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Definitions

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

Applicant

- An entity wishing to apply for the issuance of an additional license to provide Public Mobile Telecommunications Service in Jordan

IMT 2000

- IMT 2000 (International Mobile Telecommunications 2000) is a term used by the International Telecommunication Union to describe the third generation mobile telephony suitable for deployment of advanced high speed radio telecommunications services and associated spectrum.

Incumbents

- Existing licensed Public Mobile Telephone (Cellular) operators

Operators of Public Mobile Wireless Services

Term referring to:

- The licensed operators of Public Mobile Telephone (Cellular) Services (Incumbents)
- The licensed operator of Trunked Radio Dispatch Services
- The licensed operator of Radio Paging Service

Public Mobile Telecommunications Operator

- A licensee authorized to provide public mobile telecommunications services

Shareholder

- Shareholder: person (individual or corporation) who owns shares in the Applicant's entity.

Significant shareholder

- any shareholder holding ten percent or more held either individually or collectively, directly or indirectly.

Subsidiary

- any entity in which the Applicant has, directly or indirectly an ownership interest of at least five percent.

TELECOMMUNICATIONS REGULATORY COMMISSION

**Program for Further Licensing within the Mobile Telecommunications
Sub-sector in Jordan**

CONSIDERING THAT:

The Government's Policy Statement on the Information and Communications Technology Sector and Postal Sector dated September 4th 2003 (Policy Statement), and specifically, the government's goals in the mobile telecommunications sub-sector (Section 2.1, paragraphs 31 and 33) include the following:

"It is a policy goal that through the effects of competition, the cost of services to businesses and consumers be lowered from present levels, with the particular aim of mobile service being made affordable to a greater proportion than at present"; and
"It is a policy goal to stimulate the direct and indirect employment creation potential of a more competitive, technologically advanced and much expanded mobile sector, which will have enjoyed the benefits of private sector and foreign investment."

Section 2.1, paragraph 21 of the Policy Statement requires that the present duopoly conditions in the mobile telecommunications sub-sector should cease and *"the sub-sector be opened to further competition in the supply of services, on, or at the earliest opportunity following, 1 January 2004;"*

In accordance with the Government policy as articulated in the Policy Statement, the TRC intends to license a new Public Mobile Telecommunications operator in accordance with the *1995 Telecommunications Law, as amended*.

On October 12, 2003, the TRC issued a public consultation document "Notice requesting public comment on the licensing of a new mobile operator in Jordan," whereby the public was invited to submit comments regarding all issues relevant to the licensing and operation of a new mobile operator.

The TRC has received comments from interested parties by means of written documents and through public comments made at the Public Forum held by the TRC on October 23, 2003, in Amman to address the issues in the public consultation document noted above as well as to provide information for prospective Applicants.

Based on the TRC's analysis of the comments provided by all interested parties and following detailed consultation with the Ministry of Information and Communications Technology, the TRC decides the following with regards to the mobile license application process for an additional Public Mobile Telecommunications Operator:

1. Pre-qualification

1.1 Pre-qualification Requirement: In order to demonstrate that an Applicant has the capability to successfully build and operate a Public Mobile Telecommunications network in Jordan, the Applicant will be required to participate in a pre-qualification process that will be announced subsequent to the publication of the final licensing guidelines by the TRC.

1.2 Eligibility to Apply: The TRC will offer an additional license in accordance with Section 2.1, paragraph 24 of the Statement of Policy, which states: “*at least a third infrastructure-based operator under different ownership will be licensed in addition to those already operating in the sector (in addition to the operators in the trunking sub-sector or other radio telecommunication services).*”

The currently licensed Operators of Public Mobile Wireless Services and their Significant Shareholders are not eligible to apply for the new mobile license. Applicants with a direct or indirect ownership of less than 10 percent in the currently licensed Operators of Public Mobile Wireless Services will be required to demonstrate that they have no active role in the decision making or management of said operators. Applicants must also demonstrate that they or their Shareholders have no substantial ownership (10 percent or more either individually or collectively, directly or indirectly) in any possible organizations that may be a competing Applicant for the new Public Mobile Telecommunications license.

1.3 Pre-qualification submission requirements: The Applicant shall have direct experience in the operation of a public mobile telecommunications service provider and will be required to submit detailed information with respect to public mobile telecommunications operations in which the Applicant, any of Applicant's subsidiaries or any of the Applicant's Significant Shareholders have been involved. In the pre-qualification submission, the Applicant must demonstrate the following:

1.3.1 That the Applicant, any of the Applicant's significant shareholders or any of Applicant's subsidiaries have been involved for a minimum of three years (i.e. commercially launched no later than September 2000) in the operation of at least one commercial public mobile telecommunications network service provider utilizing globally-approved, standard-based digital technologies for a minimum of three years provided that such involvement has taken place within the last five years.

1.3.2 That the Applicant, any of the Applicant's significant shareholders or any of Applicant's subsidiaries have been able to provide funds or obtain financing to support capital contributions needed to support the business ventures identified in the pre-qualification submission. Detailed supporting documentation will be required in support of this requirement.

1.3.3 Confirmation that the Applicant, any of the Applicant's significant shareholders or any of Applicant's subsidiaries have never had a telecommunications operating license revoked as a result of any inability to meet pre-established license terms and information regarding whether they have been sanctioned by a regulatory authority for non-performance of license terms or been subject to any pending legal action by a regulatory body regarding non-compliance. This confirmation should be obtained from the competent regulatory authority wherever possible. In

circumstances where written confirmation cannot be obtained, a sworn and notarized statement from the Applicant, any of the Applicant's significant shareholders or any of the Applicant's subsidiaries will be accepted in lieu of the regulatory confirmation.

1.3.4 The Applicant will be required to submit a series of pre-qualification documents that will include but not be limited to: a detailed overview of the Applicant, any of the Applicant's significant shareholders and any of the Applicant's subsidiaries' operating experience; any licenses held in the telecommunications industry over the last five years; details of any financing activities over the last five years as they relate to examples of experience submitted; three years of audited financial statements for the Applicant and associated entities as applicable; articles of incorporation; bylaws; certificates of commercial registration and detailed corporate organization charts identifying the relationship between the Applicant, the Applicant's significant shareholders and the Applicant's subsidiaries.

1.3.5 Applicants who fail to meet the pre-qualification criteria may subsequently participate in the license application process provided that they are members of a consortium in which there is a pre-qualified Applicant.

1.3.6 In accordance with Article 28 of the Telecommunications Law, the TRC reserves the right to disqualify any Applicant if the TRC makes a determination that award of the license to such Applicant would "*lead to an anti-competitive environment in the market*" for telecommunications services in Jordan or would be contrary to the national interests of Jordan.

2. License Application Process

2.1 General Process: The TRC will award an additional Public Mobile Telecommunications license to provide services utilizing a comparative evaluation process pursuant to Article 25 of the Telecommunications Law with clearly defined license application submission requirements and evaluation criteria.

2.2 License Application Submission Structure: For the purposes of participating in the license application process, the pre-qualified Applicant and members of its consortium must incorporate a Jordanian company prior to license application submission. There are no minimum shareholding requirements with respect to the individual consortium members, including the pre-qualified Applicant, either in the consortium or in the Jordanian incorporated company. Furthermore, there are no restrictions with respect to the participation of manufacturers or government owned entities provided that they comply with the eligibility terms stipulated in Section 1.2.

2.3 Capability of License Application Consortium: The TRC will conduct a thorough examination of the license application consortium structure and the individual members of the consortium in order to ensure that the consortium has the requisite financial and technical strength and capability to construct and operate a Public Mobile Telecommunications network in Jordan and in order to confirm that the consortium is in compliance with Section 1.2.

2.4 License Application Submission Requirements: Prospective Applicants will be required to submit a detailed license application document which may include, but not necessarily be limited to, the following components:

- Consortium Structure, Description and Supporting Financial and Legal Documentation
- Network Design and Implementation
- Service Rollout and Coverage Plan
- Marketing Plan(including advanced services)
- Tariff Plan
- Customer Care Plan
- Organization Plan
- Business Plan
- Proposals regarding Specific Measures to Benefit Jordan

2.5 Evaluation of License Application Submissions: Evaluation of the license applications submitted will be conducted by a TRC evaluation committee comprised of subject matter experts. Each submission will be thoroughly examined with respect to the following:

- Completeness, accuracy and logical flow of the information
- Adherence to and compliance with the submission requirements

Evaluations will be conducted using a point allocation process. Each of the individual components of the license application as listed above will be examined in detail and will be ranked in terms of the quality and thoroughness of the content in accordance with the point allocation matrix which the TRC will apply.

3. Licensing of a new Public Mobile Telecommunications Operator

3.1 Number of licenses: The TRC will select one additional national Public Mobile Telecommunications operator by means of an open and transparent application process that will be initiated by the License Application process described above in Section 2.

3.2 Ownership restrictions: In accordance with Article 2.1, paragraph 24 of the Statement of Policy which states: “*at least a third infrastructure-based operator under different ownership will be licensed (in addition to the operators in the trunking sub-sector or other radio telecommunication services)*”, the new licensee may not have substantial ownership (10 percent or more either individually or collectively) by any competing operator of public mobile wireless services. Consistent with Section 2.1, paragraph 25 of the Policy Statement “*no unjustifiable impediment must be imposed to particular potential entrants to the market, including those related to nationality of ownership, flows of capital and other similar matters.*”

3.3 Operating License Exclusivity: There will be no exclusivity of any kind for either the new Public Mobile Telecommunications licensee or for MobileCom and FastLink after December 31, 2003. Concerning international traffic, until December 31st, 2004, Jordan Telecom is the only licensee legally authorized to provide international services, accordingly the new mobile operator must terminate international traffic on Jordan Telecom’s network until January 2005 as stipulated in the Interconnection Guidelines. The TRC will issue international services licensing guidelines prior to January 2005.

3.4 Term and Duration of License: The new mobile operator will be issued an operating license for a term of 15 years, which will be eligible for renewal in accordance with Article 38 of the Telecommunications Law. The new Public Mobile Telecommunications license will include an objective and transparent license renewal method, whereby the TRC will verify that the licensee has complied with its legal and regulatory obligations.

3.5 Spectrum allocation: The TRC has selected the frequency bands that are the most appropriate for advanced services deployment and that offer the most availability and the greatest ease for evacuation; therefore the TRC is making available 2 x 15 MHz in the 1800 MHz and 1900 MHz bands as well as 2 x 5 MHz in the 900 MHz band, with the Applicant making the choice of which spectrum bands it prefers. The Applicant must choose 2 x 15 MHz in the 1800 MHz or 1900 MHz frequency ranges and may also choose up to 2 X 5 MHz in the 900 MHz frequency range as outlined below:

880-885 MHz / 925-930 MHz
1710-1725 MHz /1805-1820 MHz
1895- 1910 MHz /1975-1990 MHz

These bands are currently occupied by the Jordanian military and will be evacuated according to normal military spectrum evacuation procedures. The required period of time for evacuation is 9 months after the payment of the cost of such evacuation by the new licensee.

3.6 IMT 2000 Spectrum Allocation (2GHz band): It is the TRC's intent to offer this additional spectrum to the then existing Public Mobile Telecommunications licensees upon a showing of need. Fees for such additional spectrum will be determined based on the TRC's spectrum tariff schedule, an additional fee based on an estimate of the value of such spectrum as determined based on internationally accepted valuation methods and an evacuation fee to be determined by the Jordanian Military.

3.7 Spectrum License and Spectrum Fee: The Applicant must also obtain a spectrum license following applicable TRC procedures. The fees for the use of spectrum in Jordan are currently established in accordance with the TRC's published spectrum license tariff schedule, available on the TRC's web site. The spectrum license will be awarded following payment of the applicable costs of evacuation as specified by the current military users and made effective at the time the spectrum is actually evacuated.

3.8 Technology Neutrality: The new licensee has the flexibility to select the technology to be deployed as no explicit standard will be imposed as a license condition. The licensee will be allowed to use any technology feasible for the provision of state of the art mobile telecommunications service as long as the technology is digital, is approved by an international standards body, deployed commercially and permits the provision of advanced services. In order to provide parity where feasible and give the Incumbents the same flexibility, the TRC will remove the license conditions relating to technology imposed on the Incumbents as defined in Section 4 – *Amendments to Existing Licenses*.

3.9 State of the Art Technology: Consistent with Section 2.1 paragraph 27 of the Government's above mentioned Policy Statement which specifically requires that "*Jordan gains a mobile communications environment that is technologically advanced and at least comparable, and preferably superior, to those of its peer states*", the TRC encourages the deployment of advanced communication services. Based on the foregoing, the Public Mobile Telecommunications license will explicitly include a provision authorizing the mobile licensee to implement technology to ensure the deployment of advanced mobile telecommunications services, including high data rate services and to enable the availability of a variety of advanced services such as high speed internet access, video-telephony, location based applications, e-payment services/solutions, etc.

3.10 Service Roll-out Requirement: The new licensee will be subject to minimum timing and coverage requirements as outlined below:

- **Phase 1**
 - coverage of the central governorates of Jordan (Capital, Zarqa, Balqa and Madaba) no later than the second anniversary of the effective date of the spectrum license
- **Phase 2**
 - coverage of the northern and southern governorates of Jordan no later than the third anniversary of the effective date of the spectrum license
- **Phase 3**

- coverage of the highways connecting the central area to the northern area and the southern area of Jordan no later than the fourth anniversary of the effective date of the spectrum license

The TRC will include a requirement in the Public Mobile Telecommunications license to verify compliance with build-out or coverage area obligations in an objective method using international best practices.

3.11 Infrastructure Sharing: The new licensee may make use of the infrastructures, facilities and services of existing licensees, on cost based terms, including an adequate return on capital, which will be determined by the TRC following public consultation, prior to, and in addition to, availability of its own infrastructure and facilities. Under the terms of Article 6.2.1.4 of their current licenses, the Incumbents shall agree to *“lease to such other service providers, on a non-discriminatory basis, facilities (rooms, towers, ducts, cable, etc.) under the control of the licensee and required for use by such others, it being understood that the licensee shall not be required to construct new facilities for lease to such other service providers hereunder.”* The TRC will hold a Public Consultation to address issues related to Infrastructure Sharing as well as Mobile Number Portability and National Roaming. The licenses of the existing operators may be modified in accordance with the Public Consultation.

3.12 National Roaming: The Incumbents will be required to allow roaming on their networks for the new licensee, to the extent technically feasible, so that the new licensee can offer nationwide service as expeditiously as possible. The TRC will sanction the unjustified denial for the provision of facilities for roaming or any discriminatory practices used to impede roaming. In order to encourage rapid network build-out, this requirement will expire in the following manner:

- central governorates of Jordan (Capital, Zarqa, Balqa and Madaba): 2 years after the effective date of the spectrum license
- Rest of Jordan: 4 years after the effective date of the spectrum license

The licenses of the existing operators may be modified in accordance with rules and guidelines that will be issued by the TRC following the Public Consultation.

3.13 Interconnection: The new licensee will have the right to interconnect its public telecommunications network with other licensed public telecommunications networks in Jordan immediately upon beginning operations pursuant to the TRC’s Interconnection Guidelines.

3.14 Mobile Number Portability: Mobile number portability will be introduced in accordance with the rules and guidelines that will be issued by the TRC following the Public Consultation.

3.15 License Fees: In addition to the spectrum utilization and evacuation fees referenced in Sections 3.5 and 3.7, the new licensee will be required to pay the following:

- Mobile Telecommunications license fee of 4M JD
- Operating license fee of JD 100,000 in the first year

- For subsequent years the increase in the Operating License Fee shall represent the Licensee's proportional share of the budgeted annual operating expenses of the TRC, plus amortized amounts of the capital expenditure, incurred by TRC in regulatory operations related to the Service, excluding radio spectrum management costs.
- Revenue sharing as per other Public Mobile Telephone(Cellular) licensees

4. Amendments to existing licenses

4.1 License amendment of Incumbents and license parity: In order to ensure parity as much as reasonably possible of the Incumbents and the new licensee, the TRC will amend the licenses of the Incumbents regarding the specific matters discussed in this document. Such amendments will be in accordance with the process set forth in the Telecommunications Law. The timing of the effective date of the applicable license amendments and authorization to utilize additional spectrum will be determined in the Public Consultation process referenced in Sections 3.11, 3.12 and 3.14.

4.2 Assignment of Additional Spectrum: The TRC will provide an opportunity for the Incumbent licensees to request an additional spectrum. Therefore, the TRC will make spectrum available to the Incumbent licensees in the 900 MHz, 1800 MHz and 1900 MHz bands upon request and a showing of need. The bands currently occupied by the Jordanian military will be evacuated according to normal military spectrum evacuation procedures. The required period of time for evacuation is 9 months after the payment of the cost of such evacuation to the Military by the Incumbent licensee requesting the spectrum. Fees for such additional spectrum will be determined based on the TRC's spectrum tariff schedule plus an additional fee based on an estimate of the value of such spectrum as determined based on internationally accepted valuation methods.

5. Anticipated Timing of License Application Process

Mid – end November, 2003

- Release of pre-qualification documents to interested parties
- Public Consultation regarding Infrastructure Sharing, Mobile Number Portability and National Roaming

Beginning to mid December, 2003

- Final date for submission of pre-qualification questions

Mid December, 2003

- Pre-qualification submissions due

Mid December, 2003 to beginning of January, 2004

- Pre-qualified Applicants announced; distribution of license application documents to pre-qualified Applicants

Beginning to mid January, 2004

- Qualified Applicants' meeting

Mid February, 2004

- License application submissions due

End of February/beginning of March 2004

- Announcement of winning application

March/April 2004

- License award completed