

NTA will reject a PFA for award if it determines that the Applicant recommended for award, has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for the Authorization in question;

26.2 Subsequent Disqualification - If evidence of any of the activities referred to in Clause 26.1 is disclosed after the Authorization has been granted, the NTA may revoke such Authorization without compensation. The provisions of this Clause are in addition to any criminal or civil legal action, which may be available to or taken by GoN or NTA.

27. Content and Format of Proposal for Authorization (PFA)

Each Application shall contain 2 (two) separate parts as follows:

- (a) **Part-1** - “Qualifications and Service Proposal”, setting out information about the Qualification of an Applicant, and work schedule.
- (b) **Part-2** - “Subsidy Proposal”, which shall set out the proposed subsidy amount.

The required content and form of each Part of the PFA are outlined in the following Clauses.

28. Part-1 Structural Requirements

Part -1 of the PFA shall include the following documents and information:

28.1 Cover letter and Attachments

- (a) A cover letter and attachments must be signed by a person or persons duly authorised to act on behalf of the Applicant.
- (b) The cover letter must indicate a firm commitment to apply for the Authorization to establish and operate CSCs to provide Internet and Internet Telephony services including other ICT related services in the selected VDCs.
- (c) The cover letter must confirm that the Application is open for acceptance by the NTA for 90 (ninety) days from the bid closing date identified in Clause 30.7 of this RFP.
- (d) Attached to the cover letter must be one or more Powers of Attorney or notarised certificates that clearly evidence the authority of the signatory(s) of the cover letter and other documents submitted with the Application which require signature on behalf of the Applicant

- (e) Also included with the cover letter, must be the Bid Security in the form of Annex-3 to this RFP, pursuant to Clause 25 of this Part IV.

28.2 Information about the Applicant

The following information about the applicant must be included in the PFA.

(a) General Information

- a valid copy of the license issued by NTA;
- a certified copy of a resolution of the board of directors of the existing licensee that authorizes the Applicant to submit the PFA; and

(b) Pilot Project (CSC) Working Modality Description

- (i) The Applicant must provide a concise description of proposed Pilot Project with then applicable Public Private Partnership Modality mentioning the clear Right, Roles and Responsibilities of all the Stakeholders.
- (ii) The Plan should describe the detailed Network plan including a description of the technology to be deployed and the services to be offered along with the frequency related information if applicable.
- (iii) The Applicant must provide the network rollout plan and timeline to provide the specified services through CSCs in compliance with Clause-6.1.
- (iv) The sustainable and viable business plan must be submitted by the applicant for the Operation of the CSCs.
- (v) The applicant shall submit the contribution (financial and others) of each stakeholders that will be involved in the proposed PPP modality clearly in compliance with Clause-6.2. Submitted documents must include agreement among the possible public partners for the provision of service. The DDCs and/or VDCs and the VE or Community Organization shall at least be included as public partner in the public private partnership.
- (vi) The applicant shall have to submit clear Memorandum of Understanding and/or agreement with the Local bodies (DDCs and/or VDCs) and other partners for the implementation of the CSCs pilot project.
- (vii) The steering committee representing at least a person from each partner shall be formed including the SLO,

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DDC/VDC and the other partners for the planning, installation, and long term operation of the CSCs. For the effective and efficient coordination related to CSCs all the partners must assign one focal point officer. The Steering Committee may form the Sub-committees at the VDCs level for the effective operation and management of CSCs.

(viii) The PPP modality submitted by the applicant must clearly mention the followings roles and responsibilities of the stakeholders:

- The Investment, Cost sharing and Revenue sharing among the stakeholders
- The Operation, Maintenance, Support, Monitoring, Control and Coordinating Mechanism
- The Procurement of equipment, installation of the CSCs,
- Maintaining the security and integrity of the data, business processes and transactions at all times
- Protecting the assets of the CSCs
- Interface with the NTA, Local Government Designated Agency (DDCs, VDCs) on updating services offered, aspects of service charges, quality of service parameters etc.
- The responsibility for the managerial, technical, financial, HR, logistics and other resources and ensure its viability, visibility and high quality of performance
- Providing the critical infrastructure for the CSCs like land, building, furniture, electrification etc. if required.
- And any other responsibilities as identified in PPP model for smooth and long term operation of the CSCs

(c) **Operations of CSCs** - The PFA must include a general description of the proposed approach to operation of the Services.

(d) **Calculation of Subsidy** –

- (i) The PFA must include detail cost estimation for the installation and operation of CSCs for providing ICT services including Internet and Internet Telephony services in the CSCs in the selected VDCs with respect to proposed subsidy amount as specified in Clause-9.

The information furnished in this regard will be kept strictly confidential. The cost estimation should include the detail costs breakdown for equipment to be provided and installed (Capex), operating expenses, bandwidth charges, possible Income/Revenue estimation **per CSCs** and as a whole.

- (ii) The PFA must identify transmission equipment that will be required to connect CSCs efficiently and include the detail network diagram for the transmission equipment to be installed along with its cost.
- (ii) ***However, the proposed subsidy shall be limited to the Cost of the equipment (including backhaul from the nearest point of presence of the existing operator in the district) and its delivery and installation to establish CSCs in the selected VDCs as specified in Annex-1.***

28.3 Additional Information:

The Applicant may include with its PFA the following:

- (a) The Applicant's comments on the draft Authorization, if any; and
- (b) Any of the Applicant's ideas, opinions and information that do not fit into other parts of the PFA.

29. Part-2 Structural Requirements

Part-2 of the PFA shall be prepared in accordance with the Subsidy Proposal Form set out in Annex-2 to this RFP. As indicated in Annex-2 of this RFP, the amount of the proposed subsidy amount shall be set out in words and numbers. In the event of any discrepancy between the words and numbers, the amount set out in words shall prevail.

30. Submission of the PFA

30.1 Documents and Information comprising the PFA - The documents and information comprising the PFA are identified in Clauses 27, 28 and 29 of this RFP. It is essential that Applications include all of the documents specified in Clauses 27, 28 and 29 and that the documents are in the format identified in the relevant Clauses. Failure to include any of the required documents or information may result in disqualification of a PFA in accordance with Clause 35.4 of the RFP.

30.2 The Applicant shall prepare ***Three (3) copies of the PFA***, clearly marking the first copy "***original application***" and the 2nd and 3rd copies "***copy of application***". In the event of discrepancy between two

copies, the original shall govern. *Each copy shall be delivered in a separate wax sealed envelope or other package.*

- 30.3** Each Application package shall be clearly marked with the following information:

Application for award of Authorization to Establish and Operate Common Services Centers (CSCs) in the selected VDCs [original copy] or [copy #___]

[Original copy] or [copy #___]

Name of Applicant:_____

Contact Name and Phone Number:_____

NOT TO BE OPENED BEFORE: 3:00 PM, February 14, 2011.

- 30.4** The Bid Security shall be enclosed separately in a sealed envelope clearly marked with the name of the Applicant and the text “*Bid Security*”. This envelope should be delivered with the Application packages.

- 30.5 Delivery of the Application** - The three copies of the PFA Packages and a Bid Security envelope shall be packaged together in a single box or other container. The container shall be sealed; that is securely packed and closed, so that it is not possible to open it without visual evidence thereof. The container shall be delivered to the following address before the closing date as specified in Clause-30.7:

The Chairman
Nepal Telecommunications Authority
GPO Box No. 9754, Bluestar Office Complex
Tripureshwor, Kathmandu, Nepal

- 30.6** If the individual packages are not wax sealed and marked properly, the NTA will assume no responsibility for the Application or the disposition of its contents. Improperly marked or wax sealed packages may be rejected by NTA.

- 30.7 Closing Date for Submission of PFA** - The sealed Application package shall be delivered to the NTA at the address specified in Clause 30.5 **no later than 3:00 PM on February 14, 2011.**

- 30.8 Late Application** - Applications received after the closing date and time shall not be entertained.

- 30.9 Opening of PFAs** - The NTA will open the duly received PFAs in the presence of authorised representatives of Applicants who prefer to attend, commencing at 3:00 PM on the closing date identified in Clause 30.7, at the NTA’s office .The opening will proceed whether one or more representatives of Applicants are present or absent.

- 30.10 Withdrawal or Modification of PFAs :**

- (a) An applicant may withdraw or modify its PFA after it has been submitted by sending a written Notice in a sealed envelope, duly signed by an authorized representative, and shall include a copy of the authorization. The corresponding withdrawal or modification of the PFA must accompany the respective written Notice. All Notices must be:
 - (i) submitted in accordance with ITA 30.2, 30.5 and 30.6 (except that Withdrawal Notices do not require copies), and in addition, the respective envelopes shall be clearly marked "Withdrawal", "Modification"; and
 - (ii) received by NTA prior to the deadline prescribed for submission of PFA, in accordance with ITA 30.7.
- (b) PFAs requested to be withdrawn in accordance with ITA 30.10(a) shall be returned unopened to the applicants.
- (c) No PFA shall be withdrawn or modified in the interval between the deadline for submission of PFAs and the expiration of the period of this proposal as specified by the Applicant on the PFA or any extension thereof.

31. Evaluation of PFA

The process of evaluating the PFA's received in relation to this RFP will proceed as follows:

- (a) The NTA will open the PFA packages on the opening day identified in Clause 30.9. At that time, the NTA will confirm the identities of all Applicants and will announce the amounts of subsidy quoted (proposed) by the individual Applicant.
- (b) The NTA will review each Applicant's Part-I of the PFA to determine whether or not each Applicant is a Qualified Applicant within the meaning of Clause-22 of this RFP. Applicants that fail to satisfy the criteria identified in Clause-22 will be rejected.
- (c) The NTA will issue a Letter of Intent to award the Authorization to the Qualified Applicant **who has proposed and found after evaluation to be the lowest subsidy for the equipment and its installation to establish the CSCs in the selected VDCs. However, this subsidy should not exceed NRs. 30, 00,000.00.**
- (d) **Ties** – In the event that two or more Qualified Applicants have proposed identical least Subsidy amounts after evaluation, the NTA shall proceed as follows:
 - (i) The Qualified Applicants that have submitted the identical Subsidy amounts (the "Tied Qualified Applicants") will receive written notice of the tie.

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- (ii) The Tied Qualified Applicants will proceed to a second round of bidding in which they will submit another "subsidy proposal".
 - (iii) The new subsidy proposal shall be prepared in accordance with the Subsidy Proposal Form set out in Annex-2 to this RFP. The amount of the proposed Subsidy shall be set out in words and numbers, and in the event of any discrepancy between the words and numbers, the amount set out in words shall prevail.
 - (iv) The new subsidy proposal shall be delivered in a wax sealed envelope that is, securely closed so that it is not possible to open it without visual evidence thereof, to the address identified in Clause 30.5 within seven (7) days of the date of the written notice referred to in Clause 31(d) (i). New subsidy proposal will not be accepted after 3:00 PM on the Seventh (7th) day after the date of the written notice referred to in Clause 31 (d)(i).
 - (v) The NTA will issue a Letter Of Intent (LOI) to the Tied Qualified Applicant that has proposed the lowest subsidy in the second round of bidding upon fulfilment of necessary condition.
- (e) The NTA's determinations in the evaluation process shall be final and binding upon Applicants and not subject to review by or appeal to the NTA.
 - (f) Information relating to the examination, evaluation and comparison of the PFAs, and recommendation of award of the authorization, shall not be disclosed to Applicants or any other persons not officially concerned with such process until publication of the award of Authorization.
 - (g) Any attempt by an Applicant to influence NTA or its personnel (s) in the examination, evaluation and comparison of the PFAs or Authorization award decisions may result in the rejection of its PFA.
 - (h) Notwithstanding ITA 31(g), from the time of PFA opening to the time of Authorization award, if any Applicant wishes to contact NTA on any matter related to the bidding process, it should do so in writing.
 - (i) To assist in the examination, evaluation, comparison and qualification of the PFAs, NTA may, at its discretion, ask any Applicant for a clarification of its PFA. Any clarification submitted by the Applicant with regard to its PFA and that is not in response to a request by NTA shall not be considered. NTA's

request for clarification and the response shall be in writing. No change in the prices or substance of the PFA shall be sought, offered, or permitted, except to confirm the correction of arithmetic errors discovered by NTA in the evaluation of the PFA.

32. Letter of Intent

32.1 The NTA plans to issue a Letter of Intent (LOI) to issue an Authorization and award the Subsidy to the Applicant that meets the following two criteria:

- (a) the Applicant is a Qualified Applicant within the meaning of Clause-22 of this RFP, and
- (b) the Applicant that proposes the lowest Subsidy amount among the Qualified Applicants.

The LOI will confirm the NTA's intention to grant an Authorization to the Applicant. The LOI will also require the successful Applicant to submit the acceptance letter along with the required Performance Guarantee within 15 (fifteen) days of receipt of the LOI.

32.2 If the successful Applicant to whom the LOI is directed does not submit the required Performance Guarantee within 15 (fifteen) days from the date of issue of the LOI, the NTA may:

- (a) cause the Applicant to forfeit the Bid Security pursuant to Clause 25.5 above,
- (b) disqualify the Applicant, and
- (c) issue another LOI to another Qualified Applicant that has submitted the next lowest Subsidy proposal.

33. Performance Guarantee

33.1 The SLO to whom the LOI has been directed shall furnish a Performance Guarantee equivalent to 10% (ten percent) of the quoted subsidy amount

33.2 The Performance Guarantee shall be in the form of Annex 4 to this RFP and issued by a commercial bank in Nepal.

33.3 The Performance Guarantee shall have a validity period of at least 18 (Eighteen) months, commencing from the effective date of an Authorization.

33.4 The total amount of the Performance Guarantee will be released upon fulfilment of the following conditions,

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- (i) the SLO has completed installation and operation of the common services centers (CSCs) for the provision of Internet and Telephony services in the selected VDCs in accordance with the provisions of this RFP and the terms of an Authorization; and
- (ii) the service quality obligations specified in this RFP and the terms of an Authorization have been fulfilled satisfactorily.
- (iii) the SLO has provided specified services through common services centers (CSCs) in the selected VDCs listed in Annex-1 for the period of at least 12 months from the last tranche of payment as mentioned in Clause 7.1 (d).

33.5 The Performance Guarantee shall be forfeited by the SLO in the event that the SLO:

- (a) Fails to meet the Installation and Operational obligations stipulated in the Authorization;
- (b) Fails to implement a remedial plan accepted by the NTA in order to complete the Installation and Operation obligations within the additional period provided for in the remedial plan; or
- (c) Fails to honour the service obligations as stipulated in Clause 8.3.
- (d) Fails to provide the ICT related services including Internet and Internet Telephony services through CSCs for the period of at least 12 months from the last tranche of payment.

33.6 The forfeiture shall not apply if the establishment delay results from an event of force majeure as defined in the Authorization.

34. Attendance Register and Minutes of Meetings

34.1 The NTA will keep a register of all those who are present at the initial opening of the PFAs; and All representatives from the Applicants and the NTA attending the meetings shall sign the register.

34.2 The NTA will prepare a minute for the PFA opening meeting. The minutes will be published by the NTA on the Notice Board at the NTA premises and on the NTA Web-site.

35. Communications and Requests for Clarification

35.1 All deliveries, notices or other communications made to Applicants in connection with the Application process shall be sent by fax, E-mail or personal delivery to the registered office of the Applicant, as specified at the time the Applicant registered with the NTA in the course of purchasing the RFP document.

- 35.2 All deliveries, notices or other communications made by Applicants to the NTA in connection with the Application process shall be sent by fax, E-mail or personal delivery to the address specified in Clause 30.5.
- 35.3 During the period between the deadline for submissions of Applications and the award of the Authorization, no Applicant shall be permitted to discuss the merits of any Application with any representative of the NTA. Any communications, or attempted communications, in contravention of this Clause shall be grounds for immediate disqualification.
- 35.4 Applicants are expected to carefully examine all instructions, forms and annexes in the RFP. Failure to furnish all information required by the RFP or the submission of an application, which does not comply with the RFP in all respects may result in disqualification.
- 35.5 A prospective Applicant requiring any clarification of the RFP may pose one or more questions to the NTA in writing (by letter or fax) up to 14 (fourteen) days prior to the closing date for Applications. The NTA will respond in writing to such written questions 7 (seven) days before the closing date for Applications. Written questions received by NTA less than 14 (fourteen) days prior to the closing date will not be answered.

36. Confidentiality of Applications

The NTA shall treat all PFAs received in relation to this RFP as confidential during the period before the award of Authorization.

37. NTA Use of Applications

Subject to the patent, copyright, trademark and similar laws of Nepal, the NTA shall have the right to use or reproduce ideas and information contained in a PFA without notice or payment of any kind to the Applicant.

38. Cost of Application and Bidding

The Applicant shall bear all costs associated with the preparation and submission of its PFA and the NTA will in no case be responsible for these costs, regardless of the conduct or outcome of the PFA process.

39. Modification of the Terms of Authorization

The NTA in its discretion may modify the terms of the Authorization as set out in this RFP to reflect the plans or commitments made by the successful Applicant, to the extent that those plans or commitments meet or exceed the requirements set out in the attached draft Authorization and provide additional benefits to NTA or to the Nepalese public.

40. Reservation of Rights

- 40.1 The NTA reserves the right, in its sole discretion, to take any action, including amendment of this RFP, which it considers necessary to

ensure that the Application process occurs in a fair, open and transparent manner, in accordance with law and so as to meet the objectives of the NTA and GoN.

- 40.2 The NTA further reserves the right to modify or terminate the Application process at any time in its sole discretion.
- 40.3 The NTA reserves the right to reject any or all Applications and/or decide not to select any Applicant for award of the Subsidy and Authorization without assigning any reasons whatsoever.
- 40.4 For greater clarity, the NTA is not legally obligated to issue the Authorization. It may terminate the application process or revoke an award of Authorization at any time before the Authorization is issued.
- 40.5 Neither GoN nor any of its Ministries, agencies, employees, representatives, advisors or consultants, including the NTA, shall incur any liability whatsoever to any Applicant by reason of any decision made or action taken by the NTA, its employees, consultants or advisors, in connection with the evaluation or disqualification of an Application or the carrying out (or termination) of the Application process initiated by this RFP.

41. Legal and Formal Requirements

- 41.1 **Governing Law** - This RFP and any Authorization issued pursuant to this RFP shall be exclusively subject to, and interpreted in accordance with, the Laws of Nepal.
- 41.2 **Settlement of disputes** –
 - (i) NTA and SLO shall make every effort to resolve amicably by direct informal negotiation any disagreement or dispute arising between them under or in connection with this RFP.
 - (ii) If the parties fail to resolve any dispute, controversy or claim arising out of or in connection with this RFP document, or the breach, termination or invalidity thereof, by mutual consultation within thirty (30) days from the commencement of such consultation, it shall be settled by arbitration in accordance with the prevailing Laws of Nepal.
- 41.3 **Language** - The PFA, the accompanying documents, and all correspondence relating to this RFP shall be submitted either in the English or Nepalese language.
- 41.4 **Currency** - All fees and other payments referred to in this RFP or identified in connection with an Application shall be payable in Nepalese Rupees (NRs.).

End of Part IV

APPENDIX -1

Annex-1

List of Selected Districts and VDCs

The applicant can choose proper site or location in the following VDCs of Lamjung district to establish CSCs in consultation with the local bodies like DDCs/VDCs, grass-root level organizations etc.:

S.N. No.	VDC Name	Location or Site Address V.D.Cs.
1	Gilung	As per the understanding between SLO and DDC
2	Bhorletar	As per the understanding between SLO and DDC
3	Baglungpani	As per the understanding between SLO and DDC
4	Khudi	As per the understanding between SLO and DDC
5	Chakratirtha	As per the understanding between SLO and DDC

SUBSIDY PROPOSAL FORM

**APPLICATION FOR AUTHORIZATION TO ESTABLISH AND OPERATE
COMMON SERVICES CENTERS (CSCs) FOR THE PROVISION OF
INTERNET AND INTERNET TELEPHONY SERVICES
IN SELECTED VDCs**

To,
The Chairman,
Nepal Telecommunications Authority
GPO Box No. 9754
Bluestar Office Complex, Tripureswor
Kathmandu, Nepal

1. The Applicant, **[name of applicant]**, hereby commits to assume the CSCs Service obligations identified in the RFP and Authorization in consideration for the award of the Authorization and payment of the following amount of Subsidy:

[Enter amount of proposed Subsidy, denominated in Nepalese Rupees and set out in both words and numbers excluding VAT]

In the event of any discrepancy between the Subsidy amount identified in words and numbers, the amount set out in words shall govern.

2. The Applicant acknowledges that the Subsidy will be paid in four instalments in accordance with, and that payment will be contingent on, the Establishment, Operation and service obligations requirements identified in Clause – 6, Part III of this RFP.
3. The Applicant also acknowledges that payment of the Subsidy will be contingent on final award of the Authorization and compliance with Clause 33 of Part IV of the RFP.
4. The Applicant agrees and acknowledges that the Subsidy represents the entire and exclusive claim of financial assistance in performing the CSCs service obligations in the selected service area, and further agrees not to seek additional financial assistance from GoN/NTA or any related entities or institutions in connection with these service obligations.

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CENTRES (CSCs)

This Subsidy proposal shall remain valid in accordance with Clause 24.1 of Part IV of the RFP.

Dated this _____ day of _____, 2011.

Signature _____ in the capacity of
_____ duly authorized to sign bids for and on behalf of

Address _____

Witness Signature _____

Name _____

Address _____

Occupation _____

BID SECURITY FORM

Ref No :

Date:

To,
The Chairman,
Nepal Telecommunications Authority
GPO Box No. 9754
Bluestar Office Complex, Tripureswor
Kathmandu, Nepal

Whereas *[Name of the Applicant]* hereinafter called "The APPLICANT" has submitted its application dated *[Date]* to establish and operate **Common Service Centers (CSCs)** hereinafter called "The SERVICE" KNOW ALL PEOPLE by these presents that we *[Name of Bank]* of *[Name of country]* having our registered office at *[Address of Bank]* hereinafter called "The BANK" are bound unto Nepal Telecommunications Authority, hereinafter called "The AUTHORITY" by the amount of **NRs.75, 000.00** willingly and truly to be paid out to the said AUTHORITY upon entering any of the conditions specified below. The BANK binds itself, its successors and assigns by these presents sealed with the common seal of the said Bank this day of 2010.

The conditions of this obligation are:-

- (i) If the APPLICANT withdraws its application prior to issuance of Authorization.
- (ii) If the APPLICANT, having been notified of the acceptance of application by the AUTHORITY during the period of validity fails or refuses to furnish the Performance Guarantee of the specified amount and correct validity and Letter of Acceptance in accordance with the instructions given in the Letter of Intent issued by the AUTHORITY.
- (iii) If the APPLICANT does not collect the Authorization within 15 (ten) days after issuance of the directive to this effect.

We undertake to pay to the AUTHORITY up to the above amount upon receipt of its first written demand without the AUTHORITY having to substantiate its demand, provided that in its demand the AUTHORITY will note that the amount claimed by it is due to the occurrence of one or more of the aforementioned conditions, specifying the occurred condition or conditions.

This guarantee will remain valid for 120 (one hundred and twenty) days from the closing date of submission of the application (i.e., until **June 13, 2011**) and any demand in respect thereof should reach the Bank not later than the above date.

Signature and Seal of Bank

Date :

Address :

PERFORMANCE GUARANTEE FORM

Ref No :

Date :

To,
The Chairman,
Nepal Telecommunications Authority
GPO Box No. 9754
Bluestar Office Complex, Tripureswor
Kathmandu, Nepal

WHEREAS [*Name of the selected licensed operator*] hereinafter called "The SELECTED LICENSED OPERATOR (SLO)" has agreed to establish and operate Common Service Centers (CSCs) hereinafter called "The SERVICE" as per the Authorization hereinafter called "The AUTHORIZATION" to be issued by the Nepal Telecommunications Authority hereinafter called "The AUTHORITY"

AND WHEREAS it has been stipulated by you in the Letter Of Intent submitted by the Authority that the SELECTED LICENSED OPERATOR shall furnish you with a bank guarantee by a reputable bank specified therein as security for compliance with the SELECTED LICENSED OPERATOR's performance obligations in accordance with the said AUTHORIZATION

AND WHEREAS we have agreed to give the appointed SELECTED LICENSED OPERATOR a guarantee;

THEREFORE we hereby affirm that we are guarantors and responsible to you, on behalf of the SELECTED LICENSED OPERATOR, up to a total of Nepalese Rupees..... [*Amount of the Guarantee in words*]. We undertake to pay you, upon your first written demand declaring the SELECTED LICENSED OPERATOR to be in default under the AUTHORIZATION and without cavil or argument, any sum or sums within the limits of [*Amount of Guarantee*] as aforesaid, without you needing to provide or to show grounds our reasons for your demand or the sum specified therein.

This guarantee is valid until the day of 2011. The total amount of the Performance Guarantee will be released, provided that:

- (iv) The SELECTED LICENSED OPERATOR has completed establishment and operational requirements for the Common Services Centers (CSCs) services in accordance with the provisions of this RFP and the terms of AUTHORIZATION; and

- (v) The service quality obligations specified in this RFP and the terms of AUTHORIZATION have been fulfilled satisfactorily throughout the AUTHORIZATION period.
- (iii) The SELECTED LICENSED OPERATOR has provided equipment (as per Annex-7) and services in the VDCs listed in Annex-1 for the period of at least 12 months from the last tranche of payment as mentioned in section 7.1 (d).

Signature and Seal of the Guarantors:

Date:.....

Address:.....

DRAFT AUTHORIZATION

1. **Name of the Selected Licensed Operator (SLO):**

2. **Address:**

3. **Type of service to be provided**

The SLO shall provide ICT related services including Internet and Internet Telephony services through the Common Services Centers (CSCs) in the VDCs listed in Appendix-1 of this Authorization.

4. **Area of operation of the service**

Selected district and VDCs as stipulated in Appendix-1 of this Authorization.

5. **Authorization Number:** RTDF-CSC-PP-01-10/11

6. **Validity Period of the Authorization**

The initial term of the Authorization will be for 2 (Two) years, commencing from the effective date of the authorization. This Authorization shall be continue as a part of the existing license and shall be valid throughout validity period of the existing license of the SLO.

7. **Amount of Annual Royalty & RTDF to be paid**

The SLO is liable to pay all the charges as prescribed in the existing license including RTDF and Royalty amount.

8. **Exclusivity**

The authorization will be granted on a non-exclusive basis. However, this Authorization shall not affect the provisions of the existing license of the SLO.

9. **Establishment and Operational Requirements:**

9.1 Establishment and Operational Schedule – The SLO shall establish **one CSC in each of the selected VDCs** as specified in Appendix-1 by providing equipment as specified in Appendix-7. The Establishment and Operational schedule shall be as mentioned hereunder.

- (a) The SLO shall complete the Establishment and Operation of the CSCs **within 6 (Six) months** after the issuance of this Authorization.
 - i. The SLO shall complete the installation and operation of three (3) CSCs in the VDCs specified in Annex-1 within 4 (Four) months for the dated of issuance of this Authorization.
 - ii. The SLO shall complete the installation and operation of the remaining two (2) CSCs in the remaining two (2) VDCs within last two (2) months.
- (j) NTA or a person(s) appointed by NTA will certify the installation and operation of the CSCs established by the SLO in the selected VDCs.

9.2 Establishment and Operational Requirements of CSCs – The establishment and operational modality of the CSCs shall be as mentioned hereunder.

- (a) The SLO shall establish and operate five (5) CSCs in the specified VDCs using PPP model.
- (b) The CSCs will be established using the PPP model. The PPP model comprises at least (i) SLO, (ii) District Development Committee (DDC) and/or Village Development Committee (VDC) and/or (iii) the Local Community Organization and/or Village Entrepreneur (VE) or others.
- (c) The applicant shall coordinate and negotiate with the DDC, VDC, grass root local organizations, VE etc. to form the PPP model and this modality must clearly mention the roles, responsibility and rights of the stakeholders.
- (d) The PPP modality will be formed such that at least 30% of the annual operational expenses will be contributed by the other partners except SLO and the PPP modality must be approved by NTA.
- (e) The SLO shall provide and install at least the equipment (hardware and software) as specified in Appendix-3 to the CSCs. The SLO can provide additional equipment (hardware and software) and accessories if necessary.
- (f) The SLO shall maintain and manage the CSCs through selected and trained CSCs operators. Selection of local people for the CSCs operation is preferred.
- (g) The SLO shall establish and operate CSCs to provide services as specified in Clause – 9.

- (h) All the CSCs shall be powered by Solar Power along with the battery backup for the duration as specified in Appendix-3. The CSCs shall also be powered by grid where grid electricity is available.
- (i) The PPP model shall be formed such that the ownership of CSC equipment goes to the community.
- (j) **Insurance** - The equipment provided by the SLO to each CSC shall be insured, so that in case of any event of loss or damage, the equipment can be obtained and the operation of the CSC can be resumed.

9.3 "Start of the Service" – For the purpose of these Establishment and Operational requirements, CSCs shall be considered to be ready for the delivery of ICT services when NTA or a person(s) designated by NTA certifies in writing that

- (a) Each CSCs have obtained at least the equipment as specified in Appendix-3 of this authorization.
- (b) Installation of CSCs in the selected VDCs is complete and the CSCs have started providing services as specified in Clause-9 of this authorization.
- (c) The CSCs have been powered by solar power with battery backup for the duration as specified in Appendix-3 and shall also be powered by grid where grid electricity is available.

9.4 Failure to Meet Establishment and Operational Requirements – Failure to meet the Establishment and Operational requirements may result in the imposition of one or more of the following penalties:

- (a) Loss of eligibility to receive payment of the Subsidy;
- (b) Forfeiture of the Performance Guarantee pursuant
- (c) Termination of this Authorization ;
- (d) The imposition of fines for breach of the provisions of the Authorization pursuant to Act and Regulation.
- (e) The forfeiture of equipment, land and other assets related to the Authorization.

9.5 Force Majeure – The penalties specified in clause 9.4 shall not apply if the establishment and operational delay results solely from the "Force Majeure Event". If a Force Majeure situation arises, the SLO shall promptly notify the NTA in writing of such condition and the cause thereof. Unless otherwise directed by the NTA in writing, the SLO shall

continue to perform its obligations under this Authorization as far as is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the Force Majeure event.

9.6 Liquidated Damages - Subject to Clause 9.5 above, if the SLO fails to fulfil the establishment and operational requirements within the period(s) specified in the Clause 9.1 above, the NTA shall, without prejudice to its other remedies under the authorization, deduct from the Subsidy Amount, as liquidated damages, a sum equivalent to the 0.5% percent of the delivery and installation price of the delayed equipment or unperformed services for each week or part thereof of delay until actual delivery or performance, up to a maximum deduction of the 10%. Once the maximum is reached, NTA may consider termination of the Authorization pursuant to Clause 9.7 of this RFP.

9.7 Termination for default - NTA, without prejudice to any other remedy for breach of Authorization, by written notice of default sent to the SLO, may terminate this Authorization in whole or in part:

- (a) if the SLO fails to deliver any or all of the services as specified in Clause-6.1 and 6.2 of this RFP, or within any extension thereof granted by NTA pursuant to Clause 6.8 of this RFP; or
- (b) if the SLO fails to perform any other obligation(s) under the Authorization.
- (c) if the SLO, in the judgment of NTA, has engaged in corrupt or fraudulent practices in competing for or in executing authorization.

For the purpose of this clause:

“corrupt practice” means the offering, giving, receiving, or soliciting of any thing of value to influence the action of a public official in the bidding process or in execution of the authorization.

“fraudulent practice” means a misrepresentation of facts in order to influence a bidding process or the execution of a authorization to the detriment of NTA, and includes collusive practice among Bidders (prior to or after bid submission) designed to establish bid prices at artificial non-competitive levels and to deprive NTA of the benefits of free and open competition

9.8 Delays in the Performance of SLO -

- (a) Establishment of CSCs in the selected VDCs shall be carried out in accordance with the time schedule prescribed in Clause-9.1 of this Authorization.
- (b) If at any time during the execution of this Authorization, SLO should encounter conditions impeding timely establishment of the CSCs, the SLO shall promptly notify NTA in writing of the fact of the delay, its likely duration and its cause(s). As soon as practicable after receipt of the SLO's notice, the NTA shall evaluate the situation and may at its discretion extend the SLO's time for performance, with or without liquidated damages.
- (c) Except as provided under Clause 9.5 above, a delay by the SLO in fulfilling its services and obligations shall render the SLO liable to the imposition of liquidated damages pursuant to Clause 9.6 of this Authorization unless an extension of time is granted pursuant to Clause 9.8 (b) without the application of liquidated damage.

10 Subsidy Payments

10.1 Subsidy Payment Schedule – The Subsidy shall consist of a one-time subsidy. Subject to Clause 23 of this Authorization, It shall be payable in four tranches as follows:

- (a) The SLO shall be entitled to receive an advance payment of **20% (twenty percent) of the total subsidy** amount upon the granting of the Authorization, as an initial financial incentive, upon the submission of the bank guarantee in the format specified in **Appendix-2**, in favor of NTA for the same amount. The bank guarantee shall remain valid till the Installation and operation of CSCs in 100% of the VDCs listed in Annex-1 in this RFP becomes complete, as certified by NTA in accordance to the Establishment and Operation Schedule , as mentioned in Clause - 9.1 (a).
- (b) The SLO shall be entitled to receive 30% (thirty percent) payment of the total subsidy amount once NTA certifies that the three (3) CSCs have been established and started providing services pursuant to Clause - 9.3 of this Authorization.
- (c) The SLO shall be entitled to receive 40% (forty percent) payment of the total subsidy amount once NTA certifies that the remaining two (2) CSCs have also been established and started providing services pursuant to Clause 9.3 of this Authorization. If the SLO does not opt for advance payment as stated above in 10.1 (a); 20 % of the subsidy shall also be

paid along with the amount payable under the provision of this Sub-Clause;

- (d) The final tranche of 10% (ten percent) of the total subsidy amount will be paid only after the end of 6 months after the start of providing services by all the CSCs in 100% (one hundred percent) of the VDCs listed in Appendix-1 of this Authorization, provided that quality of service standards have also been maintained as mentioned in the Authorization.

10.2 Upon notification by SLO on the completion of work, NTA or person(s) designated by NTA will carry out an inspection of the work within 30 (Thirty) days of the notification, and shall release the due payment after verification of **the start of services** as per Clause - 9.3 of this Authorization.

OR

Issue directives to the SLO to complete and/or correct the pending shortcoming work or requirements.

10.3 In case of requirement for repeated inspection because of the fault of SLO, all the expenses occurred shall be borne by the SLO.

10.4 If NTA provides written confirmation that one or more events of force majeure prevented the installation or operation of the Common Service Centers (CSCs) services required to be installed under Clause 9.1 (a), then the amount of the second and third tranches of the subsidy shall be reduced by an amount proportionate to the number of CSCs that the NTA has confirmed to have been reduced by the events of force majeure; provided, however, that the responsibility of the SLO for the installation, and operation of the CSCs shall remain intact during the tenure of an Authorization, on improvement of the conditions giving rise to the event of force majeure.

11 Service Quality and Availability Obligations

The SLO's obligation shall include the following regarding minimum quality and availability of services:

11.1 Service Quality Criteria: The SLO shall provide the Internet and Internet Telephony services in CSCs with the Quality of Service mentioned in the existing license of the SLO. In addition the SLO shall also maintain the QoS of the Internet and Internet Telephony service as prescribed by the NTA from time to time.

11.2 Service Availability

- (a) The SLO shall ensure that each CSC is open and available to any member of the community to provide ICT services as

specified in Clause -12 of this Authorization for eight hours a day, every day of the week, and that these hours of operation are sufficiently communicated to the public through the available media.

- (b) The CSCs shall be equipped with the solar power sufficient to provide ICT services to at least 8 hours a day as specified in Appendix-3 to ensure that each CSC is open and available for the service delivery.

11.3 Service Obligation – The SLO shall ensure that the services specified in Clause-12 are made available through the installation and operation of five (5) CSCs in the selected VDCs as listed in Appendix-1 and the provision of ICT services to the community through the CSCs shall be retained and continued throughout the validity of the Authorization. Thereafter the service shall continue in accordance with the existing license.

11.4 Failure to meet service quality and availability obligations – The failure of the SLO to meet the obligations specified in this Clause-11 shall result in the imposition of the penalties for breach of terms and conditions of an Authorization and other applicable penalties stipulated in the Act. However, the penalties shall not apply if the failure results solely from an event of force majeure.

11.5 Quality of Service Reporting - Quality of Service Reporting shall be done in a form satisfactory to the NTA.

11.6 Progress Report –

- (a) SLO shall submit the progress report of the execution of CSCs pilot project to NTA in monthly basis.
- (b) The SLO shall monitor and submit report to NTA indicating the status and performance of the CSC in selected VDCs in every six months after its establishment for at least the period of Authorization.

12 General Service Obligations

12.1 Mandatory Services: The SLO will require to provide following services as mandatory services through the CSCs in each of the selected VDCs as listed in Appendix-1 to this Authorization:

- (a) **Public telephone services** - Incoming and outgoing local, domestic long distance (STD) and international (ISD) telephone services must be available to the general public over 1 (one) separate PSTN or Mobile or Limited mobility line or the others.

- (b) **Internet Service-:** These CSCs should have Internet service with the data capability of at least 256 Kbps and provide the same to the community.
- (c) **Internet Telephony Services-** The CSCs should provide Internet Telephony services to the community.
- (d) **Desktop Publishing-** The CSCs should provide computer typing, printing, scanning, photocopying etc. to the community

12.2 Optional Services: – The SLO can provide following services in the VDCs listed in Annex-1 through the CSCs, in addition to above mandatory services:

- Computer Training: Basic Computer Training etc.
- E-governance Services such as academic result publishing through Internet/ Online Application Submission e.g. Registration for Mobile Application etc.
- Rural Health Care and Relief (Telemedicine)
- Education (Distance Learning)
- The postal services (Tracking and Tracing, e-post etc.)
- Online Jobs and Business etc. and
- others

12.3 The Authorization to provide the services listed in Clauses 12.1 and 12.2 above includes the Authorization to construct and to use any required facilities for the provision of such services at the SLO's own cost, and under its own responsibility and within the scope of its license

12.4 Notwithstanding this Clause 12.1 12.2, the SLO may provide as many ICTs related services through CSCs in the VDC's listed in Appendix-1 without subsidy at any time within the scope of its license.

12.5 The SLO shall not cause interference to any other telecommunications service provider's service.

12.6 The SLO shall ensure that all of the services that are required to be made available pursuant to this Authorization are retained and continued throughout the period of the licence valid ity.

13 Interconnection

The SLO's network must be technically compatible with other operators' network so as to provide seamless connection and services.

14 Rate Regulation

- 14.1** The tariff rates charged by the SLO through CSCs to its customers for use of the ICTs related services will be subject regulation by the NTA.
- 14.2** SLO has to get tariff approval for Internet Telephony Services before providing such service to the community through CSCs.
- 14.3** Except with the prior approval of the NTA, the SLO shall not charge tariffs higher than the prevailing tariff rate approved by NTA.
- 14.4** A clear and concise description of all rates must be prominently displayed near each CSCs operated by the SLO. All user charges shall be in accordance with approved rates.

15 Authority to Construct and Use Facilities

- 15.1** Subject to the other terms of the Authorization, the SLO may construct all telecommunications facilities required to provide the Internet and Internet Telephony in the specified VDCs. The SLO may also use the facilities of other licensed telecommunications service providers or the facilities of any other persons that are located in Nepal, for the purposes of providing the authorized Internet and Internet telephony services. Use of such facilities may be obtained from the other operators or persons by agreement with them.
- 15.2** The SLO may utilise any appropriate wireless or wire line technologies for the provision of the Internet and Internet Telephony services in the selected VDCs.
- 15.3** In case of wireless technology, the SLO shall use the Radio Frequency as prescribed by NTA for its existing license. However, if the SLO feels it is necessary to deploy VSAT technologies to provide the Internet and Internet Telephony Services in the VDCs listed in Appendix- 1, NTA may assign the Radio Frequency for VSAT subject to availability and appropriateness under the Radio Frequency Allocation made by the Radio Frequency Policy Determination Committee as per the existing rules and regulations.
- 15.4** Unless otherwise approved by NTA, all telecommunications facilities and equipment installed by the SLO in its CSCs shall be new when first installed and shall be, so far as reasonably practicable, state of the art technology that complies with internationally recognized standards such as ITU/ETSI etc.

15.5 The SLO shall be free to procure the goods, works and services required for its network using its own procurement procedures.

16. Access to Public and Private Lands

The SLO shall have rights of access to public and private lands within the scope of its existing license.

17. Co-operation among Existing Licensees

The SLO shall communicate and co-operate with other licensees with a view to provide compatible and consistent types and quality of Internet and Internet Telephony services to its users.

18. Transfer of Authorization

The Authorization may not be sold or transferred except with the approval of the NTA.

19. Compliance with Law

The SLO shall be required to comply with all the prevailing laws of Nepal applicable to its Internet and Internet Telephony business at all times, including the Act, the Rules, all regulations, by-laws, orders, directives and guidelines issued under the Act (including any other instruments which may be made by the NTA) and the payment of all applicable taxes and dues.

20. Term of Authorization

The initial term of the Authorization will be two (2) years, commencing from the effective date of the authorization. This Authorization shall be continued as a part of the existing license of the SLO and shall be valid till the validity period of the existing license of the SLO.

21. Fees Payable by the Selected Licensed Operator

Payment of RTDF and Royalty: The SLO is liable to pay all the charges as prescribed in its existing license including RTDF and Royalty etc.

22. Frequency

22.1 The SLO may use any wire line and/or wireless technology in providing the ICT Services. After the issuance of the Authorization, the SLO will be authorized to adopt any suitable technology for the provision of the Internet Telephony Services in selected VDCs in line with its existing license. In case of wireless technology, the SLO shall use the Radio Frequency as prescribed by NTA for its existing license to provide the ICT services. However, if SLO wants to deploy VSAT technology, NTA may assign the Radio Frequency for VSAT subject to the availability and appropriateness under the Radio Frequency

Allocation made by the Radio Frequency Policy Determination Committee as per existing rules and regulations.

- 22.2 The SLO will be required to pay fees on an annual basis for the usage of spectrum as determined by Radio Frequency Policy Determination Committee of the GoN.

23. Financial Incentives

The following incentives will be provided to the SLO, in order to promote GoN's policy of providing ICTs access in the rural Area:

- (a) Payment of one time Subsidy;
- (b) Prevailing custom duties on all the equipment imported for rural telecommunications services is 1%. However, it is subject to change by Government.
- (c) Certificate of Appreciation will be provided to the SLO for completing the work ahead of time.

24. Dispute Resolution

- a) The SLO shall make all reasonable efforts to resolve consumer complaints or disputes without delay and without recourse to the NTA.
- b) If a complaint is filed with the NTA in connection with any dispute between the SLO and a customer regarding any activity which is subject to this Authorization, the NTA shall arbitrate or otherwise settle the dispute in accordance with Rule 24 of the Regulation.
- c) If a complaint is filed with the NTA in connection with any dispute between the SLO and another licensee of telecommunications services regarding any activity or matter which is subject to the *Act* or to this Authorization, the NTA shall arbitrate or otherwise settle the dispute according to Rule 23 of the Regulation.

25. Confidentiality of Communications and Customer Information

- (a) The SLO shall not monitor or disclose the contents of any communication conveyed over its telecommunications network except:
 - i. to the extent necessary for the purpose of maintaining or repairing any part of the SLO's Telecommunications System or monitoring the SLO's quality of service, or
 - ii. if GoN issues an order under Clause 19 of the Act to tape certain messages relating to a particular subject or individual or group of individuals, or if ordered to trace the individual dispatching such message.

- (b) The SLO shall take all reasonable measures to prevent information about its customers, including information about their business, other than directory information, from being disclosed to third parties, including the SLO's own subsidiaries, affiliates and associated companies, except information which is required:
- i. for the process of collection of debts owed to the SLO;
 - ii. by the SLO's auditors for the purpose of auditing the SLO's accounts;
 - iii. for the prevention or detection of crime or the apprehension or prosecution of offenders or as may otherwise be authorised by or under any law of Nepal; or
 - iv. in the process of providing information to GoN about the taxes payable by customers.

26. Standardization and Type Approval

The provision of Standardization and Type Approval shall be governed by the provision of existing license of SLO

27. Fair Trading

The provision of Fair Trading shall be governed by the provision of existing license of SLO

28. Accounting

The provision of Accounting shall be governed by the provision of existing license of SLO

29. Other Records and Provision of Information to the NTA

The provision of Other Records and Provision of Information to the NTA shall be governed by the provision of existing license of SLO

30. National Emergencies

The provision of National Emergency shall be governed by the provision of existing license of SLO.

31. Subsidy Amount: NRs:..... (Including VAT)

32. Definitions

In this Authorization, unless the subject matter or context otherwise requires, the following terms shall have the following meanings:

“Act” means the Telecommunications Act, 2053 (1997) as amended and any successor legislation;

“Applicant” means any Person that registers itself with the NTA as an applicant for purposes of this RFP, having purchased a copy of this RFP from the NTA;

"Authorization" means a permission granted by the NTA to establish and operate the Common Services Centers (CSCs) for the provision of Internet and Internet telephony services including other ICT related services in the selected VDCs listed in Annex-1;

“Data Capability” means the network capable of providing Internet with data capacity of at least 256 Kbps and Internet Telephony services.

"Effective date” means the date of an Authorization;

“Force Majeure Event” means circumstances, which are beyond the control and proper responsibility of the Applicant. By way of illustration, the following circumstances are agreed to be properly characterized as events of “force majeure”: flood, fire, earthquake, hurricane and other acts of God; war, military actions, civil war, guerrilla or terrorist actions, including all measures limiting the free movement of foreigners and their performance of activities; failure of public utilities, such as electrical power, natural gas and water, or transportation systems; and acts by a governmental or executive body which obstruct performance by the SLO of the conditions of an Authorization ;

“GoN” means Government of Nepal;

“STD” means subscriber trunk dialing and refers to domestic long distance telecommunications services originating or terminating in licensed VDCs located in different Districts;

“ISD” means international telecommunications services, which connect the telephone located in Nepal to the telephone located outside Nepal;

“Local Services” refers to calls originating and terminating within a VDC or between VDCs located in the same Zone, or any other local service area defined by the NTA;

“NTA” means the Nepal Telecommunications Authority and its successors;

"Selected Licensed Operator" or SLO" means existing internet services provider (ISP) who will be selected to provide Internet and Telephony services in the selected VDCs as stipulated in Annex-1.

“Performance Guarantee” means the performance guarantee submitted by the SLO as part of an Authorization process;

“Policy” means the Telecommunications Policy, 2060 (2004) as amended and any successor policy statement;

“PSTN” means the Public Switched Telephone Network, consisting of the telecommunications transmission and switching facilities, including any wire, cable, radio, satellite, optical or other electromagnetic Telecommunications Systems, that are (i) owned by any licensed Telecommunications Service Provider, including the SLO, (ii) used for the transmission or switching of intelligence for members of the public for compensation, and (iii) located wholly or partly in Nepal;

“Public telephone access line” means a Telecommunications line providing access to the PSTN and comprised of technical features which permit the establishing of a telephony channel capable of allowing users to make and receive Local, STD and ISD real time voice telephone calls and capable of providing Internet service with data capability of at least 28.8 Kbps and G3 fax;

“PFA” or “Proposal For Authorization ” means a proposal submitted by an Applicant in response to this RFP;

“Common Services Centre (CSC)” means a service centre operated by the SLO or community based organizations or any another person(s) which is equipped with networked computers, printers, scanners, photocopy machines etc. to provide ICT services to any member of the community. The ICT services include telephone, fax, Internet, Internet Telephony, printing, scanning, photocopying services etc.

“RFP” means this Request for Proposal, including all annexes hereto, as amended or modified by the NTA ;

“RTDF” means the Rural Telecommunications Development Fund managed by NTA pursuant to the Act & Rules;

“Rules” means the Telecommunications Regulations, 2054 (1997) and Telecommunications (First Amendment) Regulation, 2055 (1999), as amended and any further regulations established pursuant to the Act;

“Rural areas” means the VDCs of the five development regions, except Kathmandu Valley, metropolitan and sub-metropolitan cities, municipalities and the VDCs adjoining them; or the areas as defined by NTA from time to time.

“Subsidy” means the subsidy to be paid to the SLO as part of an Authorization process on achieving the identified establishment and operational requirements;

“Telecommunications Service” has the meaning assigned to that term in the Act;

“Telecommunications System” has the meaning ascribed to that term in the Act;

“VDCs” means one or more of the Village Development Committees of the GON.

“PLMN” refers to public land mobile network which includes the mobile telephone network.

“PPP Model” means the Public Private Partnership model to be used by the SLO for the operation of services as specified in the RFP.

“VE” means a person who has some financial strength, entrepreneurial ability, strong social commitment as well as respect within the community and who is interested and motivated to operate the CSCs services.

“Defaulter” means the one who has not paid applicable taxes or fees or dues (such as Royalty, RTDF, Frequency fees etc.) to the NTA as per the rules and regulations.

All the Appendices to this Authorization shall constitute a part of the Authorization.

Seal of the Office

Issuing Official's

Signature :

Name :

Designation :

Office

Date :

Appendix -2

Annex-6

Bank Guarantee Form for Advance Payment

Ref No:..... Date: ./...../.....

To

The Chairman,
Nepal Telecommunications
Authority GPO Box No. 9754
Bluestar Office Complex,
Tripureswor, Kathmandu, Nepal

WHEREAS [*Name of the Selected Licensed Operator*] hereinafter called "The SLO" has agreed to establish and operate Internet and Internet Telephony Service including other ICT related services hereinafter called "The SERVICE" as per the Authorization hereinafter called "The AUTHORIZATION" to be issued by the Nepal Telecommunications Authority hereinafter called "The AUTHORITY"

AND WHEREAS it has been stipulated in the AUTHORIZATION that the SLO shall furnish you with a bank guarantee by a reputable bank specified therein as security for 20% (twenty percent) advance payment of the total subsidy amount upon the granting of the Authorization, as an initial financial incentive, upon the submission of the bank guarantee in favor of NTA for the same amount.

AND WHEREAS we have agreed to give the appointed SLO a guarantee:

THEREFORE we hereby affirm that we are guarantors and responsible to you, on behalf of the SLO, up to a total of Nepalese Rupees [*Amount of the Guarantee in words*]. We undertake to pay you, upon your first written demand declaring the SLO to be in default under the AUTHORIZATION and without cavil or argument, any sum or sums within the limits of [*Amount of Guarantee*] as aforesaid, without you needing to provide or to show grounds our reasons for your demand or the sum specified therein.

This guarantee is valid until the day of..... 2010. The total amount of the Bank Guarantee will be released, provided that:

a) The SLO has completed installation and operation of the Internet and Internet Telephony in VDCs listed in Appendix-1 to this Authorization in accordance to the Service schedule, Clause - 9.1(a).

Signature and Seal of the Guarantors:

Date:

Address:

Appendix -3

Annex-7

**List of Equipment to be provided and Installed in Each
Common Service Centres (CSCs)**

S.N.	Name	Quantity	Minimum Specification or Requirement
1.	Multimedia Desktop Computer (Branded)	2	<ul style="list-style-type: none"> • Intel Core 2 Duo 2.8GHz Processor or equivalent • IntelG31 Express Chipset or equivalent • 2-GB DRAM • Intel Graphics Media Accelerator 3100 or equivalent • 160 GB SATA Hard drive • DVDRW Optical drive • 17’’ LCD Monitor (Resolution: 1280x1024) • Integrated High Definition Audio • Internal 56k Modem, 10/100/1000 Fast Ethernet Card • ATX Tower Case with SMPS • 4-USB ports; 1- RJ45; 1-VGA out; Audio in/out; 2-PS/2; 1- serial; 1- parallel; 3 PCI expansion slots • Multimedia Keyboard, Optical Scroll Mouse; • Speaker Set-1 and Headphone Set-1 • Licensed Standard Operating System with Backup CDs/DVDs
2.	WebCam	1	<ul style="list-style-type: none"> • Sensor: CMOS with 1.3 megapixels • Resolution: 1280 x 960 • Frame rate: (640 x 480) 30 frames/s (1280 x 960) 10-15 frames/s • Image focus: 3cm to infinity • Color depth : 24 bit RGB • USB Interface

RFP FOR THE SELECTION OF AN OPERATOR TO ESTABLISH COMMON SERVICES
CENTRES (CSCs)

3.	Ethernet Switch/Hub	1	8-Port 10/100/1000 Fast Ethernet Desktop Switch
4.	4-in-1 Multifunction Machine (Print, Copy, Scan, Fax) (Branded)	1	<ul style="list-style-type: none"> • Laser technology • Copier Speed: 16 cpm • Print resolution: 2400 x 600 dpi • Printing speed: 21 ppm • Colon depth: 24 bit
5.	Telephone Set	1	Standard telephone set
6.	Voltage Stabilizer	1 unit	220V, 50Hz AC Operation with Standard Voltage Regulating capability
7.	Subscriber Module (ISM Band)	1 unit	<ul style="list-style-type: none"> • Signalling rate: 20 Mbps • LOS range: 5 mile to 15 mile with reflector • Carrier to interference ratio: 3dB@10Mbps, 10dB@20Mbps at -65 dBm • EIRP adjustable to 2W maximum
8.	IP Phone	1 unit	<ul style="list-style-type: none"> • Cisco unified IP Phone 7906 or equivalent
9.	Power Equipment	1 set	<ul style="list-style-type: none"> • PV Module • Maintenance Free Battery • Inverter • Capable to provide power to run 2 computers at least 8 hours/day • Capable to provide to browse internet and make internet telephony calls at least 4 hours/day • Capable to provide power to run multifunction machine at least 2 hours/day
10.	Lightening Protection System	1 set	As per specific site requirement to provide sufficient protection for the equipment
11.	Extension Cord with Surge Protection	1 unit	220V, 50Hz AC operation, Standard rating
12.	Ethernet Cable	1 bundle	CAT5 Ethernet

Note: The SLO shall perform networking of the equipment in each CSCs.