



GUIDELINES FOR SUBMISSION OF APPLICATION FOR LICENCE UNDER THE ICT LICENSING FRAMEWORK OF 2015

**Botswana Communications Regulatory
Authority**

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GUIDELINES FOR SUBMISSION OF APPLICATION FOR LICENCE UNDER THE ICT LICENSING FRAMEWORK OF 2015

The information contained in the Guidelines is intended to assist interested parties in applying for the relevant licences. Applicants are encouraged to familiarise themselves with the provisions of the Communications Regulatory Authority Act of 2012 and take note of all other existing Regulations and Guidelines related to licensing. BOCRA reserves the right to amend these Guidelines without prior notice.

INTRODUCTION

In terms of the Telecommunications Policy of 1995, the Botswana communication services market follows a managed liberalisation process. Further liberalisation of the communications services market was last reviewed in 2007 where a service and technology neutral licensing framework was adopted. Due technological developments in the market, Botswana Communications Regulatory Authority (BOCRA) has since reviewed its licensing framework in order to create a more conducive environment and facilitate entry of new innovations in the market. The new licensing framework has fully liberalized the market. The framework is available in the BOCRA website www.bocra.org.bw

This Guidelines address two license categories namely:

- Network Facilities Provider (NFP)
- Services and Applications Provider (SAP)

DESCRIPTION OF LICENCE CATEGORIES

The two major licensing categories are described as follows:

- Network Facilities Provider (NFP)

The licensee shall own, operate or provide any form of physical infrastructure used primarily for carrying application services and content services. Customer premises equipment are not included in the description of network facilities.

The infrastructure may include; fixed links, radio communication transmitters, satellites and satellites station, submarine cable, fibre/copper cable, towers, switches, base stations. The facilities are for own use or for availing to other licensed operators on commercial basis. Private Telecommunications Networks shall fall in this category and shall further be specified in the appropriate license type to distinguish them from major public networks.

- Services and Applications Provider (SAP)

These are non-infrastructure based service providers and they will provide all forms of electronic communication services and applications to end users using infrastructure of the Network Facilities Provider. The services and applications may be based on speech, sound, data, text and images.

The services and applications deliver a particular function to the end user. The services and applications shall not be for broadcasting purposes.

LICENCE TYPES UNDER EACH CATEGORY

There will be various types of licences under the two licence categories. The licence type structure provides further guidance on how specialised operations should be licensed and it also creates opportunity for Small, Medium and Micro Enterprises to participate at various levels, largely at regional level.

The licence type structures are summarised in the table below:

Table 1: Licence Types

LICENCE CATEGORY	TYPE OF LICENCES
<p>Network Facilities (International, National and Regional)</p>	<p><i>International Network Facilities Licence; shall include</i></p> <ul style="list-style-type: none"> • International gateway (Satellite/Terrestrial) • Cable transit • Satellite Hub Systems • Uplink Satellite Broadcasting Systems
	<p><i>National Network Facilities Licence; shall include</i></p> <ul style="list-style-type: none"> • Public Fixed Systems • Broadcasting Signal Distributor • Public Land Mobile Cellular Systems • MVNO Facilities • Internet Exchange Points • Tower Management
	<p><i>Regional Network Facilities Licence; shall include</i></p> <ul style="list-style-type: none"> • Broadcasting Signal Distributor • Public Internet Network

	<ul style="list-style-type: none"> • Public Radio Trunking Systems • Local Loop Networks, Fixed Wireless Access Systems • Private Networks
<p>Services and Applications</p>	<p><i>Application & Service Licence; shall include</i></p> <ul style="list-style-type: none"> • Fixed National Services (voice/data/text) • Cellular Services and Applications (voice/data/text) • International Services (voice/data/text) • GMPCS Services • MVNO Services (voice/data/text) • Satellite Services <p><i>Value Added Services include; shall include</i></p> <ul style="list-style-type: none"> • All Services and Applications Carried over Regional Networks • Internet Service on Regional Networks • VOIP Services • Credit Card Validation Services • Services offered on Private Networks • Premium Rate Service • Other web based public commercial information

The listing provided above is not exhaustive. Any service which may require a licence will be assessed by the Authority to determine the licence category. The above types of licenses are explained below.

DESCRIPTION OF LICENCE TYPES IN THE CATEGORY OF NETWORK FACILITIES PROVIDER LICENCES

- International Network Facilities Licence

The licensee or service provider has international scope of operation only and shall be licensed to provide network facilities for connectivity to destinations outside Botswana. International network facility will be connected to national network facility to facilitate seamless connectivity and conveyance of services, applications and content. The Terms and Conditions of the licence will stipulate further details of operation, for instance, the licensee can provide wholesale network facilities only which means they would only sell to other licensees such as Fixed Network licensees, who will in turn sell to end users.

The following are examples of service providers who will operate within the license type:

- International Gateway: this is an international network facilities for purposes of connecting national network facilities to other networks outside Botswana.
- Cable transit: this is a cable system that transits through Botswana and such system will not breakout into any network facilities within Botswana.
- Satellite Hub Systems: this is a hub that switches and manages satellite based traffic.

- National Network Facilities Licence

The licensee has national scope of operation and shall connect to International Network Facilities if there is need for connectivity to destinations outside Botswana. The Terms and Conditions of the Licence will stipulate Scope of License.

The following are examples of service providers who will operate within the license type:

- Signal Distributors: this is a network facility and signalling systems whose purpose is to carry content for radio broadcasting.
- Public Land Mobile networks: this is mobile wireless cellular network facility. The provision of such is subject to availability of spectrum.
- Public Fixed networks: this is fixed network facilities not for broadcasting purposes.

- Regional Network Facilities Providers

The service provider is licensed to build local networks or own private network. A local network shall be confined to a city, town or village if it is meant to serve the public, otherwise it shall be confined to ownership and use by a business company (i.e. Private Network). There is no wholesale business within this category.

The following are examples of service providers who will operate within the license type:

- Local Loop Networks: this is the last mile connections between customer premises and local exchange.
- Private Networks: only those private networks connecting separate premises or separate business entities will be licensed.

DESCRIPTION OF LICENCE TYPES IN THE CATEGORY OF SERVICES AND APPLICATIONS PROVIDER LICENCE

- Service and Application Licence

The Service and Application licence applies to Service Providers who intend to lease network elements (such as transmission capacity and switching services) from any licensed Network Facility Operators in order to provide their own telecommunication services, or to resell the telecommunication services of network facility operators to third parties. The Network Facility Operators who have deployed telecommunication network, systems and facilities and wish to offer telecommunication services to third parties should also apply for Service and Application Licence in addition to their Network Facility licence.

The examples of types of operations and services that will be covered under the Service and Application licence includes, but not limited to, the following:

- i)* **Mobile Virtual Network Operator (MVNO)** – The Licensee will lease capacity (Air time, SMS, and Data services) from the Network Facility Operators at wholesale level and resell Services and Applications to its customers. Therefore an MVNO is an

- operator who provides public mobile services to its customers with no allocation of spectrum. The MVNO will enter into a commercial agreement with a network facility operator for the use of the network and/or the essential radio segment of the network(s).
- ii)* **Services and Applications** that are voice/data/text based and are carried over International Network Facilities, National Network Facilities and Regional Network Facilities.
 - iii)* **MVNO services and applications.**
 - iv)* **GMPCS services and applications.**
 - v)* **Value Added Services** such as all services and applications carried over Regional Networks, Internet Services carried on Regional Networks, VOIP, Services offered on Private Networks, Premium Rated Services, Card Validation and Other Web Based public information services.

LICENSING APPLICATION PROCEDURE AND LICENSING REQUIREMENTS

There is no limit to the number operators who can be licensed under each category except in areas where there is limitation of resources such radio frequency spectrum, numbering and rights of way.

The Licence will be granted if BOCRA is satisfied with the applicant's ability to deliver on its proposed business plan. There will be no foreign equity limit imposed for licensees, however citizen participation is encouraged. The Licensee shall be a company incorporated or a foreign company registered under the Companies Act in Botswana or exempted accordingly.

The licensing requirements for the various licence categories are summarised in table below:

- **Network Facilities Licenses**

It is a requirement that the applicant shall be incorporated and have an office in Botswana.

Applicants are required to submit five copies of its application accompanied by a comprehensive business plan. The comprehensive business plan shall contain at a minimum the following information:

- i) **Executive summary** – highlight of the main points and salient features of the application;
- ii) **Introduction** – clear description of the business and how it will operate;
- iii) **Main objective** – an outline of vision, objective and how the business will contribute to the growth of the ICT sector and make the market more competitive. The value proposition must be clear;
- iv) **Organisational structure** - The applicant shall provide information on the Company information on shareholders, directors:
 - (a) Nature and structure of the applicant (for consortium members or single entity) in terms of whether it is public or

private company, subsidiaries or associated companies, joint ventures and trusts; whether the company;

(b) Corporate and shareholding structure of the company clearly indicating the ultimate ownership, both direct and indirect. Details of shareholders and the amount of shareholding;

(c) Details of the composition of the Board of Directors and management structure, this includes the curricular vitae of the Directors and Chairman of the Board as well as the Chief Executive Officer;

(d) Place of domicile;

(e) Company's Memorandum and Articles of Association;

(f) The above documents shall be supported by the following certified copies of; shareholding, certificates of Incorporation, details of Directors, and any other certified documents from Registrar of Companies or relevant authorities confirming legal existence of the company.

v) **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.
- e) Where applicable, copies of detailed audited accounts of the applicants (i.e. profit and loss accounts, balance sheets, cash flow statements and auditors' reports) for the last three financial years should be provided;
- vi) **Products** - the applicant shall describe in detail all the products it intends to provide, including the timing, and the competition strategies it will use to compete in the market. The associated tariffs for the various products should also be provided with appropriate justifications.
- vii) **Target Market** – the applicant shall indicate the target market for its various products and the value proposition for such markets.
- viii) **After Sales Support** – it is important that an after sales support strategy is presented to show how the applicant desires to look after customers.
- ix) **Technical Information** - The applicant shall provide full technical description of the network he intends to deploy for the network facility licence and it should cover the following:

(a) Network components - The technical details of its network such as international gateways, local/tandem/trunk exchanges, land lines, cable ducts, radio base station sites and other equipment to be installed and frequency spectrum to be used. Technologies to be deployed for the switching, transmission and local access systems to deliver the services, with the rationale for the choice of technologies selected should also be provided. The network facility licence does not guarantee access the radio frequency spectrum. The radio licence will be applied separately.

(b) Network Configuration - The overall network configuration and the components of the international and national networks to enable the provision of the telecommunication services should be provided. The description will include the network management capabilities, routing plan, transmission plan, signalling plan and diversity plans.

(c) Network Coverage -The planned geographical coverage of the network upon launch of services and the network capacity expansion plans for the first 5 years of operation. A five years roll-out plan for the deployment of the networks should be provided. The roll-out plan showing the commitments to improve network infrastructure for the next five years should be included. The roll-out plan will be annexed to the licence as part of the licence condition.

(d) Network Interconnection – the network facility licence operators will be required to interconnect with other licensed operators. The technical information should include the Reference Interconnection Offer covering the signalling, transmission and synchronization requirements, interconnection configuration, point of interconnection interface requirements and diversity arrangements. Commercial aspects of the Interconnection must also be clearly articulated.

(e) Technical capacity – The applicant should demonstrate its technical experience and capability in the relevant technical areas and/or access for the delivery of the services

(f) Numbering – the applicant should indicate the numbering, signalling codes and short codes requirements with enough justifications and also provide a compelling management strategy of the scarce resource so that numbers are not unutilised. The numbering allocations will be done in accordance with the Botswana numbering plan and policy, which is available in the BOCRA website.

(g) The applicant may submit any information not specified above which it considers supportive of its application.

ix) **Performance Bonds/Guarantee** – The Authority may require the applicant to submit performance bonds to guarantee the implementation of the roll-out plan.

x) **Licence Application Fees** – these shall be paid at the time of submission of license application.

- Services and Applications Licenses

It is a requirement that the applicant shall be incorporated and have an office in Botswana.

Applicants are required to submit five copies of its application accompanied by a comprehensive business plan. The comprehensive business plan shall contain at a minimum the following information:

- i) **Executive summary** – highlight of the main points and salient features of the application;
- ii) **Introduction** – clear description of the business and how it will operate;
- iii) **Main objective** – an outline of vision, objective and how the business will contribute to the growth of the ICT sector and make the market more competitive. The value proposition must be clear;
- iv) **Organisational structure** - The applicant shall provide information on the Company information on shareholders, directors:

- a) Nature and structure of the applicant (for consortium members or single entity) in terms of whether it is public or private company, subsidiaries or associated companies, joint ventures and trusts; whether the company;

- (b) Corporate and shareholding structure of the company clearly indicating the ultimate ownership, both direct and indirect. Details of shareholders and the amount of shareholding;

- (c) Details of the composition of the Board of Directors and management structure, this includes the curricular vitae of the Directors and Chairman of the Board as well as the Chief Executive Officer;

- (d) Place of domicile;

- (e) Company's Memorandum and Articles of Association;

- (f) The above documents shall be supported by the following certified copies of; shareholding, certificates of Incorporation, details of Directors, and any other certified documents from Registrar of Companies or relevant authorities confirming legal existence of the company.

v) **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, 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.

e) Where applicable, copies of detailed audited accounts of the applicants (i.e. profit and loss accounts, balance sheets, cash flow statements and auditors' reports) for the last three financial years should be provided;

vi) **Products** - the applicant shall describe in detail all the services and applications it intends to provide, including the timing, and the competition strategies it will use to compete in the market. The associated tariffs for the various services and applications should also be provided with appropriate justifications.

vii) **Target Market** – the applicant shall indicate the target market for its various services and applications and the value proposition for such markets.

viii) **After Sales Support** – it is important that an after sales support strategy is presented to show how the applicant desires to look after customers.

ix) **Technical Information** - The applicant shall provide the following:

(a) Network description - technical description of the network he intends to use to deploy the services and applications. The network will show the extent of reach to end customers. It is important that the applicant also provides agreements or indications of negotiations between him and the network facilities providers who shall carry his services and applications.

(b) Roll out plan - the roll-out plan of services and applications for at least five The roll-out plan should show commitment to continually improve services and applications for better value to customers. The roll-out plan will be annexed to the licence as part of the licence condition.

(c) Interconnection – where interconnections is required, the applicant shall state the details of such requirement.

(d) Technical capacity – The applicant should demonstrate its technical experience and capability in the development or deployment of services and applications in question.

(e) Numbering – the applicant should indicate the numbering, signalling codes and short codes requirements with enough justifications and also provide a compelling management strategy of the scarce resource so that numbers are not unutilised. The numbering allocations will be done in accordance with the Botswana numbering plan and policy, which is available in the BOCRA website.

(f) The applicant may submit any information not specified above which it considers supportive of its application.

- x) **Performance Bonds/Guarantee** – The Authority may require the applicant to submit performance bonds to guarantee the implementation of the roll-out plan.
- xi) **Licence Application Fees** – these shall be paid at the time of submission of license application.

The above are just minimum requirements and the applicants are encouraged to provide any other information deemed relevant to assist in the processing of the application. BOCRA may seek clarification and additional information from any party arising from their application.

PROCESSING TIME FOR THE APPLICATION

Successful applicants for the Licence will be awarded their licence within 8 weeks of application submission, provided that the applicants have

submitted all the necessary information requested by the Authority for evaluation purposes and that Authority has completed all the clarifications with the applicants.

LICENSE FEE STRUCTURE

The License Fee Structure is in Annexure 1.

ENQUIRIES

Enquiries shall be made to the following address:

Chief Executive
Botswana Communications Regulatory Authority
Private Bag 00495
Gaborone