



This EOI Pack is divided into five (5) parts: Introduction, Eligibility Criteria, Selection Procedures, Expression of Interest, and Supporting Documents.

<b>INTRODUCTION:</b>	<i>Brief background on the initiatives prior to the finalization of the EOI Pack and expectation of the Royal Government of Bhutan and the public from the new TBS</i>
<b>ELIGIBILITY CRITERIA:</b>	<i>Who is eligible to submit expression of interest for TBS to the Authority?</i>
<b>APPLICATION PROCEDURES:</b>	<i>Format to be used by applicants to make and submit their applications</i>
<b>SELECTION PROCEDURES:</b>	<i>Selection procedures &amp; timing</i>
<b>INFORMATION REQUIRED:</b>	<i>List of information required for preparing the EoI/ application</i>
<b>ANNEX A:</b>	<i>Remit and Content</i>
<b>ANNEX B:</b>	<i>Lists of documents to be submitted along with the applications to the Authority</i>
<b>ANNEX C:</b>	<i>Road Map for issuing the Licence</i>

## **1. INTRODUCTION**

- 1.1 The Ministry of Information and Communications vide order no. MOIC (M)-40/2011/699 dated March 2, 2011 has directed BICMA (“the Authority”) to licence Bhutanese companies to establish and operate private Television Broadcasting Service (TBS) in the country.
- 1.2 The Authority has received number of proposals and enquiries on the application procedures for establishing to operate private TBS. Accordingly; the Authority prepared and circulated a consultation document to solicit views and comments from the relevant stake holders. Among other things, the document advocated the licensing of private TBS to competent companies to provide all prospective applicants to submit proposals for TBS licence in two stages, stage 1 – pre-qualification; and stage 2 final selections.
- 1.3 The consultation document also advocated the need to licence private TBS based on the principles that:
  - a) There is an enduring rationale to license private TBS to provide choice of information and entertainment to the Bhutanese.
  - b) Private TBS to complement the Bhutan Broadcasting Service (BBS) to keep the citizens informed and educated, stimulate interest in new topics, and strengthen the country’s cultural identity.
  - c) Private TBS to usher high standards of programme-making as it can spur the quality and creativity of the broadcasting industry.
  - d) To provide opportunity for growth of private sectors in television broadcasting services.
  - e) To promote value additions and improve quality of programme broadcasted.
  - f) Digital technologies are changing the way TV programmes are sold and consumed globally. Bhutanese TBS also needs to make innovative use of new technologies to improve program content and adapt to changing audience needs.

- 1.4 The Authority would like to express its appreciation to all those agencies and individuals who have taken time to read the document and provided valuable input and feedbacks vital for finalizing the criteria and conditions, or creating a basis/level playing field to invite proposals for the TBS. To the extent possible all the feedbacks have been incorporated in this final document, EOI Pack.
- 1.5 The Royal Government of Bhutan and the Bhutanese public expects new private TBS to provide high-quality audio-visual content from a range of producers. They also expect that the majority of the content distributed by TBS will be made in BHUTAN either produced in-house or sourced from a range of different production sources from across the Kingdom.
- 1.6 The term TBS is **not** a brand. Rather, it is a description of a proposed service. Individual bidders are free to assign their chosen branding to the service.
- 1.7 An open licensing process will be adopted. Any individual/group or company that meets the requirements as specified in this document will be given a licence to establish and operate television facility and services within the Kingdom of Bhutan.
- 1.8 Those applicants who qualify for a licence to establish and operate television facility and services will be subjected to pay a licence fee as well as a spectrum fee in accordance with the National Radio Rules.
- 1.9 Both licence and spectrum fee including the mode of payment will be determined by the Authority.
- 1.10 As per the Foreign Direct Investment (FDI) Policy 2010, media and broadcasting are on the negative list and no FDI is permissible.

## 2. ELIGIBILITY CRITERIA

2.1 Any individual or group of individual who:

- a) is a citizen of Bhutan;
- b) has reached the age of majority;
- c) is of sound mind<sup>1</sup>;
- d) has not violated any provisions of the Act; and
- e) has not been, under the laws of Bhutan, (i) declared insolvent, and/or (ii) found guilty of a criminal offence concerned either under the Act or any other Act, unless his reputation has been restored through due process of law,

may apply in writing to the Authority for TBS license as required under Section 93(2) of the Act.

2.2 In addition to sub section 2.1 , the applicant must :

- a) have personal and business histories free of evidence suggesting defects in character that would cast doubt on his/her ability to operate in the public interest;
- b) posses sufficient financial resources to finance the establishment and operation, a minimum amount of Ngultrum Thirty Million (Nu. 30,000,000). (Documents will be revived); and
- c) not have any financial and tax liability. (Attach Tax clearance certificate).

2.3 Without prejudice to the above sections, for the purpose of submitting EoI applications, opportunity is extended to all Bhutanese citizens including the existing broadcasters, producers, media companies or content providers, with the condition that:

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<sup>1</sup> For this purpose, an addict (alcohol/psychotropic) shall be considered as not having a sound mind.

- a) the successful applicants already in the possession of media/broadcast license will relinquish the said license before availing the license for TBS; and
- b) sale or transfer or proxy operation of such license shall not be permitted. Only equipments of such licence holders shall be permitted for sale through a public auction in the presence of a member of the Authority.

### **3. APPLICATION PROCEDURES**

- 3.1 Prospective applicants must submit the EoI for Establishing and Operating Television Broadcasting Service within two (2) months from the date of floating such EoI by the Authority, that is, before 15<sup>th</sup> November 2011. However, if any applicant submits an appeal for time extension, the preparatory time may be extended up to a maximum period of six (6) months including the first two months preparatory time, that is, before 15<sup>th</sup> March 2012.
- 3.2 Applicants must register with the Authority along with payment of non-refundable processing fee of Ngultrum Fifty Thousand (Nu. 50,000.00).

The registration shall commence immediately after the issuance of the EoI through a notification issued by the Authority.

- 3.3 The application must be submitted along with:
  - a) required information detailed under various sections including section 5 and of this document; and
  - b) authorization for the Authority and its authorised Officials to verify their financial information with any financial institutions or agencies.
- 3.4 Failure to furnish any mandatory information and documents shall lead to disqualification of an application without any recourse for appeal.

- 3.5 In case the application is rejected, the applicant will be informed in writing along with reasons for the rejection.
- 3.6 If the applicant has furnished proper applications along with complete and relevant information, the Authority shall complete the processing of licence applications within one (1) month from the submission of the applications.

#### **4 SELECTION PROCEDURES**

- 4.1 The selection of TBS shall be conducted in two (2) stages. Both the stages are important for the applicants since these determine whether applicants will be granted licence to establish and operate TBS.
- 4.2 Stage 1 shortlists applicants for the stage 2 selection based on completeness of information and documentation requirements stated in Section 5 of this document. Stage 2 will determine the fitness of applicants.

##### **Stage 1**

- a) All applications shall be reviewed thoroughly by a committee constituted for this purpose.
- b) All the required documents will be verified, including the financial capabilities.
- c) Any shortfall or lapses such as no or inadequate information or lack of supporting documents provided shall be cause for rejecting an application.
- d) Additional queries and inputs may be sought by the Authority.

All applicants shall be informed in writing whether they have been selected or not selected for the stage 2 with reasons.

## Stage 2

- a) Selected applicants from stage 1 shall be invited for a presentation of their proposal. Date and venue will be fixed and announced by the Authority in consultation with the applicants.
- b) Applicants shall be examined during the presentation by a Selection Committee constituted for this purpose based on the following six (6) different aspects of the TBS:
  - (i) Organization and Corporate Information
  - (ii) Financial Information and Business Plan;
  - (iii) Infrastructure and Technologies;
  - (iv) Professionalism/ Human Resource capacity and competence
  - (v) Programme/content; and
  - (vi) Impact report
- c) An applicant must obtain a minimum of sixty percent (60%) from the content of proposal presented to qualify for the TBS licence.
- d) Qualified applicants shall be granted an “in-principle approval” to commence the establishment of the Television Broadcasting Facility and mobilization of resources on payment of TBS Licence and such other fees as determined by the Authority.
- e) A proper “Broadcasting Licence” shall be issued when the applicants fulfil the set criteria after the facility is inspected and a confirmation certificate issued by the Facility Inspection Team appointed by the Authority.
- f) Selected applicants must commence the services within one (1) year from the date of obtaining the licence. Failure to commence the service within this stipulated time shall result into revocation of the licence and the licence fee paid to the Authority shall be forfeited.

- g) The Broadcasting licence for TBS shall be valid for a period fifteen (15) years, renewable subsequently for the same period or such other periods as per the provision of the Act and Licencing terms and conditions.
- h) Without prejudice to the validity of the licence, TBS licencees shall be required to pay spectrum fees, licence fees or any other fees as applicable.

## **5. INFORMATION REQUIRED FOR LICENCE APPLICATION**

To facilitate easy assessment of the EoIs, applications must be submitted in the following format and order of information:

### **5.1 Organisation and Corporate information**

- a) Name of the applying individual/ group of individual or company, contact telephone number, facsimile number, e-mail address, and name and designation of a contact person within the application's organization.
- b) Comprehensive curriculum vitae of the applicant including details of the applicant's current activities.
- c) Name of the TBS organization (company) proposed. Name of the TBS (company) should be given in Dzongkha.
- d) Detailed information on the proposed TBS company, its corporate and shareholding structure.

- e) Detailed composition of the Board of Directors and key Management team including the following information:
  - (i) Appointment/removal criteria and procedures, and tenure of the board members;
  - (ii) Appointment/removal criteria and procedures, and tenure of the CEO;
  - (iii) Appointment/removal criteria and procedures, and tenure of the Editor-in-Chief/ Program Director; and
  - (iv) Staffing of the TBS (provide a complete staffing plan along with qualification requirement).
  
- f) Diagrammatic representation of the management reporting structure as well as general organisation chart indicating the distribution of function within the organisation.

## **5.2 Financial Information and Business Plan**

- a) Among other things, financial information should include:
  - (i) Projected operating and capital expenditure.
  - (ii) A breakdown of the proposed capital expenditure and working capital requirements for the first five years of operation.
  - (iii) Sufficient documentary evidence to prove that the applicant has the financial capacity to meet the capital investment required in carrying out the activity proposed. Additionally, include details of proposed financing structure including proposed source of funds.
  - (iv) Financing from the foreign sources shall be a cause for rejecting an application.

- b) Among other things, Business Plan information should include:
- (i) Comprehensive business plan.
  - (ii) Projected volume of business, indicative prices for the services and market share for the first five years of operation.
  - (iii) Projected profit and loss account including details of revenue (the method of calculation should be clearly outlined), balance sheet and budgeted cash flow statements, showing the amount of capital to be invested on an annual basis for five years. All assumptions used (asset depreciations policies, annual increase/decrease in operation expenditure) shall be clearly explained.
  - (iv) The forecast internal rate of return and payback period of the investment.
  - (v) The segment of the market that the applicant will target (e.g. specific geographical area, activity, viewership or other service providers).
  - (vi) Distribution, marketing and promotion strategy.
  - (vii) The service roll-out for the next five years including description of the activities that will take place in a given time framework such as pre-commencement and post commencement of services.
- c) For transparency and proper accountability, the TBS shall provide an undertaking to submit to the Authority the audited financial report of the company annually. To institute this reporting requirement, please provide the following details.
- (i) Your choice of agency to conduct your annual audit (Royal Audit? chartered audit firms?)
  - (ii) Preferred time for the audit
  - (iii) Preferred time to submit the audited financial report to the Authority.

### **5.3 Infrastructure and Technologies**

Among other information, infrastructure and technology details should include:

- a) Details of the proposed technology used for delivery of services.
- b) Details of transmission sites including the location of transmission and geographical coverage.
- c) Type of infrastructure that you wish to share with other facility/service providers based on a negotiated agreement.
- d) Location of the studio.
- e) Details of technological innovations to be utilised in the provision of the services or carrying out activities. This should also include “migration plan from analogue to digital transmission system” or other new technologies if the applicant, initially plans to start with analogue broadcasting system.

### **5.4 Programme/Content**

Programme/Content and its brand are vital in any television broadcast service. Programming information should include:

- a) The characteristics of the channel (e.g. What type of services; commercial, news, sports, entertainment etc.).
- b) Clear description of the market reaches of the service.
- c) Target audience and projected average viewership (the method of calculation should be clearly outlined).

- d) Statement on internal standards for programmes and advertising , addressing issues such as the treatment of sensitive news, maintenance of editorial integrity over sponsored programmes and how it will ensure full compliance with applicable codes or guidelines issued by the Authority.
- e) Preliminary channel grid should include:
  - i) Basic transmission hours per week further broken into each day of the week.
  - ii) Proportion of first run programming.
  - iii) Genres to be telecast (e.g. news, current affairs, info-education, sports, culture, children, etc.)
- f) Language of broadcasting must be clearly spelled out in terms of time allocated for Dzongkha and English.
- g) Ratio of programme content and advertisement should be clearly spelled out.
- h) Policies and measures to ensure editorial independence and responsibility.
- i) The programmes details must be submitted along with relevant answers to the questions listed in **annex A**.

## **5.5 Strategic Partnership**

The description of each strategic local partner's role, if any, must be submitted along with its proposed contribution and track record.

## 5.6 An Impact Report

An impact analysis report on the following subject:

- a) How the applicant's operations will benefit/impact the country, people and media sector.
- b) Strategies that will be employed to compete effectively in the Bhutanese ICT and Media sector.
- c) Details of any initiatives that would be undertaken towards sharing of infrastructures.

**5.7 Any other information** that will assist in the evaluation of the applicants may be submitted.

## **ANNEX A: REMIT AND CONTENT**

Remit and content are perhaps the most critical aspects of any TBS. As service providers are expected to provide content that makes a significant contribution to fulfilling the broad purposes of TBS.

Applicants must answer the following questions precisely along with necessary explanations and supporting documents wherever relevant:

1. Will you do news and current affairs?

If yes, you are required to provide details of the programme, programme intervals and corresponding resources. For the purpose of staffing requirement for the programme, please provide corresponding qualifications against each profession.

2. Will you do educational programmes?

If yes, please state the purpose clearly. Also provide details of the programme, programme intervals and corresponding resources.

3. Will you do cultural programmes?

If yes, please state the purpose clearly. Also provide details of the programme, programme intervals and corresponding resources.

4. Will you do entertainment programmes?

If yes, please state the purpose clearly and measures to be adopted for quality assurance of the programmes.

5. Will you do other programmes?

If yes, list the programmes and provide details as above.

6. Will you do a combination of above programmes?

If yes, list the programmes to be broadcasted and the programme schedules.

7. How do you intend to create, promote and distribute programme content?

Please provide the detailed information:

## ANNEX B: LIST OF DOCUMENTS TO BE SUBMITTED

The following documents are mandatory and needs to be furnished to the Authority along with the application.

Failure to submit the following information will result into disqualification.

Sl.	List of Documents	Check List
1	Proof of source of finance including the details of assets and its worth and a copy of MoU signed with its financier	
2	Bank account including bank account statement for the last three year	
3	Authorization letter for BICMA and Its Official to verify their source of finance with any financial institution	
4	Tax clearance certificate	
5	Name of the Television channel in " Dzongkha"	
6	Detailed curriculum vitae of the applicant/ promoters including the list of current activities	
7	Receipt copy of the non-refundable processing fee of Ngultrum Fifty Thousand (Nu. 50,000.00) issued by BICMA	
8	Legal undertaking by the applicant to abide by the proposal submitted	

**ANNEX C: ROAD MAP FOR LICENSING TELEVISION BROADCASTING SERVICES (TBS)**

**a. If time extension is not sought by any applicant**

<b>ACTIVITIES</b>	<b>15<sup>th</sup> September 2011</b>	<b>October 2011</b>	<b>15<sup>th</sup> November 2011</b>	<b>15<sup>th</sup> December 2011</b>	<b>January 2012</b>	<b>January 2013</b>
Floating of EoI						
Submission of EoI (application)						
Evaluation of EoI (applications)						
Award of “in-principle” approval						
Commencement of services						

**b. If time extension is sought by any applicant**

<b>ACTIVITIES</b>	<b>15<sup>th</sup> Sept 2011</b>	<b>15<sup>th</sup> Oct 2011</b>	<b>Nov 2011</b>	<b>Dec 2011</b>	<b>Jan 2012</b>	<b>Feb 2012</b>	<b>15<sup>th</sup> March 2012</b>	<b>15<sup>th</sup> April 2012</b>	<b>May 2012</b>	<b>May 2013</b>
Floating of EoI										
Submission of EoI ( application)										
Evaluation of EoI ( applications)										
Award of “ in-principle” approval										
Commencement of Services										