

BOTSWANA COMMUNICATIONS REGULATORY AUTHORITY



APPLICATION AND ASSESSMENT PROCEDURES FOR

**CONTENT SERVICE PROVIDER (CSP) LICENCE – DIGITAL
TERRESTRIAL TELEVISION BROADCASTING SERVICES IN
BOTSWANA**

FOR THE

BOTSWANA COMMUNICATIONS REGULATORY AUTHORITY

SECTION 1

1. Introduction

1.1. The Botswana Communications Regulatory Authority (“BOCRA/the Authority”) is a statutory body established under the Communications Regulatory Authority Act of 2012 (The Act). The Authority is mandated to apply the provisions of the Act in a manner which promotes efficient provision of communications services throughout the country. The Act is available from Government Printers in Gaborone, Botswana or may be obtained at the following website: <http://www.bocra.org.bw>

1.2. In line with its mandate, as spelled out in the Communications Regulatory Authority Act, 2012, the Botswana Communications Regulatory Authority (BOCRA or the Authority) seeks to create a conducive environment for broadcasting development in Botswana by licensing operators for the provision of Digital Terrestrial Television (DTT) services. The licensing of DTT is intended to bring benefits that were previously not realised by the analogue broadcasting environment. These benefits include;

a) Ease of market entry and increased competition: New innovative broadcasting service providers will be accommodated in the market and this will create stimulus for increased competition. Of particular importance are those service providers who provide solutions relevant to emerging markets like Botswana. Service providers have an opportunity to only concentrate on services they are capable of providing e.g content

integrator would only concentrate on content not on signal distribution e.t.c.

b) Consumer/ Audience Choice: As more players and more applications and products are introduced in the market, consumers/audience will have a variety of options

c) Diversification: Specialised application and content service providers will be able to participate in diversification away from traditional broadcasting. A new opportunity exists for mobile broadcasting services and data services.

d) Economic Inclusion: With unbundling of licences, SMME's will be granted opportunity to become broadcasting service providers within small niche markets.

2. Licence Scope

2.1. A CSP licensee will provide sound, visual and data broadcasting for Television (TV) on a commercial basis by means of a broadcasting system operating within the frequency bands approved by the Authority. The licensee will be responsible for all the obligations of programming and population coverage expansion as shall be specified in the licence. CSP can aggregate content and provide service into consumer orientated packages (bouquet).

3. License Fees

3.1. Application fee

As per Broadcasting (Fees) Regulation 2005, Commercial Broadcasting services application fee is P5,000.00. These fee must accompany the application and is not refundable.

3.2. Annual Fee

An annual fee for operation of the Content Service Provider shall be 1% of the net operating revenues of the CSP or as the Authority may advise, payable within three months after the end of each operational year; the licensee shall submit audited financial statements to the Authority annually within 90 days of the end of the financial year.

3.3. Amendment Fee

An Amendment fee shall be charged for any application for an amendment of the original licence conditions by more than 15%, there shall be charged an Amendment Fee which shall be determined by the Authority in line with the scope of the proposed amendments, but which shall not exceed the original application fee

3.4. Renewal Fee

Renewal Fee shall be identical to application fee.

4. Ownership

4.1. Ownership shall be limited to wholly citizen owned and majority owned service providers. The Authority defines “significant shareholding” to be at least 65% of the shares for CSP television licence.

5. Application Submission

5.1. A hardcopy of the proposal shall be submitted to the Authority premises

5.2. The applicant can also submit a soft copy of the proposal

5.3. Faxed applications will not be considered

6. Submission Format

6.1. The following items shall comprise **“The Proposal”**;

6.2. The ‘Proposal’ shall address in detail, the requirements stipulated in the Application and Assessment Procedure, Terms of References and shall include, inter alia;

6.3. Certified copies of shareholding or directorship documents. Applicants who do not have shareholding shall provide a confirmation letter stating the same. Where necessary the evaluation committee may, during evaluation stage, verify the authenticity of attached documents with respective offices indicated to have issued the documents. Submitted falsified documents shall result in the rejection of the application.

6.4. Certified copy of Certificate of Incorporation or applicable certificate.

SECTION 2: ASSESSMENT PROCEDURE

7. The evaluation will be carried out in 2 stages as shown below:

Stage 1: This first (1st) stage does not accrue any score but rather is used to check whether the applicants have submitted all necessary documents;

Stage 2: The Technical Evaluation takes a total of 100 points;

7.1. Stage 1:

At this stage, the applications will be checked for compliance with the stipulated necessary requirements. The check list shown at Table 1 below will be used for evaluation at Stage 1. Applications which pass this stage will proceed to Stage 2 of the evaluation. Applicants who do not pass this stage will be informed in writing to submit the outstanding documentation.

Table 1: Stage 1 Check

	<u>Description</u>	<u>Yes</u>	<u>No.</u>
1.	Name of the Company and its physical and postal Addresses		
2.	An overview of the company structure covering subsidiary companies, holding companies, financial backers.		
3.	The locations of depots, agents and service centres appropriate to the supply of the services outlined in this document shall be included in this overview.		
4.	Certified Copies of shareholding or directorship documents.		
5.	Certified copy of Certificate of Incorporation or applicable certificate.		
6.	At least 65% of shareholders should be citizens of Botswana		

Any applicant who does not comply with the above stage 1 check list will not be considered in the further stages of evaluation until they submit the required documentation.

7.2. Stage 2: Technical Evaluation

This stage shall consider the conformity of the Proposal to the Terms of Reference. The criteria for evaluation shall be as shown in Table 2 below.

Table 2: Scores

DEFINITION		Maximum Attainable Points	Actual Score
Technical Aspect			
Company Experience	Broadcasting	6	
	Media		
Team Experience (Maximum Score if all aspects are there)	Broadcasting	8	
	Media		
	Engineering		
	Entertainment		
Commencement Date (CD) after Licensing (6 months)	CD ≤ 6 months (6points) 6 < CD ≤ 10 (4 Points) 10 < CD ≤ 14 (2 Points) 14 < CD ≤ 18 (1 Points) CD > 18 (0 points)	6	
Approach and methodology	Clearly defined manner in which the service will be delivered, in line with the TORs	10	
Subtotal		30	
Citizen Participation			
Citizen Shareholding (CS)	40% ≤ CS < 60% (1 point) 60% ≤ CS < 80% (2 points) CS ≤ 80% (3 points)	3	
Citizen staff members with responsibility in the delivery of the service	0% citizen participation in project team (0 points) Citizen team members>0 – 50% (1- 4 points) Citizen team members>50% - 75% (5-7 points) Citizen team members >75% - 100% (8-10 points)	10	

DEFINITION		Maximum Attainable Points	Actual Score
Number of Jobs created	At least ten (10) fulltime jobs created	5	
Demand / Competition	Full marks for identification of demands for the service	2	
Subtotal		20	
Financial Aspect			
3 Year Financial Projections	Full marks for reasonable projections	5	
Funding model	Proof of Funding or letter of intent	10	
Subtotal		15	
Programming			
Variety	Diverse programming, e.g. news, entertainment	5	
Market/ Target group	Clearly defined	5	
Local content	To attain 51% Local content Quota within 3 years of launch	10	
Value added services	Any value added like mobile, data, gaming etc.	3	
Special Needs	Provision for any special needs	2	
Subtotal		25	
Geographical Coverage			
Coverage	Full marks for 80% population coverage area within 3 years	10	
Subtotal		10	
TOTAL		100	

8. Licence Award

The award of the licence shall be made to the applicant whose application has been determined to be the most advantageous to the nation of Botswana and meets the appropriate standards of Technical Capability, Economical, Programming/Service, Citizen Participation and Financial resources.

9. All applicants who score 70 marks and above (i.e. above 70%) would be eligible for the licence award.

10. The applicants should note that the awarding of the licence is subject to agreed licensing conditions.

11. The Authority may engage a consultant to carry out some due diligence in order to establish the viability of the business. This will have a bearing in the outcome of the evaluation.

12. Following the completion of the evaluation process, applicants will be notified in writing as to whether they have been successful or not. Any applicant who wishes to ascertain the grounds on which its application was not successful should request, in writing. Following receipt of such request, the Authority will promptly provide an explanation of why such an application was not successful, and how the applicant can improve the submission.

End of Section 1

SECTION 2: TERMS OF REFERENCE

TERMS OF REFERENCE

FOR THE

**LICENCES ON COMMERCIAL BROADCASTING CONTENT
SERVICE PROVIDER (CSP) OF TERRESTRIAL TELEVISION
SERVICES IN BOTSWANA**

TO

BOTSWANA COMMUNICATIONS REGULATORY AUTHORITY

1. Scope of Services

1.1. The services for the Digital Terrestrial Broadcasting are divided in two licences, Content Service Provider (CSP) and Network Facilities Provider (NFP). This Assessment Procedure is for CSP. The CSP licensee will require a service from the NFP. All CSPs intending to get the NFP licence primarily for self-provision will be obligated to avail at least 40% of their multiplexor capacity for lease to other licensed operators on non-discriminatory commercial basis. The holder of the CSP and NFP will be required to separate the accounts of both services.

2. Licence Packages

2.1. BOCRA wishes to issue Content Service Provider (CSP) for commercial digital terrestrial television broadcasting licences that will provide nationwide television and/or regional television coverage.

2.2. There is no limit on the number of services or channels the CSP can offer. The CSPs should take advantage of the available frequency resources and modulation techniques from the NFPs to maximise the number of services they can offer.

2.3. Service providers will be allowed to offer value added service like mobile broadcasting service within the licensed coverage. The mobile broadcasting service could be provided as a special packaged programme or the same content that is available for fixed reception.

2.4. In the context of this application a region is defined as a single town/village or a group of towns/villages within a coverage of one transmitter.

2.5. The DTT frequencies will only be issued to NFP

3. SPECIFICATIONS AND DELIVERABLES

3.1. Applicants have to submit a detailed business plan clearly demonstrating the following aspects:

3.2. Requirements

3.2.1. Team Experience

The applicant must indicate the detailed experience of the team members who will be providing the service, including their qualifications. The team members should have relevant qualification and experience on issues of broadcasting, including, production, transmission, etc.

3.2.2. Citizen Shareholding, Citizen staff members with responsibility in the delivery of the service & Number of Jobs created

The applicant should indicate how much they will promote economic empowerment of Botswana citizens in terms of both ownership, use of local content works and employment;

3.2.3. Service Commencement

It is important that the applicant is provided with adequate time before launch of the service for preparation and resource mobilisation. The applicant is realistically expected to launch the service within 6 months of licensing.

3.2.4.Demand / Competition

The applicant should clearly indicate the potential market for the service provided. The applicant should show the potential or existing competition and clearly demonstrate what will influence the market to accept the applicant's services over other available services.

3.2.5. Financial Projections

It is important that the applicant show the financial projection in order to demonstrate the viability of the business, this should clearly show what the business is capable of in terms of revenues and profits, with the help of the assumptions made on potential costs, market size, prices, marketing conditions and etc. The applicant should indicate relevant cash flow projections over 3 years, showing a realistic calculation of the expected levels of costs and revenue based on an analysis of the potential market and target group(s).

3.2.6.Funding model and Financial Capability

The applicant must submit the funding sources that will ensure the business is able to run, be sustainable and even achieve some growth.

Financial Capability – the applicants is required to demonstrate that he has the financial capacity to implement the business plan. The following information shall be provided to demonstrate the financial capacity:

a) The 5 years financial projections -including the profit and loss accounts, balance sheets and cash flow statements. The profit and loss accounts, balance sheets and cash flow statements shall be prepared in accordance with the International Financial Reporting Standards. All

assumptions used (e.g. asset depreciation policies, subscriber projections, annual increase/decrease in operating expenditure) shall be clearly explained;

b) Financial ratios including return on assets, return on equity, operating profit margin, net profit margin, current ratio, quick ratio and debt-equity ratio. The formula used in computing each ratio should also be provided;

c) Forecasts of the internal rate of return, net present value and payback period of the investment. The rate of return normally required by the applicant for capital invested shall also be provided;

d) Detailed plan of all capital expenditure and working capital requirements for the first 5 years of operation; The proposed financial plan, shall include also:

- proposed sources of funds and the amounts from each source;
- planned repayment terms and schedule for loans, loan stock and debentures;
- credit facilities available; and
- provisions made for contingent sources of funds. Where relevant, letters of intent, guarantor letters and other documents should be provided to substantiate the financing plan and loan/credit facilities.

3.2.7.Variety & Value Added Services

In order to address the demands of different customers, the applicant must show how the programming will be structured to cater for different

demands in broadcasting services, e.g, news, entertainment, documentary, sport etc. The applicant should further demonstrate innovation in the types of services to be offered, services like Datacasting, mobile broadcasting service or gaming will enhance the proposal.

3.2.8. Market/ Target group

The applicant needs to clearly define his target group. It might be based on Geographic, demographic or psychographic.

3.2.9. Local content

This refers to the total of all television or radio programmes that have been produced using material gathered in Botswana, and which mostly use Botswana personnel and services in Botswana. The applicant should show how proposed service will promote Botswana local content, creative arts and culture. The Applicant should demonstrate commitment to local content quota to be aired on the proposed service provision for different television channels, for example dramas, series, soapies, documentaries, features, music etc. with a target of 51% of local content within the 3 years of operation. BOCRA will in consultation with the licensee negotiate a yearly quota to arrive at 51% after 3 years.

3.2.10. Organisational Capability and Experience

The applicants must be capable of carrying out broadcasting activities in Botswana and have experience in issues of broadcasting transmission, television broadcast, content production and copyright issues.

3.2.11. Special Needs

The applicant should indicate how, if there's any plan to cater for the visually and hearing impaired in accessing the services.

3.2.12. Coverage

The applicant should indicate the area where they intend to avail the service, this should show whether it's a regional or a national coverage. A roll out plan should be submitted and should indicate which areas will be covered and when. The roll out plan will form part of the licence condition. Further they should indicate the Network Service Providers they intend to use to carry their content.

4. APPROACH AND METHODOLOGY

4.1. In delivering the service the applicant should satisfactorily show the following;

- a) Whether the CSP service will be Subscription Based or Free to air
- b) Proposed packages (bouquets) of service availed upon subscription
- c) Language/Languages which will be used on the station or different channels. The official languages are English and Setswana.
- d) How the content will be delivered to the NFP (Signal distributor and/or Multiplexor operators) licensee.

-----END OF SECTION 2 TERMS OF REFERENCE-----