



The Award of 700 MHz Spectrum

Information Memorandum

Reference Final Draft

Date 11th April, 2018

About this document

This Information Memorandum ("Memorandum") has been prepared by the Tanzania Communications Regulatory Authority ("the Authority") solely in relation to the planned award, by way of auction, of Licences in the 700 MHz band. The entire Information Memorandum should be read carefully. Any reader of this Memorandum should perform their own independent assessment of the potential value of a Licence prior to participation in the Award Process.

All information contained in this Memorandum is subject to updating, revision and / or amendment. The availability of this Memorandum does not imply that there has been no change to the information contained within it nor that the information is correct at any time after the date of publication. The Authority may publish additional information or a revised Memorandum but is under no obligation to do so.

Whilst all reasonable effort has been made to ensure that the information contained within this Memorandum is correct as at the date of publication, the Authority, the Authority's advisers, relevant Government departments, and their respective directors, partners, employees do not make any undertaking, representation, warranty or other assurance (express or implied) and do not and will not accept any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and / or opinions contained or referred to in this Memorandum or any other written or oral information made available to any interested party or its advisers, including any updated Memorandum or additional information in relation to this Memorandum.

This Memorandum contains "forward-looking statements" regarding the current expectations of the Authority about the 700 MHz band, the regulatory environment and the Award Process. These statements are not a guarantee of future regulatory policies or activities. These statements involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Authority and are difficult to predict, that may result in a future state which is materially different to those implied by the forward-looking statements. The Authority is under no obligation to act based on these statements and there is no implication that there has been no change to these expectations since the publication date of this Memorandum. The Authority may publish additional information related to future events but it is under no obligation to do so.

This Memorandum or any other communication by the Authority should not be regarded as financial, legal, tax or any other form of advice. Accordingly, each reader of this Memorandum should consult its own advisers in relation to any matters concerned with potential participation in the Award Process.

The Authority may publish further information and guidance. All requests for information and responses to any questions, if provided, will be managed in accordance with Section 6 of the Memorandum. Readers of the Memorandum are recommended to register their e-mail addresses with the Authority so they may be notified of any publication of further information automatically. However, it remains the reader's responsibility to check the Authority's website www.tcra.go.tz for updates. Email address registration should be sent to spectrum.auction@tcra.go.tz

Contents

Section 1. Introduction and Process Overview	7
1.1 Introduction	7
1.2 Regulatory Policy Objectives	7
1.3 Legal Context	8
1.4 Award Process Overview	8
1.5 Timetable	10
1.6 Structure of the Information Memorandum	11
Section 2. The Spectrum to be Assigned	12
2.1 Spectrum Packaging	12
2.2 Spectrum Cap	12
2.3 Reserve Price	12
2.4 Licence Geographical coverage	13
Section 3. Licence Conditions and Additional Obligations	14
3.1 Introduction and Summary	14
3.2 Coverage and Quality of Service Obligations	14
3.3 Annual Administrative Spectrum Fee	14
3.4 Licence Term and Renewal	15
3.5 Revocation	15
3.6 Technical Licence Conditions	16
Section 4. Other Relevant Factors	17
4.1 Reserved 2 x 10 MHz of 700 MHz	17
4.2 Future Spectrum Awards	17
4.3 Spectrum Trading	17
4.4 Spectrum Sharing	17
Section 5. Bidder Qualification, Eligibility Points and Conduct	18
5.1 Bidder Qualification	18
5.2 Post Award Process Requirements	19
5.3 Associated and Affiliated Parties	19
5.4 Eligibility Points	21
5.5 Bank Guarantee	22
5.6 Definitions of Participants and Conduct	22
Section 6. The Award Process	26
6.1 Introduction	26

6.2	Award Process Overview	26
6.3	Application and Qualification Process.....	27
6.4	Determining the Level of Demand.....	29
6.5	Auction Approaches	29
6.6	Approach to Random Selections.....	30
6.7	Electronic Bidding System	30
6.8	Bidder Training.....	32
6.9	Communication Protocols	32
6.10	Notification and Publication of Results	33
6.11	Payment and Bank Guarantees	33
6.12	Granting of Licences	34
6.13	Default and Return of the Licences	34
6.14	Timings	34
Section 7.	Detailed Auction Description	36
7.1	Auction Process Overview	36
7.2	The Auction Stage	37
7.3	Auction Stage Winners and the Final Auction Price	40
7.4	Unsold Lot(s) Round	41
7.5	Information Disclosure.....	41
7.6	The Assignment Stage	42
Section 8.	Alternative Auction Procedure	44
8.1	Procedure	44
8.2	Auction Mechanism.....	44
Section 9.	Application Instructions	46
9.1	Application Procedure and Deadline	46
9.2	General Information	47
9.3	Information Related to Associates, Affiliates, Entities and Persons	48
9.4	Network and Operational Information	49
9.5	Demand for Lots and Bank Guarantee	50

Annexes

Annex A.	Glossary of Key Terms.....	51
Annex B.	Application Form.....	54
Annex C.	Declaration.....	56
Annex D.	Bank Guarantee.....	57
Annex E.	Application Checklist.....	58
Annex F.	Auction Software IT Requirements.....	59
Annex G.	Draft Licence.....	60

Exhibits

Exhibit 1: Award Process Overview.....	10
Exhibit 2: Application, Qualification and Award Process Timetable.....	10
Exhibit 3: CEPT Channel Arrangements – APT 700MHz Lower Duplex - 3GPP Band 28	12
Exhibit 4: Spectrum Assignment Timetable.....	17
Exhibit 5: Award Process	26
Exhibit 6: Award Process Timetable.....	35
Exhibit 7: Two Stage Auction Process	36

Section 1. Introduction and Process Overview

1.1 Introduction

- 1.1.1. Following the successful migration from analogue to digital terrestrial television, spectrum that was previously used for analogue broadcasting is now available for alternative uses. This spectrum is in the 700 MHz frequency range and is commonly referred to as the Second Digital Dividend or (“DDII”) and was assigned to be used for International Mobile Telecommunication (“IMT”) services by ITU World Radio Congress in November 2015.
- 1.1.2. Spectrum is a core asset of the mobile industry and differences in spectrum holdings between mobile operators can have a significant impact on the competitive dynamics within an industry with implications for consumer welfare, investment and innovation as well as competition. Spectrum must therefore be assigned carefully to ensure that regulatory policy objectives are achieved as well as providing the anticipated socio-economic benefits.
- 1.1.3. This Information Memorandum (“Memorandum”) sets out fundamental practical issues, such as qualification criteria, applicant’s eligibility and other rules, so as to guide stakeholders who wish to participate in the Award Process. This Section describes the regulatory policy objectives and legal considerations which have shaped the design of the Award Process.

1.2 Regulatory Policy Objectives

- 1.2.1. The Tanzania Communications Regulatory Authority Act, CAP 172 established the Tanzania Communications Regulatory Authority (“the Authority”). The Authority’s duties, as set out in the Act, are as follows:
 - a. Promoting effective competition and economic efficiency;
 - b. Protecting the interests of consumers;
 - c. Protecting the financial viability of efficient suppliers;
 - d. Promoting the availability of regulated services to all consumers including low income, rural and disadvantaged consumers;
 - e. Enhancing public knowledge, awareness and understanding of the regulated sectors including:
 - i. The rights and obligations of consumers and regulated suppliers;
 - ii. The ways in which complaints and disputes may be initiated and resolved;
 - iii. The duties, functions and activities of the Authority.
 - f. Taking into account the need to protect and preserve the environment.
- 1.2.2. The National Information Communications and Technology Policy, 2016 (“National ICT Policy”) states that the key policy objectives on the use of frequency spectrum are to:
 - a. Promote an efficient use of spectrum (where efficiency implies assigning spectrum to those that will generate the greatest socio-economic benefit from its use);

- b. Promote competition, i.e. an outcome which supports or does not undermine effective competition;
- c. Promote benefits for consumers, though the sustainable provision of widespread, high quality services; and
- d. Promote investment and innovation.

1.3 Legal Context

- 1.3.1. The Tanzania Communications Regulatory Authority Act, CAP 172 established the Tanzania Communications Regulatory Authority and vested with it the powers to regulate Postal and Electronic Communications in the United Republic of Tanzania. The Electronic and Postal Communications Act CAP 306, ("EPOCA") on the other hand stipulates some operational licensing and regulatory issues in the communications industry.
- 1.3.2. To ensure that the National ICT Policy objectives on the use of frequency spectrum are realized, the Tanzania Communication Regulatory Authority Act, CAP 172 and the EPOCA give powers to the Authority to allocate, assign, issue, distribute, retrieve, suspend, cancel or otherwise modify distribution among users or Licensees of any radio communication frequencies or frequencies channels. Further, the Authority is given a general power in relation to the methods, procedures and timetabling of spectrum assignment in Section 78 of EPOCA and as such, the power to award Licences by way of an auction is also granted by this Section. This includes the power to determine the prices to be paid for frequencies. Section 77 grants the Authority powers to set technical conditions concerning the use of the spectrum. Section 15 of EPOCA grants the Authority powers to set fees for spectrum and other postal and electronic communication Licences and from time to time review fees.
- 1.3.3. On the 13th September 2017, the Authority issued a public notice to advise the general public and stakeholders of its intention to assign the spectrum in 700 MHz band through an auction, subject to a Reserve Price. This is in accordance to Rule 4 of the Electronic and Postal Communications (Licensing Procedure) Rules, 2014 (G.N No.422) which requires, among other things, that the assignment of radio spectrum be done in a competitive way. Through the public notice, the general public and interested stakeholders were invited to make preparations for participation in the said spectrum auction.

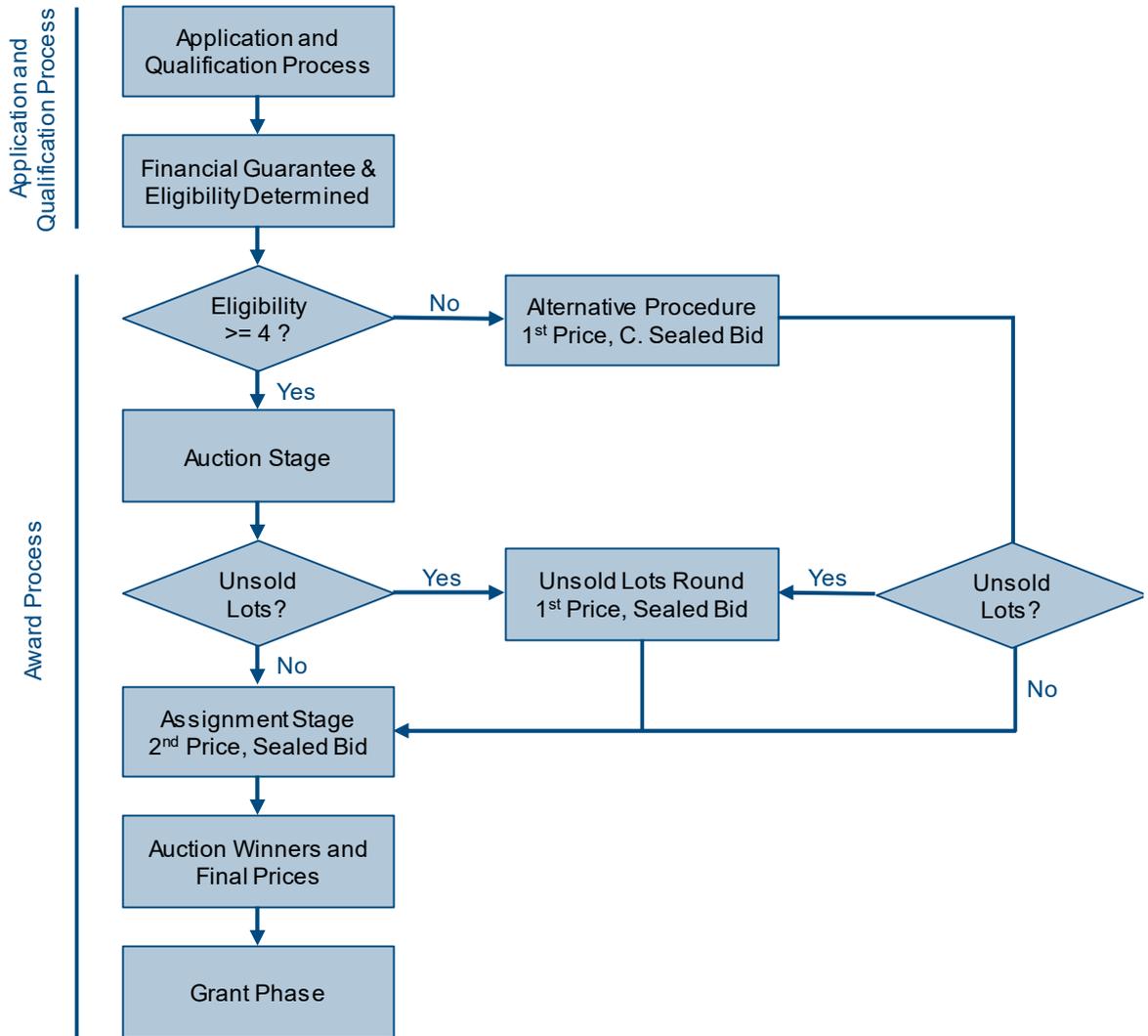
1.4 Award Process Overview

- 1.4.1. An overview of the Award Process is presented in Exhibit 1 and explained in detail in the remainder of the Memorandum.
- 1.4.2. Following the publication of the Memorandum, interested parties will have an opportunity to submit written questions. The answers to the questions will be published prior to the Application Deadline.
- 1.4.3. Applicants must provide the information specified in the Application Process which includes information related to the Applicant's identity, controlling interests,

experience, expertise and financial resources. Applicants must meet a minimum set of Qualification Criteria to be able to participate in the Award Process.

- 1.4.4. Applicants must also provide a Financial Guarantee. The Financial Guarantee determines the number of initial Eligibility Points of each Bidder. A Bidder's Eligibility Points determine the maximum number of Lots a Bidder can bid for. A Bidder is required to make an opening Bid that is equal to the number of initial Eligibility Points applied for during the Application Process.
- 1.4.5. Applicants who have met the qualification requirements will be designated as Confirmed Bidders ("Bidders"). Bidders will receive training in the use of the Electronic Bidding System and will be permitted to participate in the Award Process. The Award Process comprises two potential Auction mechanisms - the Alternative Auction Procedure and the Auction Stage - as well as an Unsold Lots Round and an Assignment Stage which are common to both Auction mechanisms.
- 1.4.6. The total Eligibility of all Bidders will be used to determine the total level of demand for Lots. If total demand is less than four Lots, then spectrum will be assigned by the Alternative Procedure. The Alternative Procedure is a First Price, Combinatorial, Sealed Bid Auction for Generic Lots. If total demand is equal to or greater than four Lots, then Lots will be assigned on the basis of the Auction Stage.
- 1.4.7. The Auction Stage is based on a Simultaneous Multi-Round Ascending Auction using Clock Prices to determine the number of Generic Lots awarded to Successful Bidders.
- 1.4.8. If, at the end of the Alternative Auction Procedure or Auction Stage, there remains any unsold Generic Lots then an Unsold Lots Round will be conducted using a First Price, Sealed Bid Auction to assign any unsold Generic Lots. The final step involves an Assignment Stage where Successful Bidders will bid to determine their position within the frequency plan. The Assignment Stage is a Second Price, Sealed Bid Auction for First Selection Rights. The highest bidder in the Assignment Stage will have the right to select first their preferred position within the frequency plan.
- 1.4.9. At the end of the Assignment Stage the Successful Bidders, their assigned Lots and final Auction Prices will be announced. During the Grant Phase, Successful Bidders must pay the amounts due by the Payment Deadline before being granted their Licences.

Exhibit 1: Award Process Overview



Source: The Authority

1.5 Timetable

1.5.1. The timings for the key stages of the Application, Qualification and Award Process are shown in Exhibit 2 below. The timings are based on the assignment of spectrum via the Auction Stage. In the event that the Alternative Procedure is adopted a revised timetable will be issued.

Exhibit 2: Application, Qualification and Award Process Timetable

Process Step	Indicative Timings (subject to change)
Publication of Information Memorandum and start of the Application Window	[11/04/18]
Deadline for Questions	[18/04/18]

Process Step	Indicative Timings (subject to change)
Provision of Answers	[25/04/18]
Application Deadline	[23/05/18]
Confirmation of Bidders	[04/06/18]
Bidder Training	[w/c 04/06/18]
Award Process Start Date	[08/06/18]
Publication of Results	[Expected w/c 18/06/18]
Payment Deadline	[Expected w/c 02/07/18]
Grant of Licences	[Expected w/c 18/07/18]

Source: The Authority

1.6 Structure of the Information Memorandum

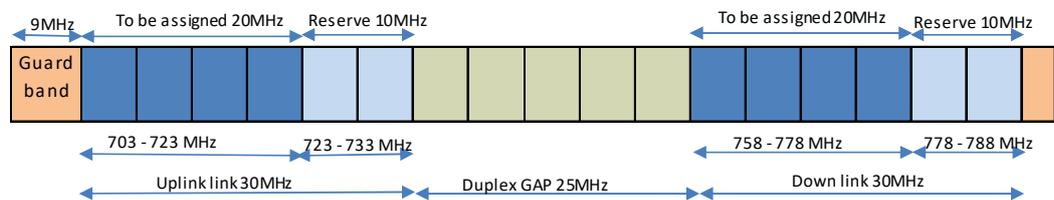
- 1.6.1. The Memorandum begins by describing the spectrum Lots to be assigned. Section 3 describes the Licence Conditions attached to the Lots and Section 4 describes a range of other factors that relate to the Lots. Section 5 identifies the minimum Qualification Criteria that Applicants must meet to be able to participate in the process in addition to explaining initial Bidder Eligibility points. In Section 6 the Award Process is described in detail. Section 7 explains the Alternative Procedure and Section 8 describe the Auction Stage, Unsold Lots Round and Assignment Stages in detail. The final Section, Section 9, provides the instructions for Applicants.

Section 2. The Spectrum to be Assigned

2.1 Spectrum Packaging

- 2.1.1. The subject matter of the auction is four Lots of 700 MHz spectrum, the size of each Lot being 2 x 5 MHz. The details of the spectrum to be assigned are presented in Exhibit 3 below. The frequencies to be assigned are from 703 MHz – 723 MHz (Uplink) and 758 -778 MHz (Down Link) which is a total of 40 MHz or 2 x 20 MHz. The remaining spectrum of 2 x 10 MHz has been reserved for future public use.

Exhibit 3: CEPT Channel Arrangements – APT 700MHz Lower Duplex - 3GPP Band 28



Source: The Authority

- 2.1.2. The conditions and obligations associated with the award of the right to use the radio frequencies are specified in Section 3 of the Memorandum.

2.2 Spectrum Cap

- 2.2.1. Spectrum will be assigned in contiguous Lots.
- 2.2.2. Spectrum Cap will be applied in the Award Process and therefore any Bidder cannot acquire more than 2 x 10 MHz of spectrum in 700MHz.
- 2.2.3. Bidders cannot hold more than 2 x 35 MHz of sub (below) 1 GHz spectrum after the conclusion of the Award Process

2.3 Reserve Price

- 2.3.1. The Reserve Price is the minimum price that the Authority will accept in the Award Process for a 2 x 5 MHz Lot. Bidders are legally required to demand the number of Lots applied for at the Reserve Price in the Award Process and are also required to provide an appropriate Bank Guarantee based on their preferred number of Lots and the Reserve Price. An automatic expression of demand, based on the Bidders Application for their preferred number of Lots at the Reserve Price, will be made during the Award Process on behalf of the Bidders.
- 2.3.2. The Reserve price for a 2 x 5 MHz Lot is USD 5,000,000 (Five million dollars).

2.4 Licence Geographical coverage

Spectrum will be assigned on a national basis encompassing the entire land mass, inland waterways and international waters of the United Republic of Tanzania.

Section 3. Licence Conditions and Additional Obligations

3.1 Introduction and Summary

- 3.1.1. This Section describes the key Licence Conditions attached to the Lots as well as additional obligations which must be met by the Successful Bidders. This Section should be read in conjunction with the Draft Licence shown in Annex G and the following regulatory instruments:
- a. National ICT Policy of 2016;
 - b. Tanzania Communication Regulatory Authority Act, CAP 172;and
 - c. The Electronic Postal Communications Act, CAP 306 and its Regulations.
- 3.1.2. The key Licence Conditions are related to:
- a. Coverage and Quality of Service Obligations;
 - b. Annual Administrative Spectrum Fees;
 - c. Licence Term and Renewal;
 - d. Revocation; and
 - e. Technical Conditions.

3.2 Coverage and Quality of Service Obligations

- 3.2.1. Successful Bidders granted Licences for the 700 MHz spectrum must meet the following coverage obligations:
- a. By end of year 2021, population coverage for broadband services meeting the specified quality of service level should be equal to 60%; and
 - b. By end of year 2024, population coverage should be equal to 90%.
- 3.2.2. The level of service required under this coverage obligation should meet the quality of service requirements as set out in the Quality of Service Regulations issued under EPOCA .
- 3.2.3. The coverage and quality of service obligations can be met through any technology or combination of spectrum bands to which the Licensee has the rights of use.
- 3.2.4. Licensees shall be responsible for proving compliance with the coverage and quality of service obligations subject to verification by the Authority. The Licence holder could seek to demonstrate compliance via simulation, prediction plots or any other mutually agreed method supported by relevant field test data. Coverage verification should be demonstrated prior to the obligation deadlines. The Authority, at its discretion, may elect to carry out or arrange its own testing to verify compliance with the obligations.

3.3 Annual Administrative Spectrum Fee

Licence holders shall pay an annual Administrative Spectrum Fee. The fee is to cover the costs of administering spectrum and will be proportional to the spectrum licensed.

Failure to pay the Annual Administrative Spectrum Fee may result in the Authority imposing sanctions on the Licensee including revocation of the Licence. The Authority reserves the right to review this fee periodically to ensure that the fee is reasonable and reflect the spectrum management costs of the Authority. The first payment will be made 12 months after the date on which the Licence was issued and then every 12 months thereafter until the end of the Licence Term. The first payment will be United States Dollars Forty Thousand (USD 40,000) in its equivalent in Tanzanian Shillings per 2 x 5 MHz block.

3.4 Licence Term and Renewal

- 3.4.1. The initial Licence Term shall be 15 years from the date of issuance of the Licence during which time there will be limited rights of revocation.
- 3.4.2. On expiry of the initial Licence Term there will be a presumption of renewal in favour of the incumbent Licence holders. Renewal will be subject to a satisfactory review of spectrum management, efficiency, competition, technological development and consumer welfare as well as other considerations and that the spectrum is subject to annual licence fees on the expiry of the fixed initial term. Licence fees following renewal should be set based on market value and which may be modelled by techniques such as Optimal Deprivation Value ("ODV"). It is important to note however that the Authority has no obligation to renew the Licence.

3.5 Revocation

- 3.5.1. Section 72 of the Electronic and Postal Communications Act (EPOCA) sets out conditions under which spectrum Licences may be revoked:
 - a. As a result of any investigations or inquiry carried out by it or any other public authority; or
 - b. In the ordinary course of performing its functions, under this Act, pursuant to sub-section (10)¹; and
 - c. The Authority is of the view that it is necessary or desirable in the public interest that it exercises its powers in relation to any user or Licensee of any radio communication frequencies or frequency channels.
- 3.5.2. The Authority reserves the right to revoke the Licence when the Authority has carried out an investigation or inquiry pursuant to section 72 sub-section (2)(a) of the EPOCA and it is proved to its satisfaction that a user or Licensee of a radio communication frequencies or frequency channels who has had the opportunity to be heard by the Authority is:
 - a. Utilising the radio communication frequencies, spectrum or frequency channels for purposes other than those originally permitted; or
 - b. Not utilising the radio frequencies efficiently and effectively;

¹ Sub-section 10 of section 72 of EPOCA 2010 sets out the fact that all frequencies are a national resource held in trust for the people by the Government, and maintained and controlled by the Authority.

- c. Misusing, abusing or hoarding the radio communication frequencies or frequency channels or frequencies;
- d. Engaging in practices intended to drive competitors out of business or deter any other Licensee or user from establishing a competitive business in the country or in any specific area or location within the country;
- e. Carrying out acts intended or likely to hurt, injure, infringe, harm or interfere with the radio communication frequencies or frequency channels or frequencies of other users or Licensees;
- f. Using or operating a radio communication frequencies or frequency channels or frequency without having a Licence issued under this Act; or
- g. Contravening any other conditions in relations to the assigned frequencies.

3.6 Technical Licence Conditions

3.6.1. The Licence to be granted is technology and service neutral.

3.6.2. The technical conditions associated with the Licence are based on relevant International standards:

- a. Deployment of 700 MHz spectrum in Tanzania should satisfy the technical conditions and recommendations detailed in CEPT Reports 53² and 60³;
- b. All the technical conditions and recommendations stated in the CEPT Reports 53 and 60 should be adhered to in order to minimise any interference issues with DTT;
- c. All the relevant technical conditions and recommendations stated in the CEPT Reports 53 and 60 should be adhered to in order to ensure satisfactory coexistence with 800 MHz 3GPP band 20; and
- d. All the relevant technical conditions and recommendations stated in the CEPT Reports 53 and 60 should be complied with to ensure satisfactory coexistence with other wireless services such as PMSE.

² The CEPT report 53 can be obtained in the following link
<http://www.erodocdb.dk/Docs/doc98/official/pdf/CEPTREP053.PDF>

³ The CEPT report 60 can be obtained in the following link :
<http://www.erodocdb.dk/Docs/doc98/official/pdf/CEPTREP060.PDF>

Section 4. Other Relevant Factors

4.1 Reserved 2 x 10 MHz of 700 MHz

The Authority, pursuant to provisions of section 72 of EPOCA has reserved 2 x 10 MHz of the 700 MHz spectrum for future public use. The assignment of the reserved 2x 10 MHz spectrum shall be done in accordance to the law.

4.2 Future Spectrum Awards

The Authority will make additional spectrum available to the industry as required and in line with the requirements for additional capacity. The Authority envisages the following indicative timetable for the assignment of new spectrum.

Exhibit 4: Spectrum Assignment Timetable

Spectrum	Indicative timings
40 MHz of 2300 MHz TDD Spectrum	2018 /19
2 x 15 MHz of 2600 MHz FDD Spectrum	2018 / 19

Source: The Authority

4.3 Spectrum Trading

The transfer of frequencies is currently specifically prohibited in Tanzania under Section 73 of the Electronic and Postal Communications Act. Government may consider reviewing this condition in the light of the growing demand for mobile broadband capacity.

4.4 Spectrum Sharing

Increasing demand for mobile capacity and competition considerations have led many regulatory authorities to introduce regulations to enable spectrum sharing and pooling to increase the efficient use of spectrum. The Authority may consult with the industry on introducing shared access and pooling in Tanzania.

Section 5. Bidder Qualification, Eligibility Points and Conduct

5.1 Bidder Qualification

- 5.1.1. Only those Applicants that meet the Qualification Criteria will be designated as Bidders and will be permitted to participate in the Award Process.
- 5.1.2. Nothing in the Application or Qualification Process nor during the Award Process shall be construed as a conclusive acceptance or approval of the proposals made by the Bidders in their Applications. Bidders participating in the Award Process shall be subject to fulfilling the requirements of Licensing pursuant to the EPOCA and its related Regulations.
- 5.1.3. The Qualification Criteria are:
 - a. The Applicant must have correctly followed the Application Instructions in Section 9;
 - b. The Applicant must have paid the Application Fee;
 - c. An Applicant that is a consortium must not contain an existing operator. An existing operator is a company that, by the time of bidding, is already licenced to operate mobile telecommunication services in the United Republic of Tanzania;
 - d. The Applicant must be independent of other participants in the Award Process. The Authority will assess the independence of the Applicant based on the information requested from the Applicant and that of other Applicants. An Applicant will be regarded as independent if they are not Affiliated or Associated with another Applicant. The definitions of an Associate and an Affiliate are provided in Section 5.3. In the event that Applicants are found to be Affiliated or Associated, then the Applicants will be required to follow the requirements set out in Section 5.3 if they wish to continue in the Award Process.
 - e. The Applicant must either be an established operator in Tanzania currently serving or meet the following criteria:
 - i. The Applicant must have demonstrated its ability to meet the network coverage and quality of service obligations by the provision of an appropriately detailed technical network roll-out plan; and
 - ii. The Applicant must have demonstrated its ability to operate the network and provide telecommunication services in Tanzania through the provision of an appropriately detailed business plan.
 - f. The Applicant must be solvent and cannot currently be:
 - i. In default of loan payments or in negotiations regarding debt settlement proceedings following a breach of a loan agreement; or
 - ii. Insolvent or the subject of a petition for bankruptcy or winding-up; or
 - iii. In the process of passing or have already passed a resolution for a voluntary winding up.

- g. The Applicant must have demonstrated its ability to meet the financial requirements of paying at least the Reserve Price for the Licence, building and operating the network and providing telecommunication services by:
 - i. Providing an appropriately detailed financial plan for the entire business which will build and operate the 700 MHz network. The plan must indicate whether the build and operation of the 700 MHz network can be funded by the forecast, future cash flows of the existing business or the annual and total funding requirement for the business in order to build and operate the network and provide telecommunication services until such time that the entire business can fund the 700 MHz network build from its internally generated cash flows;
 - ii. Providing an appropriately detailed financing plan which demonstrates the amount and timings of the sources of funds which will be used to meeting the funding requirement; and
 - iii. Providing independent, third party evidence of the availability of the funds identified in the financing plan. Evidence may include existing loan agreements, Letter of Intent, Letters of Credit or Board Resolutions from a parent company confirming that it will provide sufficient funds.
- h. The Applicant must have provided an appropriate Bank Guarantee as defined in Section 5.5 and the template provided in Annex D.

5.2 Post Award Process Requirements

- 5.2.1. A Successful Bidder who is not an existing Licensee shall, before being granted spectrum rights, be required to apply for the National Network Facility, National Network service and National Application Service Licences in accordance with the EPOCA regulations. Such applications will not ordinarily be declined.
- 5.2.2. A Successful Bidder who is not an existing Licensee shall, before being granted a Licence and spectrum rights, be required to have a physical address in place within the United Republic of Tanzania and shall provide particulars of such address to the Authority.

5.3 Associated and Affiliated Parties

- 5.3.1. To maintain the integrity of the Award Process and ensure that each Bidder is Independent, there will be rules relating to participation of Affiliated or Associated entities. Affiliated entities will not be allowed to participate separately in the auction unless they are granted an exemption.
- 5.3.2. The Authority will review the information provided by the Applicants to determine whether the Authority regards Applicants as being Affiliated or Associated. The Authority may request additional information from the Applicant(s) in order to clarify their status. In the event that the Authority is unable to determine the status of two or more Applicants the Authority reserves the right to treat those Applicants as Affiliated or Associated.

- 5.3.3. An Applicant will be deemed to be Affiliated if the Applicant Controls another Applicant, is Controlled by another Applicant, or is Controlled by any other entity that also Controls another Applicant. In this context, Control means the ongoing power or ability, whether exercised or not, to determine, influence or decide the strategic decision-making activities of an entity, or to manage or run its day-to-day operations through directorship or by way of ownership of shares.
- 5.3.4. An entity (the "Controlling Entity") will be deemed to control another entity (the "Controlled Entity") if:
 - a. The Controlling Entity owns or controls more than 50% of the share capital and / or votes of the Controlled Entity;
 - b. The Controlled Entity typically acts in accordance with the instructions of the Controlling Entity; and
 - c. The Controlling Entity is capable, via whatever means, of influencing the decision making or activity of the Controlled Entity.
- 5.3.5. An Applicant will be deemed to be an Associated Applicant when the Applicant has entered into any partnerships, joint ventures, agreements to merge, consortia or any arrangements, agreements or understandings of any kind, either explicit or implicit, relating to the acquisition or use of any spectrum in the 700 MHz band with another Applicant.
- 5.3.6. Associated Applicants which are both Controlled by a common person or entity shall be required to nominate a single Applicant (either one of the Associated Applicants or the controlling person or entity) which shall be permitted to continue in the Application Process.
- 5.3.7. More than one Associated Licensee having the same common parent shall not be eligible to participate in the Award Process.
- 5.3.8. If an Applicant is found to be Associated or Affiliated with another Applicant, the Authority shall notify the Applicants affected and the deadline by which the Applicants must:
 - a. Apply for an exemption from the rules on relationships between Applicants;
 - b. Nominate a single entity to participate in the Award Process;
 - c. Bring the relationship to an end; or
 - d. Refrain from further participation in the Award Process.
- 5.3.9. The Authority may, at its sole discretion, grant an exemption from the Association or Affiliation of Bidders' rules described above, where the Applicants can demonstrate, to the satisfaction of the Authority, that:
 - a. The Association or Affiliation is temporary;
 - b. The Affiliation or Association has not been established for the purposes of the Award Process;
 - c. The decision-making processes of the Applicants in relation to the Award Process are independent of each other;

- d. A Controlling person or entity cannot influence the decision-making process in relation to the Award Process of more than one Applicant;
 - e. No Associated or Affiliated Applicants, or a person or entity Controlling more than one Applicant, has or will receive information regarding the activities of more than one Applicant in relation to conduct during the Award Process.
- 5.3.10. If the affected Applicants, upon being notified pursuant to Section 5.6, are not granted an exemption, do not nominate a single entity, bring the relation to an end or refrain from participation, the Authority will exclude the Associated or Affiliated Applicants from further participation in the Award Process.
- 5.3.11. If it is not possible to bring the relationship between Associated or Affiliated Applicants to an end before the deadline set by the Authority, and the Authority does not grant an exemption, one of the Applicants may withdraw from the Award Process, so that it is not necessary for the Authority to exclude both Applicants.
- 5.3.12. If an Association or Affiliation is identified after Applicants have been designated as Bidders and the Award Process has been concluded, the Authority may declare the result of the Award Process a nullity.
- 5.3.13. After the Application Date, Applicants, Controlling Persons or Entities, must refrain from actions, such as changes to ownership structures, that establish a relation to another Applicant which result in Applicants becoming Associated or Affiliated. Failure to comply with this rule shall result in the Applicants being excluded from the Award Process and be subjected to a fine equal to the sum guaranteed by the Applicant in the Bank Guarantee described in Section 5.5.
- 5.3.14. If, after the Application Date, there is a change in the information upon which its Application was based, which may have a bearing on its relationship with other potential Applicants, the Applicant must notify the Authority as soon as possible and in any event no later than three Working Days after the date the Applicant knows of such change or should have known about such.

5.4 Eligibility Points

- 5.4.1. A Bidder's activity during the Award Process will be determined by its Eligibility Points. A Bidder's Eligibility Points determine the maximum number of Lots for which a Bidder can express demand. A detailed explanation of the Auction Rules and Eligibility Points is provided in Section 7.
- 5.4.2. At the time of Application, the Applicant must specify the number of Lots it wishes to bid for in the first round of the Award Process based on the Reserve Price and subject to the Spectrum Cap. The first round may be represented by the bid in the Alternative Auction Procedure or the opening round of the Auction Stage.
- 5.4.3. A number of Lots specified in the Application will determine the maximum number of Lots the Applicant will ever be able to bid for during the Award Process.

- 5.4.4. The Bidder's specified number of Lots will determine the requirement for their financial commitment in terms of Bank Guarantee described in Section 5.5.
- 5.4.5. A Bidder will be assigned one Eligibility Point for each 2 x 5 MHz Lot for which it applies and for which it provides an appropriate Bank Guarantee, subject to the Spectrum Caps. A Bidder's initial Eligibility is determined by the total number of Lots successfully applied for.
- 5.4.6. A Bidder is legally bound to bid for the number of Lots it applies for in the first round of the Award Process, a bid that will be equal to its initial Eligibility.
- 5.4.7. The Bidder may amend or withdraw its Application at any time before the Application Deadline. After the Application Deadline no amendment may be made to the Application and a Bidder must bid in the first round and express demand equal to their initial Eligibility Points.

5.5 Bank Guarantee

- 5.5.1. Bid Deposits, Bank Guarantees and Letters of Credit are common features of most auction procedures and are used to avoid uncommitted bidding. For the purposes of this Award Process, a Bank Guarantee will be used as a payment guarantee.
- 5.5.2. The Bank Guarantee should be issued by a bank registered and operating in Tanzania with unequivocal tracking records within the United Republic of Tanzania.
- 5.5.3. The Bank Guarantee will be of a value not less than the Reserve Price per Lot multiplied by the number of Lots applied for. The amount of Bank Guarantee will determine the Bidder's initial Eligibility.
- 5.5.4. The validity of the Bank Guarantee must be until 5:00pm on the 30th July 2018.
- 5.5.5. A sample of an appropriate Bank Guarantee letter is provided in Annex D.

5.6 Definitions of Participants and Conduct

Definitions of Participants, Confidential Information and Exemptions

- 5.6.1. To ensure the integrity of the Award Process Applicants and Bidders, collectively referred to as Participants, must refrain from any activity which may compromise the integrity of the Award Process including the sharing of Confidential Information as defined below. Specific Rules relating to Participant conduct are described in this Section along with the sanctions, which may, at the discretion of the Authority, be applied to those found to be in breach of the Rules.
- 5.6.2. The Rules governing the behaviour of the Participants are applicable from the date of publication of the draft Information Memorandum for Consultation to the date at which the Authority publicly announces the Grant of Licences.

- 5.6.3. For the purposes of the Award Process, Confidential Information is defined as any information which, if known to another Participant, may influence its conduct during the Award Process. Confidential Information includes but is not limited to information related to:
 - a. Participation in the Award Process itself;
 - b. The Participant's business case, spectrum values and bid limits for any combination of Lots; and
 - c. Auction bidding strategy.
- 5.6.4. The definition of a Participant includes any additional entity or person who has knowledge of a Participant's Confidential Information. Such entities or persons may include financiers, consultants, legal advisers, vendors and academics. Applicants must provide a list of such entities or persons in their Application and must notify the Authority of any change to the list.
- 5.6.5. It is possible that a Participant is unaware that it has an entity or person with knowledge of Confidential Information in common with another Participant. If the Authority identifies that two or more Participants have an entity or person in common it shall:
 - a. Notify the Applicants concerned and provide a deadline by which they may apply for an exemption from the Rules relating to such entities or persons;
 - b. Require one or more of the Applicants to end the involvement of such entities or persons in their participation in the Award Process; or
 - c. Exclude the affected Applicants from the Award Process.
- 5.6.6. Applicants seeking an exemption must demonstrate to the Authority that measures have been put in place to ensure that no Confidential Information is shared between Applicants. The Authority may take appropriate actions to verify that such measures exist and are effective. The Authority may, at its sole discretion, grant an exemption from the Rules relating to common persons or entities with access to Confidential Information.
- 5.6.7. If the Authority does not grant an exemption and Applicants do not take adequate steps to rectify the situation to the satisfaction of the Authority, then the Applicants will be excluded from further participation in the Award Process. If the commonality is identified later in the Award Process the Authority may take whatever action it deems necessary to ensure the integrity of the Award Process.
- 5.6.8. If it is not possible to rectify the situation by the deadline set by the Authority and an exemption has not been granted, then one or more of the Applicants may withdraw from the Award Process prior to the deadline so that it is not necessary for the Authority to exclude all affected Applicants.
- 5.6.9. It is possible that Participants have common directors or employees. Participants should take all reasonable measures to identify any director or employee that is connected to more than one Participant. Participants must take all appropriate

measures to ensure that common directors or employees do not result in a breach of the Rules relating to Participant conduct.

Participant Conduct

- 5.6.10. Participants must refrain from any activity which may compromise the integrity of the Award Process. Such activities include but are not limited to:
- a. Submitting false or misleading information as part of its Application or failing to update the Authority in a timely manner in relation to any material change to information provided as part of the Application Process;
 - b. Communicating Confidential Information to any other Participants either by making such information public or by communicating such information directly or indirectly via an intermediary to another Participant and / or seeking to obtain Confidential Information in relation to any other Participant;
 - c. Communicating with other Participants or undertaking any activity with the intention or effect of colluding or coordinating bidding activity within the Award Process in a manner which is likely to distort the outcome of the Award Process or damage the integrity of the Process;
 - d. Entering into agreements with other Participants in relation to the Award Process or the subsequent use of any Licence which may be granted as a result of the Award Process;
 - e. Seeking to communicate directly or indirectly with the Authority or any of its employees or advisers in relation to the Award Process other than by the mechanisms described in the Memorandum; and
 - f. Any other breach of the Award Process Rules.
- 5.6.11. A Participant must notify the Authority as soon as is reasonably practicable if it has evidence or has reasonable grounds to believe that it or another Participant has or may have breached the Rules.

Sanctions

- 5.6.12. If a Participant is found to be in breach of the Rules the Authority may, at its sole discretion, apply a sanction to that Participant. Potential sanctions include, but are not limited to, one or more of the following:
- a. Exclusion from the Award Process;
 - b. Forfeiture of some or all of the Bank Guarantee; and
 - c. Suspension or revocation of the Participant's Licence assigned under the Award Process.
- 5.6.13. The Authority may also seek remedies for a breach of the Rules under Section 45 of the Tanzania Communications Regulatory Authority Act, Cap 172.
- 5.6.14. If a breach of the Rules occurred due to the actions of other entities and persons then the Authority may, at its sole discretion, waive or limit the application of sanctions if it can be shown that the breach occurred without the Participant's knowledge and that

the Participant had taken all reasonable steps to avoid the breach and that the breach has not materially damaged the integrity of the Award Process.

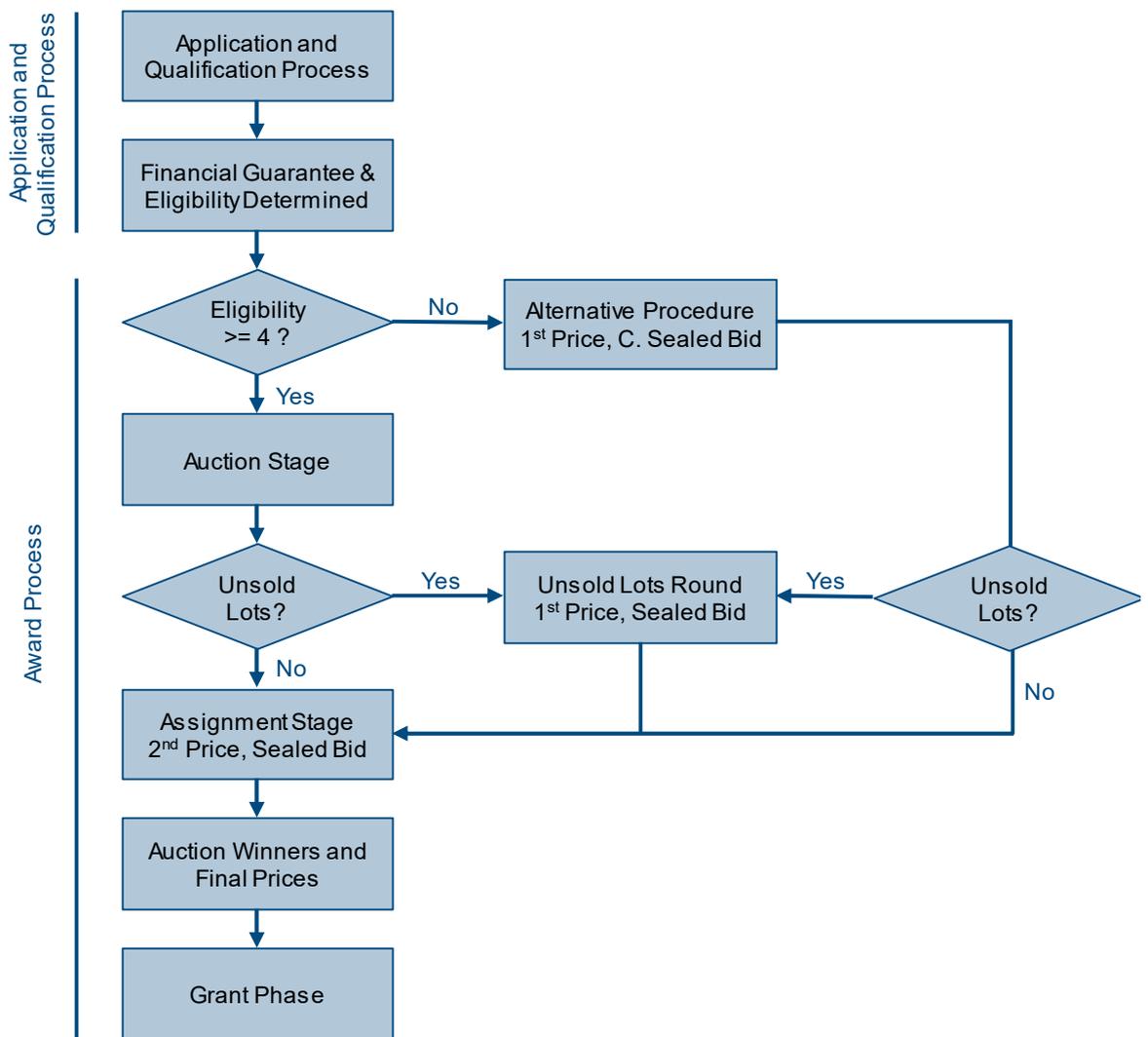
Section 6. The Award Process

6.1 Introduction

6.1.1. This Section provides a detailed overview of the Award Process. Application Instructions and the detailed rules of the Alternative Procedure and the Auction and Unsold Lots Round are described in detail in the remainder of the Memorandum.

6.2 Award Process Overview

Exhibit 5: Award Process



Source: The Authority

6.3 Application and Qualification Process

Information Memorandum Publication and Questions and Answers

- 6.3.1. The Information Memorandum, any updates and additional information will be published on the Authority's website (www.tcra.go.tz). Notifications for the publication of the Memorandum, updates and additional information will also be sent directly to any interested parties that previously registered with the Authority.
- 6.3.2. Any party interested in participating in the Award Process may submit questions in writing to the Authority in relation to any aspect of the Award Process. Questions should be submitted within five working days after the initial publication date of the Memorandum. The Authority expects to respond to all submitted questions within five working days of the Question Deadline.
- 6.3.3. Normally the Authority will respond individually, by email, to the party who submitted the question. The Authority will then consider whether to publish the question and some, or all, of the responses. The Authority will not identify the party that submitted the question. Any party not wishing any part of its question to be published, should clearly mark the relevant part(s) "Confidential" and the Authority will take this into account when deciding whether and what to publish.
- 6.3.4. If appropriate, a set of anonymous submitted questions and responses will be published on the Authority's website and, if necessary, in an updated Memorandum.

Application Stage

- 6.3.5. Detailed instructions for the Application Process are described in Section 9. Applicants are required to complete all of the following tasks by the Application Deadline:
 - a. Complete the Application Form provided in Annex B;
 - b. Provide the requested information;
 - c. Provide 3rd party evidence of the sources of funds;
 - d. Pay the Application Fee;
 - e. Indicate the number of Lots they wish to bid for in the first round of the Award Process;
 - f. Provide a Bank Guarantee equal to the number of Lots they wish to bid for, multiplied by the Reserve Price to determine their Eligibility Points in the opening round of the Award Process; and
 - g. Sign the Declaration in Annex C.

Qualification Stage

- 6.3.6. The information provided by the Applicants will first be reviewed for compliance with the information requirements of the Application Process. Applicants who have not adhered to the requirements of the Application Stage will be deemed to be non-compliant. Applicants who have not provided an appropriate Bank Guarantee will be deemed to be non-compliant. Applicants who have not paid the Application Fee will be

deemed to be non-compliant. Applicants who have provided incomplete, incorrect or inadequate (for example, in the case of network roll-out, business and financing plans) Applications will be notified. The Authority expects to notify any affected Applicants within five working days of the Application Deadline. Applicants will be allowed three working days in which to revise their Application. Any Application which remains materially non-compliant with the requirements of the Application Process may, at the sole discretion of the Authority, be disqualified and the Applicant will not be permitted to participate in any further stages of the Award Process.

- 6.3.7. Compliant Applications will be reviewed against the Rules relating to Associated and Affiliated Applicants. If an Applicant is found to be Associated or Affiliated with another Applicant, the Authority shall notify the Applicants affected and the deadline (the Authority expects that Applicants will have two working days to complete the task) by which time the Applicants must:
 - a. Apply for an exemption from the rules on relationships between Applicants;
 - b. Nominate a single entity to participate in the Award Process;
 - c. Bring the relationship to an end; or
 - d. Refrain from further participation in the Award Process.
- 6.3.8. Applicants which remain non-compliant with the Rules on Associated and Affiliated Applicants may, at the sole discretion of the Authority, be disqualified and the Applicant will not be permitted to participate in any further stages of the Award Process.
- 6.3.9. In parallel with the review of Associates and Affiliates the Authority will also review Applications to identify whether two or more Participants have an entity or person in common (e.g. professional advisers, academics, etc). The Authority will notify the Applicants concerned and provide a deadline (the Authority expects that Applicants will have two working days to complete the task) by which time the Applicant must:
 - a. Apply for an exemption from the Rules relating to such entities or persons; or
 - b. End the involvement of such entities or persons in their participation in the Award Process; or
 - c. Refrain from further participation in the Award Process.
- 6.3.10. Applicants which remain non-compliant with the Rules on common entities or persons may, at the sole discretion of the Authority, be disqualified and the Applicant will not be permitted to participate in any further stages of the Award Process.
- 6.3.11. Compliant Applications which meet the Rules on Associates, Affiliates and common entities or persons will be reviewed against the Qualification Criteria. The Authority may request additional information from the Applicant in order to determine whether the Applicant has met the Qualification Criteria.
- 6.3.12. Following the review of Qualification Criteria, Applicants which have met the criteria will be notified individually that they are Bidders in the Award Process. Applicants which have not met the criteria will also be notified. The Authority expects to notify Bidders within fifteen working days of the Application Deadline.

- 6.3.13. If, at any time during the Award Process an Applicant is found to have submitted information which is materially incomplete or incorrect, the Authority, at its sole discretion, will take whatever measures it regards as appropriate. Appropriate measures may include terminating the Applicant's participation in the Award Process or nullifying the results of the Award Process.
- 6.3.14. The Authority will not make public the identities of Applicants, Bidders and those that were either disqualified or failed to meet the Qualification Criteria.

6.4 Determining the Level of Demand

- 6.4.1. Following the conclusion of the Application Process the total Eligibility Points applied for by all Bidders will be calculated. If the total number of Eligibility Points is less than four then the Alternative Auction Procedure will be adopted as described in Section 8. If the total number of Eligibility Points is equal to four or more the process will move to the Auction Stage as described in Section 7.
- 6.4.2. The notice to Applicants that they are Bidders will also include a notification of which Auction Approach will be adopted along with additional instructions.

6.5 Auction Approaches

- 6.5.1. Either the Alternative Auction Procedure or the Auction Stage will be used to determine the number of Generic Lots to be assigned to each Successful Bidder. Following the conclusion of either the Alternative Auction Procedure or the Auction Stage, if there are any unsold Lots, then an Unsold Lots Round will be completed. On completion of the Alternative Procedure, Auction Stage or the Unsold Lots Round, the Successful Bidders will then participate in the Assignment Stage to determine which Specific Lots they receive.
- 6.5.2. The Auction formats are as follows:
 - a. Alternative Auction Procedure: First Price, Combinatorial Sealed Bid Auction
 - b. Auction Stage: Simultaneous Multi-Round Ascending Auction using Clock Prices
 - c. Unsold Lots Round: First Price, Sealed Bid Auction
 - d. Assignment Stage: Second Price, Sealed Bid Auction for First Selection Rights
- 6.5.3. Detailed Rules are provided for each of the four Auction Formats in later Sections of the Memorandum.
- 6.5.4. In exceptional circumstances, such as technical failures or concerns about possible collusion or breach of the Rules the Authority, at their sole discretion, has the right to:
 - a. Postpone the scheduling of a Round;
 - b. Reschedule a Round that has not yet started but that has already been scheduled;
 - c. Delay the end of a Round in progress;
 - d. Cancel a Round that is in progress or has already been completed;
 - e. Void one or more Rounds and resume the process from an earlier Round;

- f. Grant additional time to a Bidder in which to make a Bid;
- g. Exclude one or more Bidders from the Award Process;
- h. Allow Bidders to submit Bids using alternative means; and
- i. Delay or cancel the Award Process.

6.6 Approach to Random Selections

Where the Award Process requires a random selection, the selection will be performed manually and will be performed by an independent person identified by the Authority. The independent person will be either a lawyer or auditor from the Controller and Auditor General.

6.7 Electronic Bidding System

- 6.7.1. The Auction Stage, Unsold Lots Round if required and the Assignment Stage will be conducted using the Electronic Auction System (EAS). The EAS provides a platform for Bidders to enter bids and to observe the progress of the Auction. It provides real time information on key aspects of the Auction including:
- a. The number of completed Rounds;
 - b. The start time for the next Round;
 - c. The scheduled duration of the next Round;
 - d. The end time for the next Round;
 - e. Whether a Round is currently in progress and a countdown timer to the next deadline; and
 - f. A clock synchronised with the Auction server to aid Bidders in timing the submission of their bids⁴.
- 6.7.2. The EAS also maintains a record of all Bidder activity and Bids to ensure that a full audit trail is available should the results or transparency of the Award Process be challenged.
- 6.7.3. The EAS will be accessible using a standard web browser on the Bidders' premises and via their own hardware. A typical Windows PC or an Apple Mac computer with the current Java installed is sufficient to run the EAS. A reliable Internet connection is also required. A fixed line internet connection is to be preferred to a mobile connection. The technical parameters of the mandatory hardware and software and the parameters of the Internet connection are described in the Annex F and will also be a part of the EAS User Manual which will be distributed to Bidders.

⁴ Bidders should note that the timing of bid submissions are based on the time that bids are received at the server, not the time that they are sent from the Bidder's computer. Bidders are therefore advised to submit bids well before the deadline to account for any possible network delays. Bidders should note that Bids are processed and results are released at the end of each Round, so there is no strategic advantage in delaying the submission of bids.

- 6.7.4. Bidders will also be provided with the contact information for technical support in relation to the EAS as well as the web address of the Electronic Auction System's website.
- 6.7.5. Bidders are also required to have a fax machine and telephone in the event that the Auction process must be implemented manually.
- 6.7.6. The Bidders are responsible for the functioning of their equipment and Internet connection through which they will access the EAS. The Authority recommends that Bidders have at least one backup computer and an alternative Internet connection in place for the duration of the Auction. The EAS, however, only allows a Bidder to be logged in from one computer at any one time.
- 6.7.7. Bidders will be able to access the EAS via a logon procedure using the logon data to be obtained through registration in the Auction system. All Bidders will act as anonymous parties in the EAS. Security of the Auction operator's facilities against attack, against disclosure of the Bidders' identity and against disclosure of a Bidder's bid are provided by the system's hardware and software. The connection between the Bidders' web browser and the system server are secure, protected by the HTTPS coded network protocol and by a system-controlled mandatory minimum level of logon data security.
- 6.7.8. Bidders will each have their own electronic security details to connect to the EAS and will need to ensure that these details are not disclosed to third parties. In the event of any actual or suspected breach of security, Bidders should contact the Authority at the earliest opportunity.
- 6.7.9. The EAS and its individual processes will comprise a set of defaults designed, to the maximum extent possible, to minimise the risk of human error. The protection will be equivalent to the level of protection commonly in place for financial transactions and the entry of a security code will be required to confirm important transactions.
- 6.7.10. The EAS also provides a one-way messaging system that allows the Authority to send notices to Bidders. The messaging system will provide the primary means of communicating with Bidders regarding key aspects of the Award Process. If Bidders need to contact the Authority and cannot do so via the messaging system, they will need to do so in accordance with the communication protocols described in Section 6.9.
- 6.7.11. Bids must be made using the EAS. In the event that technical problems on the part of the Authority mean it is not possible to continue with the Award Process using the EAS the following steps will be taken:
 - a. The process will be suspended until such time that the technical problems are resolved; or
 - b. The Auction Rules will be implemented using manual processes and alternative forms of communication.
- 6.7.12. Should a technical problem on the part of the Authority mean that it is not possible to continue using the EAS, alternative means of communication (telephone and fax) will be used to implement the Rules governing the Award Process. Alternative security

protocols will also be implemented to protect the integrity of the Award Process. The Authority bears no liability however, for any technical problems on the Bidder's side that may hinder a Bidder from connecting to the EAS.

6.8 Bidder Training

- 6.8.1. Before the Auction commences, the Authority will ensure that Bidders are trained on the use of the EAS. Bidders will receive individual training so as not to disclose their identities. The training procedure will comprise the installation of the auction software, running the software, verification of the connection, using the User Interface, submitting the bids, reviewing the result screen, one-way messaging from the auctioneer, troubleshooting of common problems and simulation of typical situations during the auction. The training will take place at the offices of the Authority at a mutually agreed date and time.
- 6.8.2. After the training, each participant will have to submit a written confirmation that she / he is able to use the EAS and no impediments are present for him to participate in the auction process.
- 6.8.3. After all training sessions are over, one or several mock auctions will be performed. The mock auction(s) will be performed remotely at the Bidder's premises.

6.9 Communication Protocols

- 6.9.1. All communications in relation to the Award Process will be in English.

Communication Prior to the Start and End Dates of the Award Process

- 6.9.2. The Authority will publish all relevant information, documents and updates on the Authority's website, www.tcra.go.tz. Registered parties, Applicants and Bidders will be notified when new information is available on the website.
- 6.9.3. Prior to the Award Process Start Date and after the Assignment Stage, Applicants and Bidders can contact the Authority either via email or in writing:

- Email: spectrum.auction@tcra.go.tz
- Post: Director General,
Tanzania Communications Regulatory Authority,
8th Floor Mawasiliano Towers,
20 Sam Nujoma Road,
P.O Box 474,
14414 Dar Es Salaam

Communication During the Award Process

- 6.9.4. Following the Award Process Start Date, the primary means by which the Authority will communicate with Bidders is via the one-way messaging system of the EAS. The Authority may also use phone or e-mail to send individual messages to Bidders.

6.9.5. Bidders cannot use the EAS to contact the Authority and Bidders should not need to contact the Authority other than in exceptional circumstances. In exceptional circumstances, Bidders can communicate with the Authority either by email or telephone during normal office hours.

- Email: spectrum.auction@tcra.go.tz
- Telephone: [***To be provided***]

6.10 Notification and Publication of Results

6.10.1. After the Assignment Stage has been concluded, Successful Bidders will receive a notification from the Authority. The Notification is typically issued two working days after the conclusion of the Assignment Stage. The notification will specify:

- a. The Specific Lots that have been awarded to the Bidder;
- b. The total Auction Price that the Bidder is required to pay; and
- c. The deadline by which payment must be made in full (typically ten working days after the publication of the notice).

6.10.2. The Award Process Results will be published by the Authority on their website and by means of a public announcement. The announcement will contain the following information:

- a. The number of bidders that participated in the Award Process;
- b. The identity of the Successful Bidders;
- c. The spectrum assigned to each Successful Bidder; and
- d. The price paid by each Bidder and the total amount raised in the Award Process.

6.10.3. Participants in the Award Process must not announce or publish information pertaining to the Award Process until after the Authority has made public the results.

6.11 Payment and Bank Guarantees

Award Process Prices and Payment

6.11.1. Bidders are required to make payment in full by the Payment Deadline in accordance with the Results Notification sent by the Authority to Successful Bidders.

6.11.2. Award Process prices will be expressed in United States Dollars but payment may be made in Tanzanian Shillings using the prevailing exchange rate on the day of payment.

6.11.3. Payments should be made to:

- For TZ Shillings:

Azania Bank Limited

Name of account : TCRA Collection Account

Account Number 011011136354270001

- For US Dollars :

Azania Bank Limited

Name of account : TCRA Collection Account

Account number 011011136354270101

- 6.11.4. In case of non-payment, delayed or incomplete payment, the Authority has the right to demand payment under the Bank Guarantee to cover the Auction Price in full or any unpaid portion of the Price. If delayed payment is caused by events constituting force majeure, the Authority will prolong the Payment Deadline accordingly

Return of Bank Guarantees

- 6.11.5. The Bank Guarantee is returned to the Bidder in the following circumstances:
- a. The Applicant was not confirmed as a Bidder;
 - b. The Award Process has been completed and the Bidder was not assigned any Lots;
or
 - c. The Award Process has been completed and the Bidder has paid in full the Price for their Lot(s).

6.12 Granting of Licences

- 6.12.1. The Authority expects to grant Successful Bidders who are existing licensees (incumbent operators) frequency spectrum user Licences five working days after the Payment Deadline and following confirmation that the Successful Bidder has paid in full.
- 6.12.2. Where the Successful Bidder is a new entrant the Authority will grant the frequency spectrum user Licence following receipt of confirmation that the bidder has paid the bid price in full and applied for the National Network Facility, National Network Service and National Application Service Licenses according to the EPOCA licensing regulations.

6.13 Default and Return of the Licences

- 6.13.1. If a Successful Bidder fails to make a payment of the full Auction Price or a part of the Auction Price by the Payment Deadline, the Authority shall demand the bank guarantee and cancelling the award.
- 6.13.2. A Licensee may at any time return a Licence. The Auction Price paid and any other payments relating to the Licence will not be refunded.
- 6.13.3. If a Licensee has their Licence revoked, the Auction Price paid and any other payments relating to the Licence will not be refunded.

6.14 Timings

- 6.14.1. The timings for the key stages of the Award Process are shown in Exhibit 6 below. The timings are based on the assignment of spectrum via the Auction Stage. In the event

that the Alternative Procedure is adopted a revised Award Process Timetable will be issued.

Exhibit 6: Award Process Timetable

Process Step	Indicative Timings (subject to change)
Publication of Information Memorandum and start of the Application Window	[11/04/18]
Deadline for Questions	[18/04/18]
Provision of Answers	[25/04/18]
Application Deadline	[23/05/18]
Confirmation of Bidders	[04/06/18]
Bidder Training	[w/c 04/06/18]
Award Process Start Date	[08/06/18]
Publication of Results	[Expected w/c 18/06/18]
Payment Deadline	[Expected w/c 02/07/18]
Grant of Licences	[Expected w/c 18/07/18]

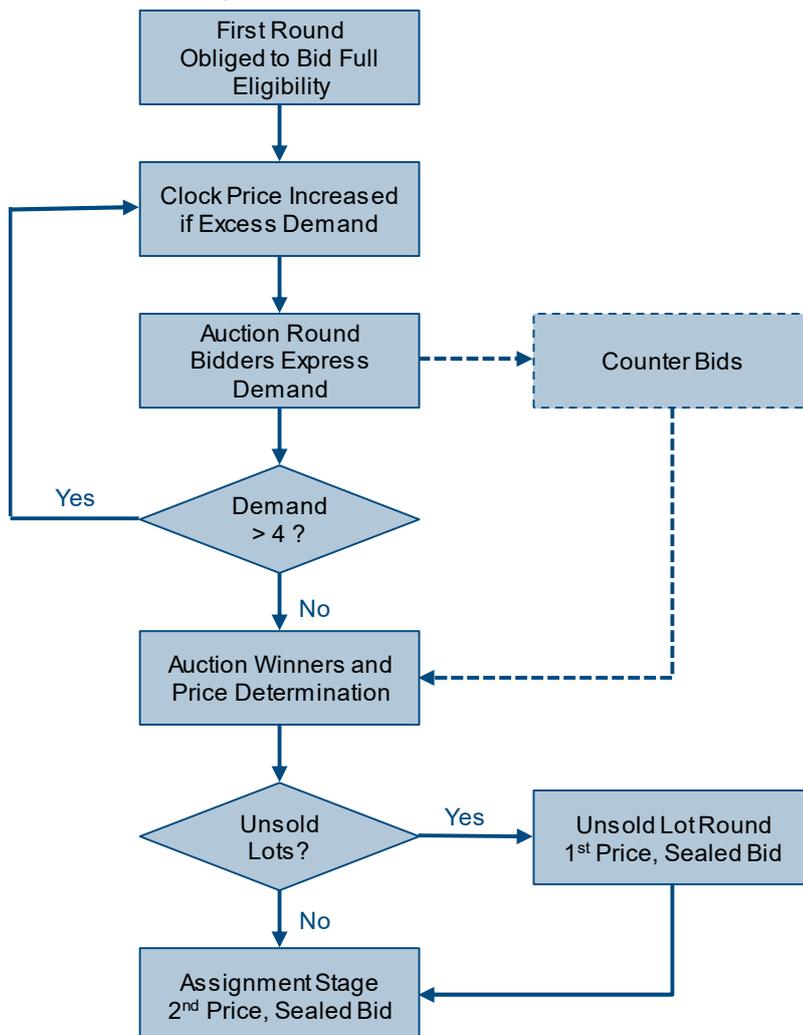
Source: The TCRA

Section 7. Detailed Auction Description

7.1 Auction Process Overview

- 7.1.1. Bidders will compete in a two-stage auction process as shown in the Exhibit and described below:
- Auction Stage: The objective of this stage is to determine how many contiguous, Generic Lots are won by each of the Successful Bidders. The Auction Stage is based on a Simultaneous Multi-Round Ascending Auction using Clock Prices; and
 - Assignment Stage: The objective of this stage is to assign to Successful Bidders an appropriate number of Specific, contiguous spectrum Lots corresponding to the number of generic Lots won during the Auction Stage. The Assignment Stage is based on a 2nd Price, Sealed Bid Auction for First Selection Rights for Specific Frequencies.

Exhibit 7: Two Stage Auction Process



Source: The TCRA

- 7.1.2. The Auction Stage will be based on a Simultaneous Multiple-Round Ascending Auction or SMRA which will determine the number of generic Lots to be assigned to each Successful Bidder. All Lots will be available for auction simultaneously and the price of Lots will increase each round by a variable amount determined by the Auctioneer. During each round, Bidders will indicate how many Lots they are willing to acquire at the published round price.
- 7.1.3. The Assignment Stage will be based on a Second Price, Sealed Bid Auction format and will determine the Specific Lots assigned to Successful Bidders. Lots will be assigned in contiguous blocks to Successful Bidders.
- 7.1.4. The information available to Bidders during the Process and Auction Stage is as follows:
 - a. The identity and the number of Bidders who will not be communicated to other Bidders;
 - b. Information on the current Lot price, auction times and the presence of excess demand is available to Bidders after the conclusion of each of the Auction Rounds;
 - c. The level of excess demand will not be communicated; and
 - d. The identities and the number of the Bidders that are active in the Auction Stage will not be disclosed to other Bidders.

7.2 The Auction Stage

Timing of Auction Rounds

- 7.2.1. Auction Rounds take place on working days between 10:00 a.m. and 5:00 p.m. All Bidders will be notified through the EAS of the start time for each Auction Round at least 5 minutes in advance. Each Auction Round lasts maximum of 45 minutes. However, an Auction Round will be automatically concluded at the moment when all Bidders with a positive number of Eligibility Points have submitted a Bid. All Bidders will be informed that a round is concluded through the EAS. The following Round will typically commence 5 minutes after the conclusion of the previous Round.

Auction Price

- 7.2.2. In any Auction Round, the current Auction Price is the per Lot price announced by the Auctioneer before the start of the Round.

Submission of Bids

- 7.2.3. Bidders will place their bids through a bidding form available on the EAS interface. This form will display the current Auction Price and will allow Bidders to choose the number of Lots they wish to acquire at the current Auction Price.
- 7.2.4. The EAS interface will also allow the bidder to submit Counter Bids, see Section 7.2.24 below.

- 7.2.5. Bids are only accepted during the Auction Round.
- 7.2.6. The EAS will allow the Bidders to submit Bids that are compliant with the Rules of the Auction. If a Bid is non-compliant the EAS will notify the Bidder and will allow the Bidder to change the Bid. Only compliant Bids will be accepted by the EAS.
- 7.2.7. All compliant Bids are binding and cannot be withdrawn once submitted.
- 7.2.8. If a Bidder does not submit a bid before the end of an Auction Round, the Bidder will automatically receive an extension of 30 minutes for submitting its bid. After the automatic extension, the Bidder can request an additional extension of 30 minutes for submitting its bid. If a Bidder fails to submit a bid at the end of the extensions (a maximum of 60 minutes), the EAS will automatically submit a bid for zero Lots for the Bidder. Each Bidder is permitted three extensions of up to 60 minutes each in total during the Auction Rounds of the Auction Stage comprising the automatic extension and the additional extension if requested. After a Bidder has exercised their right to 3 extensions the EAS will automatically submit a bid for zero Lots for the Bidder. When the EAS automatically submits a bid for zero Lots for a Bidder, the Bidder is not allowed to submit Counter Bids.

Activity Rule

- 7.2.9. The Activity Rules place constraints on Bidders in terms of how they can bid during the Auction. Activity Rules are designed to ensure the orderly conduct of the auction, to promote efficiency and price discovery and to deter some forms of gaming or strategic bidding.
- 7.2.10. The activity of the Bidders within the Auction Phase is limited by the number of Eligibility Points that a Bidder has available in a given Auction Round.
- 7.2.11. In the First Auction Round, the Initial Eligibility Points of a Bidder is determined by the number of Lots applied for and the corresponding Bank Guarantee.
- 7.2.12. In any other Auction Round, the number of Eligibility Points is equal to the number of Lots for which the Bidder bid in the last concluded Auction Round (excluding Counter Bids).
- 7.2.13. Therefore, in the event that a Bidder in a given Auction Round bids for a number of Lots which is lower than the number of its Eligibility Points in the round, the number of its Eligibility Points for the next Auction Round is reduced accordingly.
- 7.2.14. Eligibility cannot increase within a round or between rounds. Once a Bidder has reduced their Eligibility it can never increase.
- 7.2.15. If the number of Eligibility Points of a Bidder drops to zero in any auction round, then the Bidder loses the opportunity to participate in the next Auction Round.

The First Auction Round

- 7.2.16. The first Auction Round starts with the concurrent commencement of the auction of all Auction Lots at the Reserve Price.
- 7.2.17. In the first Auction Round, each Bidder is required to submit a Bid for a number of Lots equal to its Initial Eligibility Points. The EAS will automatically submit an appropriate Bid on behalf of each Bidder.

Next Auction Rounds

- 7.2.18. The current Auction Price and the time of the start of the next round will be announced no later than [5] minutes before the start of the next auction round.
- 7.2.19. Bidders then choose the number of Lots they wish to acquire at the current Auction Price, subject to the limits on minimum spectrum holdings and the number of their Eligibility Points.
- 7.2.20. Total Demand in an Auction Round is equal to the total number of Lots on which Bidders bid in the round (excluding Counter Bids).
- 7.2.21. There is Excess Demand at the end of an Auction Round if Total Demand is strictly higher than four (4).
- 7.2.22. If there is Excess Demand at the end of any Auction Round, the Auction Phase proceeds to the next Auction Round, with a new Auction Price that is higher than the Auction Price in the last concluded Round. The Auctioneer announces the new Auction Price prior to the start of a new Auction Round.
- 7.2.23. Price increments between each Round will be between 1% and 10% of the Auction Price in the last concluded Auction Round. The level of the Price Increment will be determined by the Auctioneer. Price increments will become smaller as the auction progresses.
- 7.2.24. A Counter Bid is a per Lot price chosen by the Bidder for either a single Lot or a combination of Lots. In the case of a Counter Bid for a combination of Lots, this will be considered a combinatorial bid, and the Bidder will never be awarded a subset of its Counter Bid (e.g., if the Counter Bid is for two Lots, the Bidder will never be awarded just 1 Lot if its Counter Bid is accepted).
- 7.2.25. Counter Bids will only be considered in relation to the determination of Successful Bidders and Lot prices if the Bids are made in the Final Round of the auction.
- 7.2.26. A Counter Bid is required to represent a per Lot price which must be higher than the Auction Price in the last concluded Auction Round, and lower than the Auction Price in the current Auction Round.
- 7.2.27. A bidder is required to submit one or more Counter Bids whenever the Bidder reduces its Eligibility i.e., in any Auction Round in which he bids for a number of Lots that is strictly lower than its Eligibility Points.

- 7.2.28. As an example, if a Bidder has two Eligibility Points in an Auction Round and bids for zero Lots, the bidder is required to submit:
- a. Either one Counter Bid for a combination of two Lots; or
 - b. One Counter Bid for one Lot; or
 - c. Two counter bids one for one lot and one for two lots
- 7.2.29. As a further example, if a Bidder has two Eligibility Points in an Auction Round and bids for one Lot, the bidder is required to submit a Counter Bid for one Lot.

The Final Auction Round

- 7.2.30. The Final Auction Round is the round at the end of which Total Demand is less than or equal to four.
- 7.2.31. This concludes the Auction Phase.

7.3 Auction Stage Winners and the Final Auction Price

- 7.3.1. If Total Demand is equal to four in the Final Auction Round, the Bidders who bid in the Final Auction Round are declared the Successful Bidders and are assigned the number of Lots on which they bid in the Final Auction Round.
- 7.3.2. If Total Demand is strictly lower than four in the Final Auction Round, the Auctioneer will consider Counter Bids submitted in the Final Auction Round. The Auctioneer will accept those Counter Bids that maximise Auction revenues, subject to the constraint of the total number of Lots available. If there is more than one combination of submitted Counter Bids which maximises revenue, then the following conditions will be applied in the order in which they are described:
- i. The combination of Counter Bids that maximises the amount of spectrum sold will be accepted;
 - ii. The combination of Counter Bids that maximise the number of bidders assigned spectrum will be accepted; and
 - iii. The combination of Counter Bids accepted will be selected at random.
- 7.3.3. The Bidders who bid in the Final Auction Round and the Bidders whose Counter Bids are accepted are declared the Successful Bidders. Successful Bidders are assigned the number of Lots on which they bid in the Final Auction Round and, in addition, are assigned the number of Lots relating to their Counter Bids accepted by the Auctioneer.
- 7.3.4. Successful Bidders who bid in the Final Auction Round will pay the Auction Price in the Final Auction Round for the Lots on which they bid in the Final Auction Round. Bidders who win Lots as a result of their Counter Bids will pay the per Lot price of their Counter Bids for those Lots.

7.4 Unsold Lot(s) Round

- 7.4.1. If there is an unassigned Lot after the Final Auction Round and after considering Counter Bids, there will be an Unassigned Lot Round.
- 7.4.2. Successful Bidders are allowed to submit best and final bids based on a First Price, Sealed Bid Auction for this Lot, subject to the limits on spectrum holdings. The Auctioneer will assign this Lot to the Successful Bidder that submitted the highest bid (the Winner of the Unassigned Lot Round) and will require this Successful Bidder to pay its Bid. Ties are broken randomly.
- 7.4.3. The Reserve Price for the Unassigned Lot Round will be equal to the initial Reserve Price of the Auction Phase in the case where demand is equal to or greater than four Lots. In the case where demand is strictly less than four Lots and the Alternative Procedure is adopted with a reduced Reserve Price then the reduced Reserve Price will also be applied to the Unsold Lot(s) Round.
- 7.4.4. The Unsold Lot(s) Round will be conducted using the EAS in the first working days following the end of the Final Auction Round. All Bidders will be notified through the EAP of the start time of the Unsold Lot(s) Round at least 60 minutes in advance. The Unsold Lot(s) Round lasts 60 minutes.

7.5 Information Disclosure

- 7.5.1. Prior to the start of the Auction, the identities of the qualified bidders will not be announced.
- 7.5.2. Throughout the Auction Phase, all Bidders will have available the following information:
 - a. Overview of all Auction Rounds and the associated Auction Prices;
 - b. Presence of excess demand in the last concluded Auction Round. However, Bidders will not be informed about the amount of Total Demand in any Auction Round;
 - c. Overview of the number of Lots for which the Bidder submitted a bid in the last concluded Auction Round, and the associated Auction Price;
 - d. The number of Eligibility Points of the Bidder for the upcoming Auction Round; and
 - e. Timing information appropriate to the stage of the Auction.
- 7.5.3. Before the start of each Auction Round all Bidders will receive, through the EAS, a message that will contain the following information:
 - a. The time of the start and end of the next Auction Round;
 - b. The Auction Price for the next Auction Round;
 - c. The number of Eligibility Points of a Bidder for the next Auction Round; and
 - d. When an Auction Round is in process, all Bidders will be informed about the time remaining until the end of the current Auction Round.
- 7.5.4. After each Auction Round is concluded, all Bidders will be informed whether the Auction Phase has concluded or whether there is Excess Demand.

- 7.5.5. After the end of the Auction Phase, each Winning Bidder will be informed of the number of Lots acquired and the Final Auction Price that it will have to pay for each of those Lots. Bidders will be informed of which of their Counter Bids has been accepted, if any.
- 7.5.6. No additional information will be provided prior to the Unsold Lot(s) round.
- 7.5.7. After the end of the Unsold Lot Round, the Winner of the Unassigned Lot(s) Round will be informed of the price to be paid for the Lot(s).
- 7.5.8. After the Auction Phase and Unassigned Lot Rounds are concluded, if there is one, all Bidders will be delivered a Notice of the Results of the Auction by the Auctioneer with the following information:
 - a. Identification of the Successful Bidders and the number of Lots that they acquired;
 - b. The Final Auction Price per Lot;
 - c. Identification of the Bidders whose Counter Bids have been accepted, if there are any, and the price to be paid; and
 - d. Identification of the winner of the Unassigned Lot Round, if there is one, and the price to be paid.

7.6 The Assignment Stage

- 7.6.1. The objective of this stage is to assign to Successful Bidders an appropriate number of specific, contiguous spectrum Lots corresponding to the number of generic Lots won during the Auction Stage (including the Unsold Lot Round).
- 7.6.2. The assignment of specific Lots will take the form of a series of sequential selections by Successful Bidders under the constraint that all Successful Bidders must obtain contiguous Lots. The order in which the Successful Bidders will make their selections will be determined by the Assignment Auction.
- 7.6.3. In the Assignment Auction, individual Successful Bidders will submit a Second Price, Sealed Bid for the right to make the first selection (First Selection Right) of Specific Lots. A Bid must be a strictly positive price. The Selection Rights will be assigned according to the prices bid by Successful Bidders.
- 7.6.4. The Assignment Auction will be conducted in the first working days following the end of the Final Auction Round or of the Unsold Lot(s) Round, if there is one. All Bidders will be notified through the EAP of the start time of the Assignment Auction at least 60 minutes in advance. The Assignment Auction lasts 60 minutes.
- 7.6.5. The Assignment Auction process will be conducted as follows:
 - a. After the end of the Auction Phase an invitation to submit a bid and accompanying bid form for the First Selection Right will be delivered to all Successful Bidders.
 - b. The form and bid submissions will be delivered over the EAS.
- 7.6.6. At the end of the Assignment Auction, Successful Bidders will be invited, in order, to select specific blocks of radio frequencies, under the constraint that all Successful

Bidders must obtain contiguous Lots. Each Bidder will have 10 minutes to select a specific block.

- 7.6.7. The order of selection of specific auction blocks will be determined according to the following rules:
 - a. The First Selection Right will be acquired by the Successful Bidder that offered the highest price;
 - b. The remaining Successful Bidders will be ranked in a descending order according to their bids;
 - c. In the case of equality of two or more bids, the ranking of the Successful Bidders concerned will be determined on the basis of the number of Lots that they acquired in the Auction Phase. The Successful Bidder who has acquired a higher number of Lots will be ranked higher;
 - d. If the Successful Bidders cannot be ranked according to the rule (c) above in case of equality of two or more bids, the ranking will be determined by random selection.
- 7.6.8. Successful Bidders that do not submit a bid for a First Selection Right will be randomly assigned specific blocks, after the selection by all other ranked Successful Bidders.
- 7.6.9. Each Successful Bidder will pay a price determined according to the Second Price rule, which means that each Successful Bidder will pay the price bid by the Successful Bidder that ranked just after them. Therefore, the Successful Bidder that ranked first will pay the price offered by the Successful Bidder that ranked second. For the Successful Bidder that ranked last, the price will automatically be set at zero.
- 7.6.10. All prices paid in the Assignment Phase are paid in addition to the Final Auction Price paid for the Lots obtained in the Auction Phase and the price paid by the Winner of the Unassigned Lot Round.
- 7.6.11. There is no Reserve Price in the Assignment Stage. The only requirement is that Bids are a strictly positive price.

Section 8. Alternative Auction Procedure

8.1 Procedure

- 8.1.1. The Alternative Auction Procedure will be adopted when total Eligibility is less than four points.
- 8.1.2. Under the Alternative Auction Procedure, the Reserve Price will be reduced by an amount determined by the Authority and the reduced Reserve Price will be published. The reduction will not be disclosed prior to the adoption of the Alternative Procedure.
- 8.1.3. Following the publication of the reduced Reserve Price, the Application Process will be reopened and those who have already made an application will have the option to revise their preferred number of Lots. Applications will also be accepted during this period from those who had not previously applied. The Application Process will remain open for a further 30 calendar days.

8.2 Auction Mechanism

- 8.2.1. The Alternative Procedure is a First Price, Combinatorial Sealed Bid Auction. The procedure contains the following features:
 - a. Bidders only have one round in which to bid;
 - b. Bidders will not be aware of the bids of other Bidders;
 - c. Bidders are bidding for Generic Lots;
 - d. Bidders bid the prices they are prepared to pay for different quantities of Lots;
 - e. Bidders can submit multiple bids for any number of Lots (subject to maximum spectrum limits). For example, a Bidder can place a bid for one Lot and another bid for two Lots; and
 - f. Successful Bidders are liable to pay the amount of their successful bid (a First Price rule).
- 8.2.2. Following the submission of all bids the Authority will determine the feasible combination of submitted bids that maximises total auction revenues subject to:
 - a. At most one bid per Bidder is accepted; and
 - b. The total number of Lots sold is at most four.
- 8.2.3. If there is more than one combination of submitted bids which meet the criteria above, then the following conditions will be applied in the order in which they are described below:
 - i. The combination of bids that maximises the amount of spectrum sold will be selected;
 - ii. The combination of bids that maximise the number of bidders assigned spectrum will be selected; and
 - iii. The winning bids will be selected at random.

- 8.2.4. Those feasible combinations of bids meeting the criteria above will be determined as the winning bids and the bidders who submitted them will be the Successful Bidders.
- 8.2.5. If the process described above results in one or more Lots remaining unsold then the process described in the Unsold Lot(s) round will be adopted which is described in Section 7.4.
- 8.2.6. Each Successful Bidder pays its bid and acquires the number of Lots associated with its winning bid.
- 8.2.7. Specific Lots are then allocated as per the Assignment Stage described in Section 7.6.

Section 9. Application Instructions

9.1 Application Procedure and Deadline

9.1.1. The Application must contain:

- a. Three hard copies of the Application Information listed in Sections 9.2, 9.2.8, 9.4 and 9.5.
- b. Three electronic copies (e.g. three memory sticks, CDs, etc) of the same information in editable format (e.g. Word, Excel or PowerPoint, but not PDF or similar unless these are images or scans of documents which cannot be provided in editable form).
- c. A completed copy of the Application Checklist in Annex E.

The Application documents must be delivered in a sealed package and marked only with the words "APPLICATION FOR PARTICIPATION IN 700 MHz SPECTRUM AUCTION, 2018" and addressed to:

- Director General,
Tanzania Communications Regulatory Authority,
8th Floor Mawasiliano Towers,
20 Sam Nujoma Road,
P.O Box 474,
14414 DAR ES SALAAM, TANZANIA.

9.1.2. The Application Deadline is 16:00 hours (East African time) on the 23 of May, 2018.

9.1.3. Applications must be delivered by courier and the method of delivery must not reveal the identity of the Applicant.

9.1.4. All Applications will be dated and time stamped.

9.1.5. An Application can be re-submitted in full at any time up to 16:00 hours (EA time) on the 23 of May, 2018 and the previous submission will be destroyed by the Authority. On the submission of a subsequent Application the Applicant must return the receipt for the previous submission.

9.1.6. Any Application received after the Application Deadline will not be opened and will not be considered by the Authority.

9.1.7. No Applications will be opened by the Authority before 16.00 hours (EA time) on the closing date for receipt of Applications.

9.1.8. Applicants are subject to an enduring obligation to inform the Authority of any material change in their circumstances which affect the information provided in the Application Process.

9.2 General Information

- 9.2.1. Completed and signed Application Form, see Annex B.
- 9.2.2. Appropriate evidence that the two persons signing the Application Form are duly authorised by the Applicant to do so. Appropriate evidence would include:
 - a. A board resolution from the Applicant; and
 - b. An irrevocable power of attorney.
- 9.2.3. Appropriate evidence that the three persons who will be bidding on behalf of the Applicant ("Authorised Agents") are duly authorised by the Applicant to do so. Appropriate evidence would include:
 - a. A board resolution from the Applicant;
 - b. An irrevocable power of attorney; or
 - c. Equivalent evidence from an Applicant not based in Tanzania and supported by a legal opinion from a registered legal firm in the Applicant's country of domicile.
- 9.2.4. The completed and signed declaration to abide by the rules of the Award Process, including restrictions on Confidential Information and Applicant Conduct, see Annex C.
- 9.2.5. Proof of payment of the Application Fee of USD 1,000 or its equivalent in Tanzanian Shillings to the following Bank Account:
 - For TZ Shillings:

Azania Bank Limited
Name of account : TCRA Collection Account
Account Number 011011136354270001
 - For US Dollars :

Azania Bank Limited
Name of account : TCRA Collection Account
Account number 011011136354270101
- 9.2.6. Certified copies (certified by the commissioner for oaths) of the following for the Applicant:
 - a. Memorandum and Articles of Association for registered companies;
 - b. Certificate of incorporation for registered companies;
 - c. Or certificate of compliance for companies from abroad;
 - d. Certificate of tax payer identification number (TIN) for companies registered in Tanzania;
 - e. Tax Clearance Certificate; and
 - f. The most recent Official Search Report from the Registrar of companies.
- 9.2.7. In the case of consortiums, the following Information must be provided:
 - a. Members of the consortium;

- b. Legal documentation indicating the structure of the consortium;
 - c. Confirmation that the joint venture or consortium shall be jointly and severally liable for meeting the terms of the Licence;
 - d. For each consortium member:
 - i. Memorandum and Articles of Association for registered companies;
 - ii. Certificate of incorporation for registered companies;
 - iii. Or certificate of compliance for companies from abroad;
 - iv. Certificate of tax payer identification number (TIN) for companies registered in Tanzania; and
 - v. Tax Clearance Certificate
 - e. The Declaration in Annex C must be signed by all members of any Consortium.
 - f. An identified lead member who shall have the authority to bind the consortium who shall be appointed by written a power of attorney and the power of attorney should be provided.
- 9.2.8. The Authority reserves the right to request any further information in relation to this Award Process, at the sole determination of the Authority, to determine whether the participation of the Applicant complies with the Laws of United Republic of Tanzania, is aligned with the policy objectives of the Authority and complies with the Rules of the Award Process.

9.3 Information Related to Associates, Affiliates, Entities and Persons

- 9.3.1. In the case of consortiums, all the information listed below must be provided for all members of the consortium.
- 9.3.2. The complete ownership / shareholding structure of the Applicant with sufficient information to identify the identity of the ultimate parent / owner and / or controlling interest in the Applicant.
- 9.3.3. The identity of any person or entity that the ultimate parent / owner and / or controlling interest of an Applicant knows or might reasonably believe to be also Associated or Affiliated with another Applicant.
- 9.3.4. Where an Applicant is aware of an Association of Affiliation with another Applicant and wishes to seek an Exemption on the Rules associated with such relationships the Applicant should provide the grounds for being provided with an Exemption.
- 9.3.5. The identity of persons or entities who have knowledge of the Applicant's Confidential Information and who the Applicant either knows, or may reasonably expect to have knowledge of another Applicant's Confidential Information. For identified persons or entities the following should be provided:
- a. Name;
 - b. Position; and
 - c. Organisation.

9.4 Network and Operational Information

- 9.4.1. For Applicants who are existing operators in Tanzania, should submit evidence of their existing operations as follows:
- a. Certified copies of the National Network facility, National Network service and National Application Licence; and
 - b. Audited accounts for the last three years.
- 9.4.2. Applicants who are not existing operators in Tanzania must provide:
- a. Company profile;
 - b. Information related to the experience and expertise of providing telecommunication services in other markets similar to Tanzania;
 - c. Audited accounts for the last three years;
 - d. An appropriately detailed annual, technical network roll-out plan which demonstrates its ability to meet the network coverage and quality of service obligations of the Licence Conditions described in Section 3.6. The plan should include, as a minimum:
 - i. Spectrum and technology strategy;
 - ii. Coverage maps;
 - iii. The number and type of sites at the end of each year;
 - iv. Transmission and back-haul plan;
 - v. Network equipment deployed;
 - vi. Equipment cost assumptions;
 - vii. Total Annual Network related Capital Expenditure.
 - e. An appropriately detailed business plan that demonstrates the Applicant's ability to operate the network and provide telecommunication services in Tanzania. The plan should include as a minimum:
 - i. Organisational structure;
 - ii. Executive board members and their CVs;
 - iii. Products and services plan at launch;
 - iv. Sales, marketing and distribution strategy;
 - v. Operations;
 - vi. Customer service;
 - vii. Billing.
- 9.4.3. All Applicants must demonstrate their ability to meet the financial requirements of paying at least the Reserve Price for the Licence, building and operating the network and providing telecommunication services by:
- a. Providing an appropriately detailed financial plan which indicates the annual and total funding requirement for the build and operation of the network and provision of telecommunication services until such time that the operation becomes self-funding. The financial plan should contain as a minimum (10 -year annual projections for the following):
 - i. Population growth, population size, penetration and market size;

- ii. Market share and Applicant's customer base;
 - iii. ARPU, Total Revenue and Annual Revenue Growth;
 - iv. Costs of Sale (i.e. interconnection, customer acquisition and retention), Gross Profit and Gross Profit Margin;
 - v. Operating Costs, separately identifying network operations;
 - vi. EBITDA and EBITDA margin;
 - vii. Total Capital Expenditure, separately identifying network capex and replacement capex;
 - viii. Total Capex / Sales ratio;
 - ix. Operating Free Cash Flow (EBITDA less Capex) and Operating Free Cash Flow margin (Op. FCF / Sales);
 - x. Free Cash Flow (EBITDA, adjusted for changes in working capital, less Capex and Unlevered taxes); and
 - xi. Cumulative Free Cash Flow and Peak Funding requirement.
- b. An appropriately detailed financing plan which demonstrates the amount and timings of the sources of funds which will be used for meeting the funding requirement; and
 - c. Independent evidence of the availability of the funds identified in the financing plan.

9.5 Demand for Lots and Bank Guarantee

The Applicant must specify the number of Lots for which it is legally bound to make a bid in the Award Process. The number of Lots applied for must be consistent with the Spectrum Cap detailed in the Memorandum. The Applicant must also confirm the amount of the Bank Guarantee which it has provided which equates to the number of Lots for which it has applied. For the avoidance of doubt an Applicant can only bid for the number of Lots specified in its Application Form, subject to the cap and the provision of an appropriate Bank Guarantee. Furthermore, the Applicant is legally bound to bid for this number of Lots in the Award Process.

Annexes

Annex A. Glossary of Key Terms

Activity Rules: Rules governing the Bids that each Bidder can make in successive rounds based on Bids submitted by the Bidder in previous rounds and their associated Activity.

Applicant: An entity that submits an Application to the Authority to participate in the Award Process.

Application: The Application to participate in the Award Process made by an Applicant. A valid Application is a binding commitment to pay at least the Reserve Price for the number of Lots applied for.

Application Deadline: The date by which Applicants must submit an Application to participate in the Award Process together with the required monetary deposit and supporting documentation.

Application Form: The Application Form as set out in Annex B of this document, to be delivered as part of an Application as set out in Section 9 of this Memorandum.

Application Process: The stage of the Award Process described in Section 6.3 of this Memorandum, which runs from the day on which the Information Memorandum is published up to and including the Application Date.

Assignment Round: The auction procedure to determine the Specific Lots assigned to Successful Bidders for Generic Lots.

Associate: As defined in 5.3 of this document.

Bidder: An Applicant which has been designated a Qualified Bidder

Auctioneer: The Telecommunication Communications Regulatory Authority of Tanzania.

Authorised Agent: A person who the Applicant has notified to the Authority is entitled to bind an Applicant contractually in relation to the Award Process.

Award Process: The overall process through which it is intended that rights of use of spectrum will be granted in the event that at least one Applicant submits a valid Application for at least one Lot at the stated Reserve Price.

Band: The 700 MHz band.

Bank Guarantee: A guarantee from a reputable bank ensuring the liabilities of the debtor will be met.

Bid: A binding offer to buy a Lot or Lots for a specific monetary amount.

Bidder: An Applicant that has submitted a compliant Application and which has met the Qualification Criteria.

Broadband: Transmission capacity that is faster than primary rate integrated Services Digital Network (ISDN) at 2.0 Megabit per second (Mbps).

Confidential Information: Details of what may constitute Confidential Information for the purposes of this Award Process are provided in Section 5.6.

Controlled Entity: As defined in Sub Section 5.3.4 of the Memorandum.

Controlling Entity: As defined in Sub Section 5.3.4 of the Memorandum.

Electronic Auction System (EAS): The system used for running the Auction. Specifically, this will be used by Bidders to check and submit Bids during the Auction Stage (where required) and the Assignment Stage of the Auction (except in exceptional circumstances).

EPOCA : The Electronic and Postal Communication Act Chapter 306.

Eligibility: The maximum capacity to Bid for Lots in the current round of the Auction. This is expressed in terms of Eligibility Points and is determined initially by the number of Lots applied for at the Application Stage and subsequently by previous activity in the Auction Stage.

Eligibility Points: The numerical expression of a Bidder's ability to make further Bids.

Excess Demand: Demand for Lots that exceeds supply of Lots of the laws of Tanzania.

First Price Rule: In a First Price, Sealed Bid Auction bidders place their bids in an envelope and the highest bidder wins and pays the amount of their highest bid.

Generic Lot: A Lot containing Lots that can be bid for by any Bidder that do not relate to specific frequency ranges.

Information Memorandum: This Information Memorandum including all of the Annexes and Schedules hereto.

Initial Eligibility: The number of Eligibility Points that a Bidder has in the opening Round and which is determined by the number of Lots applied for in the Application Stage.

Licence: Liberalised Use Licence, a Preparatory Licence or an Existing GSM Licence as the case may be and "Existing Licensee" and "Licensee" shall be construed accordingly.

Lot: A 2 x 5 MHz block of spectrum in the 700 MHz band.

Notification and Grant Stage: The stage of the Award Process during which Auction Prices are paid by Successful Bidders, and Licences are granted to Successful Bidders.

Payment Deadline: The last day upon which Successful Bidders can pay the Auction Price.

Qualified Bidder: An Applicant who, following consideration of its Application by TCRA, has been informed, in accordance with Section 6.3.12 that its Application is compliant and that it has met the Qualification Criteria and that it is entitled to participate in the Award Process.

Qualification Stage: A stage of the Award Process during which TCRA assesses Applications to be allocated Lots in the Award Process submitted before the deadline for Applications, evaluates which Applications are valid and determines which Applicants qualify to become Qualified Bidders in the Award Process. Based on the level of demand for Lots by Qualified Bidders, these Bidders will either be allocated the Lots in their respective Applications or Bid for Lots in the Main Stage of the Auction.

Reserve Price: The minimum price that must be paid for a Lot in order for the Lot to be assigned.

Round Schedule: The scheduled start and end time of a round.

Rules: Rules, procedures and obligations relating to the Award Process and including the various Auction formats that constitute the Award Process.

SMRA: Simultaneous Multi Round Ascending auction – an auction where multiple lots are auctioned simultaneously in an auction comprising a number of rounds and where the prices of the lots increase in each round.

Second Price Rule: In a Second Price, Sealed Bid Auction bidders place their bids in an envelope and the highest bidder wins and pays the amount of the second highest bid.

Specific Frequencies: The frequency ranges associated with Specific Lots.

Specific Lot: A 2 x 5 MHz block of spectrum which has two specific frequency ranges associated with it, one of which is used for uplink and one of which is used for downlink.

Spectrum Caps: Explicit maximum limits set on the amount of spectrum that any one Bidder can be awarded in the Award Process.

Annual Administrative Spectrum Fees: Annual Fees which a Successful Bidder must pay in respect of spectrum rights of use assigned in the Award Process.

Working Day: A day on which the clearing banks are open for business in Tanzania.

Annex B. Application Form

Name of Applicant	
Full Address	
Contact person	Name _____ Address _____ _____ Email _____ Telephone _____
Name and position of the 2 persons signing the Application Form	<u>Person 1</u> Name _____ Position _____ <u>Person 2</u> Name _____ Position _____
Authorised persons (3) who will be responsible for bidding.	<u>Person 1</u> Name _____ Address _____ Email _____ Telephone _____ <u>Person 2</u> Name _____ Address _____

	<p>Email _____</p> <p>Telephone _____</p> <p><u>Person 3</u></p> <p>Name _____</p> <p>Address _____</p> <p>Email _____</p> <p>Telephone _____</p>
<p>Number of Lots</p>	
<p>Amount of Bank Guarantee</p> <p>Number of Lots x Reserve Price</p>	
<p>Authorised signatures</p>	<p><u>Person 1</u></p> <p>Signed _____</p> <p>Date _____</p> <p><u>Person 2</u></p> <p>Signed _____</p> <p>Date _____</p>

Annex C. Declaration

Name of Authorised Person 1 and Name of Authorised Person 2, being Authorised Agents of _____ (the "Applicant") hereby undertake, warrant and declare on behalf of the Applicant, that:

- a. The Applicant is entitled to participate in the Award Process and has obtained all the necessary approvals to do so;
- b. The information contained with the Applicant's Application is correct;
- c. The Applicant will inform the Authority of any material change to the information provided in its Application;
- d. To the extent that it is reasonably practical for the Applicant to do so, the Applicant confirms that it is not Associated or Affiliated with another Applicant or another entity which might reasonably be expected to be an Applicant;
- e. The Applicant will take all reasonable measures to ensure that Confidential Information is not disclosed to another party other than those who need access to the Confidential Information in order to perform their role in relation to the Applicant's participation in the Award Process;
- f. The Applicant will refrain from any action that could have an adverse effect on the Award Process;
- g. The Applicant shall comply with the Rules of the Award Process as contained in the Memorandum;
- h. The Applicant confirms that it has the financial resources to meet its obligations under the terms of the Memorandum and to meet the Licence Conditions and Obligations were it to be assigned spectrum through the Award Process.

Applicant Name: _____

Signed for and on
behalf of the Applicant: _____

(Signature of those persons who are empowered to bind the Applicant or otherwise authorised to bind the Applicant).

Name of Signatory in
block capitals: _____

Date: _____

If the Applicant is a partnership, joint venture or equivalent, the declaration must also be signed by the relevant partners or participants:

As partner / participant _____

Name of Signatory in
block capitals: _____

Date: _____

Annex D. Bank Guarantee

TO: The Director General,
Tanzania Communications Regulatory Authority,
Mawasiliano Towers,
20 Sam Nujoma Road,
P.O Box 474,
14414 DAR ES SALAAM
TANZANIA

BANK GUARANTEE FOR 700 MHz SPECTRUM AUCTION

According to the payment provision included in the Information Memorandum for Spectrum Auction of 700 MHz Section 5.5 to provide as initial bid payment of reserve price, (name and address of Applicant) hereinafter called "the Bidder or Applicant" shall deposit with the Tanzania Communications Regulatory Authority (the Authority) a Bank Guarantee to guarantee its proper and faithful participation in the Auction in the amount of (amount of guarantee in figures and words).

We, the (bank), as instructed by the Bidder, agree unconditionally and irrevocably to guarantee as primary obligatory and not as surety merely, the payment to the Authority on its first demand without whatsoever right of objection on our part and without its first claim to the Bidder, in the amount not exceeding (amount of guarantee in figures and words).

We further agree, confirm and guarantee that no change or addition to or other modification of the terms of the Information Memorandum and Auction Rules thereunder or of any documents which may be made between the Authority and the Bidder, shall in any way release us from any liability under this guarantee, and we hereby waive notice of any such change, addition, or modification.

This guarantee shall remain valid and in full effect until 30th July, 2018, subject to any extension which may be endorsed by the Authority in lieu.

Signature and seal of the Guarantors

.....

(Name of bank)

.....

(Address)

.....

(Date)

Annex E. Application Checklist

Tick the boxes to ensure that all the required information is included in your application.

A complete application must consist of the following:

- | | | |
|----|---|--------------------------|
| 1. | Completed and signed application form (Annex B) | <input type="checkbox"/> |
| 2. | Completed and signed Bank Guarantee (Annex D) | <input type="checkbox"/> |
| 3. | 3 hard copies and 3 electronic copies (memory stick / CD) of the following: | <input type="checkbox"/> |
| 3a | Evidence of authorisation to sign the application form | <input type="checkbox"/> |
| 3b | Evidence of authorisation to bid on behalf of the applicant | <input type="checkbox"/> |
| 3c | Signed Declaration (Annex C) | <input type="checkbox"/> |
| 3d | Proof of payment of the application fee | <input type="checkbox"/> |
| 3e | Certified copies of Memorandum and Articles of Association, Certificate of Incorporation or Certificate of Compliance, Certificate of tax payer identification number and Tax Clearance Certificate | <input type="checkbox"/> |
| 3f | In the case of consortiums: members of the Consortium, legal documentation of the structure of the consortium, confirmation of joint and several liability for meeting the terms of the Licence, certified copies of Memorandum and Articles of Association, Certificate of Incorporation or Certificate of Compliance, Certificate of tax payer identification number and Tax Clearance Certificate for each consortium member, a signed Declaration for each Consortium member, and a power of attorney for the authorised signatory on behalf of the consortium. | <input type="checkbox"/> |
| 3g | Information relating to Associates, Affiliates, Entities and Persons if applicable as set out in Section 9.2.8 of the IM document. | <input type="checkbox"/> |
| 3h | Network and Operational Information as set out in Section 9.4 of the Information Memorandum (IM) document | <input type="checkbox"/> |
| 4. | Completed Checklist | <input type="checkbox"/> |

Annex F. Auction Software IT Requirements

- F.1.1. List of Specifications and Requirements for the contracting authority's and auction participants' SW and HW necessary for their ability to access the electronic auction platform and to take part in the Auction:
- a. Software
 - i. Windows (7, 8 or 10); OS X or any current Linux distribution with GUI
 - ii. Oracle Java 8 with working "Java Web Start" installation
 - iii. Any browser, which supports Java Web Start: e.g.: Mozilla Firefox, Google Chrome or Internet Explorer (current version)
 - iv. Adobe Reader (current version)
 - b. Hardware
 - i. current x86 or x86-64 processor (> 1 GHz)
 - ii. min. 1 GB free RAM for applications
 - iii. min. 1 GB free disk space
 - iv. screen resolution: min. 1024x768px, recommended min. 1280x1024px
 - c. Internet
 - i. reliable IPv4 internet connection (to check certificate)
 - ii. direct connection to port 443 to auction server
 - iii. Internet Provider which allows persistent connections
 - iv. min. 1 Mbit/s upload and download speed
 - v. latency (ping time) < 100ms to major internet nodes
 - d. Optional
 - i. installed printer for printing protocols
 - ii. working sound output for notification signal
 - iii. backup internet connection

Annex G. Draft Licence

TCRA/RSUL/XX/2018

THE UNITED REPUBLIC OF TANZANIA
TANZANIA COMMUNICATIONS REGULATORY AUTHORITY
ISO 9001:2015 CERTIFIED



LICENCE GRANTED UNDER

**THE ELECTRONIC AND POSTAL COMMUNICATIONS ACT, CHAPTER 306
OF THE LAWS OF TANZANIA**

AND

**THE TANZANIA COMMUNICATIONS REGULATORY AUTHORITY ACT, CHAPTER
172 OF THE LAWS OF TANZANIA**

BY THE TANZANIA COMMUNICATIONS REGULATORY AUTHORITY

TO

FOR

**THE USE OF 700 MHz RADIO FREQUENCY SPECTRUM RESOURCE
IN THE UNITED REPUBLIC OF TANZANIA**

DATE: JULY, 2018

LICENCE GRANTED BY TANZANIA COMMUNICATIONS REGULATORY AUTHORITY TO FOR THE USAGE OF 700 MHz RADIO FREQUENCY SPECTRUM RESOURCE IN THE UNITED REPUBLIC OF TANZANIA

1.0 DEFINITION

In this licence, unless stated otherwise or the context otherwise requires: -

- 1.1 **"Acts"** means the Tanzania Communications Regulatory Authority Act, Chapter 172 of the Laws of Tanzania, and the Electronic and Postal Communications Act, Chapter 306 of the Laws of Tanzania;
- 1.2 **"Authority"** means the Tanzania Communications Regulatory Authority;
- 1.3 **"Licence"** means authority to use radio frequency spectrum resource and operate radio station (s);
- 1.4 **"Licensee"** means

2.0 SCOPE OF THE LICENCE

- 2.1 The Authority hereby grants a licence to in accordance with Section 6 of the Tanzania Communications Regulatory Act, Chapter 172 of the Laws of Tanzania and Sections 4, 71 and 72 of the Electronic and Postal Communications Act Chapter 306 of the Laws of Tanzania.
- 2.2 This licence authorises the Licensee to use 700 MHz radio frequency spectrum resource herewith assigned with specifications as contained in the **Appendix - Radio Frequency Assignment Specifications**.

3.0 DURATION ,FEE AND RENEWAL OF THE LICENCE

- 3.1 The term of this Licence shall be 15 years from the issuance date;
- 3.2 The validity of this Licence shall be subject to payment of annual administrative spectrum fee of United State Dollars forty thousands (USD 40,000) or its equivalent in Tanzanian Shillings per 2x5 MHz block which may be reviewed periodically to reflect spectrum management costs of the Authority;
- 3.3 This licence shall terminate upon expiry of the licence term;
- 3.4 On expiry the licence may be renewed in favour of the licensee subject to efficiency, competition, technological developments, and the licensee's compliance to the licence conditions; and
- 3.5 Upon renewal the spectrum shall be subjected to payment of annual usage licence fees.

4.0 COMPLIANCE WITH THE LAW

The Licensee shall comply with the provision of the Acts and other laws of the United Republic of Tanzania.

5.0 COMPLIANCE WITH REGULATORY REQUIREMENTS

Notwithstanding the Licensee's compliance to regulatory requirements provided under the Acts and Regulations, the licensee shall comply with the following conditions:-

- 5.1 ensure efficient usage of radio frequency spectrum resource;
- 5.2 ensure avoidance to harmful interference at all times;
- 5.3 meet the following mobile broadband coverage obligations:-
 - i. by end 2021, population coverage equal to 60%;
 - ii. by end 2024, population coverage equal to 90%;
 - iii. prove compliance with the coverage and Quality of Service obligations subject to verification by the TCRA.
- 5.4 meet the quality of service requirements as set out in the Quality of Service Regulations;
- 5.5 meet coverage and quality of service obligations stated in 5.3 and 5.4 through any technology or combination of spectrum bands to which the Licensee has the rights of use;
- 5.6 meet all technical conditions based on relevant international standard in order to minimise interference issues with Digital Terrestrial Television and ensure coexistence with 800MHz 3GPP band 20.

6.0 INDEMNITY

The Licensee shall indemnify the Authority against any claims or proceedings arising from any breach or failings on the part of the Licensee in relation to this licence.

7.0 SAFETY MEASURES

The Licensee shall in respect of services operated, maintained or offered under this licence take all proper and adequate safety measures to safeguard life or property, including exposure to any electrical emission or radiations emanating from equipment or installation from such operations.

ISSUED AT DAR ES SALAAM ON THIS DAY OF JULY, 2018.

.....
DIRECTOR GENERAL
TANZANIA COMMUNICATIONS REGULATORY AUTHORITY

.....
IN THE PRESENCE OF THE SECRETARY TO THE BOARD

APPENDIX

RADIO FREQUENCY ASSIGNMENT SPECIFICATIONS

.....

WIRELESS ACCESS FREQUENCIES

S/ NO	TRANSMISSION SYSTEM	FREQUENCY BAND (MHz)	CHANNEL BANDWIDTH ASSIGNED (MHz)	ASSIGNED FREQUENCIES (MHz)	AREA OF OPERATION
1	Wireless Access	700	2*..... (Uplink) (Downlink)	National