



Nigeria's Second National Operator Licensing Auction Questions & Answers (as at July 03, 2002)

The Commission has received a number of questions concerning the Licensing Process. Those questions to which the answers provide further information or clarification to the benefit of all interested parties are published below.

QUESTION - *Is it possible for the SNO winner to create two completely separate companies, one which would hold the DML licence and one which would hold the SNO (fixed) licence?*

ANSWER - *The operating units will ideally be completely separate, but both licenses will be issued by the Commission to the parent company of the successful bidder. Infrastructure sharing would be subject to interconnection agreements on terms generally available to other licensed operators, however, central purchasing of equipment would be permissible to provide scope for improved terms.*

QUESTION - *In the event that two separate companies are created to operate each licence, would there be any cross-liability if one were not to meet its licence terms?*

ANSWER - *The Commission would insist that the obligations are met for both the fixed and mobile networks. In view of this the Commission would review the reasons why one or other (or both) operating units fail to achieve their obligations. The Commission would then have to review the prevailing circumstances and determine an appropriate course of remedial action. The parent company would ultimately be held accountable for the poor performance of the respective operating units which could result in action being taken against both.*

QUESTION - *In the event that there are two separate companies, will each be entitled to own and operate individual gateways?*

ANSWER - *The Commission is not planning, without evidence from SNO Applicants with respect to the commercial and technical merits, to license the DML operating unit to own and operate a separate international gateway. The SNO (fixed) operating unit will be required under the terms of its licence to provide international gateway facilities throughout Nigeria. The Commission would therefore expect to see the DML unit (subject to applicable interconnection and commercial terms) adopt the SNO gateway as its preferred international access node.*

QUESTION - *Are there additional costs (above the amount of the winning bid) to be incurred for the international gateway licence. If so, how much?*

ANSWER - *There are no additional costs.*

QUESTION - Will the Commission waive the 12 month restriction on roaming for the SNO considering the one year advantage of other networks?

ANSWER - *The Commission has amended the clause on roaming to reflect three month restriction for the SNO (See amendments to the Information Memorandum).*

QUESTION - Can the \$50,000.00 Application/Processing fee be paid by a US Dollar Bank draft or must it be paid into the nominated account?

ANSWER - *The payment instruction is clear that all monies should be paid into the nominated bank account as detailed in the Information Memorandum.*

QUESTION - Is there sufficient market for the SNO in the light of the recent FWA Licence awards?

ANSWER - *The Commission's own 2001 market demand analysis, conducted in advance of the SNO Licensing Process, forecasts sufficient immediate demand for fixed services (both voice and data) of over 4.5 million lines. This is much higher than the current projections for the combined total lines being installed by Nitel and future FWA operators alone. Therefore, the Commission believes there is sufficient pent-up demand to provide an attractive business-case for the SNO.*

QUESTION - Does the Commission believe the 14-day window for the highest bidder(s) to pay the balance of the Licence Fee is sufficient time? Would 4 weeks be more appropriate?

ANSWER - *The Commission believes that Qualified Bidders should, at the Financial Bid Stage, bid only such amounts as they are able to raise i.e. having previously agreed on the bid amounts with their respective investors. The Commission expects that all "internal housekeeping" by Applicants would have taken place prior to the Financial Bid Stage and does not believe that an extension of the payment period to 4 weeks would by itself significantly improve the chances of payment being made on time. Such an extension, in the Commission's opinion, may in fact encourage speculative bids.*

QUESTION - What happens if only one Applicant applies for the SNO Licence?

ANSWER - *As stated in Clause 4.1 of the SNO IM, if there is one compliant Applicant at the Licence Application Stage, that Applicant shall proceed to the Technical Evaluation Stage. If that sole Applicant meets the required scores at the Technical Evaluation Stage, it shall be awarded the SNO Licence in accordance with Clause 4.7 of the SNO IM.*

However, if no Applicants are compliant and/or a sole Applicant fails to meet the criteria proposed in the SNO IM, the Commission will halt the licensing process. In that event, the Commission shall not rerun the SNO Process but will examine other licensing options.

QUESTION - Is there time during the Technical Evaluation Stage to submit additional information?

ANSWER - As stated in SNO IM Clause 4.6.2, the Commission has the discretion to request additional information from Applicants during the Technical Evaluation Stage, in order to seek clarification, receive missing documents and/or correct submitted data.

QUESTION - How rigid are the rollout obligations set for the SNO?

ANSWER - Rollout obligations for the SNO, as specified in the National Carrier Licence posted on the NCC website are not immutable and may be subject to renegotiation and modifications after the Financial Bid Stage and prior to the SNO Licence Award, based on national objectives and consultations with the successful Bidder.

However, the SNO rollout obligations in regard to the DML are the same as those provided for and accepted by the original DML operators and will remain in force.