

(Related with Decision No. 1801/2066/9/9)

Request for Expressions of Interest (EOI)

Study of Market potential of Mobile Telecom Service in Nepal

Nepal Telecommunications Authority (NTA) intends to engage Companies/Research Agencies/Institutions to conduct a study on current Nepalese mobile telecommunications market and advise on the necessity or otherwise of an additional mobile operator (the study).

NTA therefore requests for Expression of Interest (EOI) from Companies/Research Agencies/Institutions with institutional and personnel experience of at least 5 years and registered in the VAT. Detailed Terms of References (TOR) can be obtained from NTA or its website. Those interested can submit EOI with a covering letter comprising a comprehensive profile with a portfolio of relevant experiences, and CVs of team members who will be involved in the study to the address mentioned below

The application must be accompanied by a bid security of NRs. 25,000.00 (Twenty Five Thousand Nepalese Rupees) valid up to 11th April, 2010. The sealed Application shall be delivered to the NTA at the address below no later than 1500 hours on 11th January, 2010. If the closing date happens to be a holiday the next working day will become the closing date. Late applications will not be considered. Application duly received will be opened at 1500 hours on the closing date in presence of the applicants' representatives who choose to attend at the address mentioned below.

NTA reserves the right to reject or accept any of the application or parts thereof without assigning any reasons whatsoever.

Interested parties may obtain further information from the NTA,

Nepal Telecommunications Authority

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License Section

Terms of Reference for the study
Of
Mobile Telecommunications Service Market in Nepal

1. Introduction

Nepal Telecommunications Authority (NTA), a regulatory body on telecommunications service, had issued license for mobile operation in Nepal on September, 2004 to the private investor under Sub-section (1) of Section 23 of Telecommunication Act, 2053 (1997). The incumbent telecom operator, Nepal Doorsanchar Company Limited (NDCL) was authorised to operate mobile telecom service on May, 1999. It is considered to be opportune time to make study of the mobile license potentials. Thus NTA intends to engage registered Company/Research Agency/Institution to conduct a Study on current Nepalese mobile telecommunications market and advise on the necessity or otherwise of an additional mobile operator (the Study).

2 Current Scenario of voice services in the country

2.1 Mobile Services

Currently incumbent telecom operator, Nepal Doorsanchar Company Limited (NDCL) and Spice Nepal Pvt. Ltd. (SNPL) are Cellular Mobile Operators operating in GSM 900 & 1800 Band. Another operator United Telecom Limited (UTL) is a basic operator who got the CDMA frequency to operate its WLL service with limited mobility including roaming facility operating in CDMA 800 & 1900 MHz bands. A total of around 6 million mobile telephone lines are currently available

STM Telecom Sanchar Pvt. Ltd, a Rural operator that provides services in Rural Areas has been assigned EGSM spectrum of 2x2.4 MHz.

Another Basic Operator Nepal Satellite Telecom (SNPL) who has recently started its services from Mid-Western Development Region has been assigned spectrum in GSM 900/1800 MHz and CDMA 800 MHz bands for operation of basic and limited mobility services.

One more Rural Operator named Smart Telecom that is licensed to operate in the Rural areas of the country except EDR (Eastern Development Region) has recently commenced its service, and NTA has committed the company to provide 2x2.4 MHz bandwidth in GSM 900 MHz for rural telecommunications and limited mobile services.

Availability of Spectrum

Currently only a bandwidth 2x7 MHz in 1800 MHz band is free and may be available for 2 and 2.5G services. NTA has established criteria for assignment of spectrum to a new operator. Initially only 2x4.4 MHz band will be available for mobile services, and more bandwidth will be assigned based on the assignment criteria as more Radio Frequency (RF) spectrum becomes available after Re-farming of frequencies. 3G bandwidth is not available at present. It may be available after completion of spectrum re-farming which has already been initiated and is under consideration at Radio

Frequency Policy Determination Committee (RFPDC). New spectrum pricing is also under consideration.

2.2 Other Voice Services

Basic Telephony

PSTN/WLL voice telephony is available from all the operators except SNPL who operates only mobile services. Total volume of fixed lines is approximately 800,000 lines.

IP Telephony

Voice over Internet Telephony (VOIP) has been fully liberalized for the ILD operators. The ISPs are also authorized to provide the Internet (IP) Telephony service without connecting to the PSTN/PLMN. In the next few months, NTA is in the process of full liberalization of IP Telephony service. NTA is also in the process of opening a new service called the Rural Wireless Broadband Service (RWBS) under the ICT development project jointly funded by the ADB and the Government of Nepal (GoN).

All together Nepal has as of now approximately 7 million telephone lines, with 6.2 million lines from the mobile and limited mobile services and approximately 800,000 lines from PSTN.

3 Current Issues

Currently Nepal has 6 voice operators with only two having major market shares. The incumbent has a market share of about 65 % in the mobile sector and over 80 % share in the PSTN market. SNPL is the second largest operator and has a market share of around 30 %. UTL has around 4% lines. Other operators are either confined to rural areas or are only new and thus have yet to acquire significant market share in terms of number of lines.

Telephone penetration is nearing 25 % and is growing rapidly. But mobile service is not growing fast enough to cover the entire country. But the rate of growth is not in par with other countries in the region. Besides, majority of the customers are deprived of satisfactory quality of service. New licensees are very slow in the deployment of their networks.

4. Scope of Work

4.1. Market Survey

The consultant shall perform its task in order to,

1. Identify potential demand for the mobile service in different regions of Nepal.
2. Determine current market size, status of current operators and the possibilities for new entrant in current Telecommunication market of the country.
3. Identify gaps between demand and available supply of the current mobile telecommunication Market of the country.

4. Explore possibility of real competition and improvement of quality of service by introduction of new market entrants if necessary.
5. Help potential market entrants (as per point 4 above) make informed decisions to enter into the mobile telecommunications market and provide service in a competitive manner.

5. Qualification:

The Consultant is expected to be a registered Company/Research Agency/Institution and will be selected based on its experience and capacity in carrying out this type of market research work.

Its knowledge of, and experience in the telecommunications sector, particularly in research of similar projects, will be useful. The consultant's team should consist of key personnel with skills and experience to carry out the said study.

The consultancy Company/Research Agency/Institution must have an institutional experience of at least of five years and have personnel with the following minimum required qualification and experience of proposed professional staff:

5.1 Team Leader

- Minimum experience of 5 years in the field of economics or telecommunications or marketing management.
- A minimum of Master Degree of Engineering in the field of telecommunications/electronics or Masters Degree in Economics or Management or equivalent. Higher degrees are preferred.

5.2 Research personnel

- A telecommunications/electronics engineering graduate with at least 5 years experience in mobile communication system planning and operation --at least one.
- A Master Degree in Economics with knowledge in statistical analysis or Marketing specialization, and an experience of at least 5 years in the field --at least one.
- A Master Degree in Management and experience of at least 5 years in the field -- at least one.

6. Time Frame

The entire assignment is scheduled to be completed over a period **45 (Forty-Five) Days** from the date of signing the contract agreement between the NTA and the Consultant.

6. Deliverables

Based on the tasks described above, the consultants shall deliver the following:

- a. An inception report at the end of **7 (Seven) Days** of the assignment (signing of contract).
- b. Draft Report in the **35 (Thirty-Five) Days** of the assignment
- c. Final Report to the satisfaction of NTA at the end of the assigned date.

7. Terms and Condition

7.1 Financial Proposal

The consultant shall provide a budgetary proposal together with the main proposal. However, the NTA has a budgetary ceiling of Rs 500,000/- (including TDS) for this study.

7.2 Submission of Performance Bond

The successful applicant must submit performance bond (20 % of the contract amount) upon signing of the agreement.

7.3 Payment Terms

- a. 20 % of the contract amount on signing of the agreement and on submission of performance bond for the equivalent amount.
- b. 50% of the contract amount on submission of draft report.
- c. Remaining 30 % on acceptance of the Final Report.