



TENDER DOCUMENT

INVITATION TO TENDER

The Georgian National Communications Commission (hereinafter referred to as the GNCC) invites proposals from suitably qualified, experienced firms to consult on and develop a Long Run Incremental Cost (LRIC) model for mobile and fixed line interconnection rates.

CPV – 71316000 Telecommunications related consulting services

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Chapter I- General Guidelines and technical assignment of the Tender

I. DEFINITION OF TERMS

In this Document, unless the context otherwise suggests, the following terms and expressions have the following meanings:

- **“Agreement”** means the contract to be entered by and between the CNCC and the Service Provider.
- **“Bid”** means Tender price offered by the Tenderer
- **“Commission” or “GNCC”** means Georgian National Communications Commission and includes, if the context so admits or requires, its employees, officers or representatives
- **“Minimum Requirements”** means the pass / fail minimum requirements set out in Chapter IV
- **“Successful Tenderer” or “Service Provider”** means the Tenderer who is awarded and enters into the Agreement with the Commission
- **“Purchaser”** means Contracting Authority- (buyer)
- **“Tender Document”** means documentation issued by the Purchaser
- **“Tender Proposal”** means Technical Documentation and Bid offered by the Tenderer
- **“Tenderer”** means person submitting Tender Proposal (Tender participant)
- **“2G”** Second generation mobile telephony
- **“3G”** Third generation mobile telephony
- **“WACC”** Weighted average cost of capital
- **“MTR”** Mobile termination rate
- **“NGN”** Next-generation network
- **“LRIC”** Long-run incremental cost
- **“BU”** Bottom-up
- **“TD”** Top - down
- **“CCA”** Current cost accounting
- **“HCA”** Historical cost accounting
- **“Incremental costs”** Incremental costs are incurred in the support of the increment of demand, assuming that other increments of demand remain unchanged. Put another way, the incremental cost can also be calculated as the avoidable costs of not supporting the increment. In compliance with Commission Recommendation

396/2009/EC incremental costs are costs that can be avoided if a specific increment is no longer provided.

- **"FAC"** fully allocated cost
- **"FL-LRIC"** Forward Looking Long Run Incremental Costs

II. Guidelines of the Tender

1. Electronic procurement is conducted via the Unified Electronic System of State Procurement (hereinafter the System);
2. Procedures in the system take place according to the Georgian law on "State Procurement" and Order No 9 of the Chairman of the State Procurement Agency on "Approving the Rules for Conducting Procurement, Electronic Tender and Electronic Tender";
3. User Manual of Unified Electronic System of State Procurement is on the following link: http://www.procurement.gov.ge/getattachment/ELibrary/metod-mititebebi-da-recomendaciebi/PA_USER_MANUAL-indd.pdf.aspx ;
4. All interested parties who is aware and agree to the Georgian law on "State Procurement" and "Approving the Rules for Conducting Procurement, Electronic Tender and Electronic Tender" and is not listed in non-reliable registry („ Black list ");
5. All Documentation and or information of the electronic Tender must be submitted in Georgian Language. In case the Technical Documentation is drafted in foreign language duly authorized Georgian translation shall be attached. In such a case preference is assigned for Georgian translation; (for assistance concerning translation and authorization of Technical Documentation, please contact Georgian Mission in your country <http://www.mfa.gov.ge/>);
6. All Documentation and or information uploaded in the system must be signed and sealed (if any) by the duly authorized representative; in case power of attorney the document should be uploaded in the system;
7. The Draft agreement attached to this Tender Document shall be amended in accordance with the Tender Proposal of the Successful Tenderer;
8. Tenderer shall have no right to submit alternative tender proposal;
9. In case of difference between Georgian and English versions of the Tender documentation preference is assigned for Georgian version.
10. Additional information regarding tender documentation can be obtained from tender commission unit at the following address: Tbilisi, KetevanTsamebuli Ave/Bochorma street 50/18, 4th floor, room № 4, Mr. DavitGogichaishvili; tel: +99532 2311144, e-mail: dgogichaishvili@gncc.ge, GrigoISulukhia, Tel: +99532 2399669, e-mail: gsulukhia@gncc.ge.

III. Technical assignment of the Tender

1. The Tender price (bid) shall include all costs of the Tenderer related to the provision of services under this Tender Document excluding the VAT. Costs not included in the Tender price (Bid) shall not be reimbursed. All taxes prescribed by the Georgian legislation shall be paid by GNCC. Such Taxes are VAT (18%) and if successful tenderer is nonresident then withholding tax at amount of 10% of agreement price shall be paid.
2. Payment under the Agreement concluded with the winner of this Electronic Tender shall be effected from the budget of the Georgian National Communications Commission within 15 days after sign of act of acceptance; The total value of the agreement shall include the Tender price (bid) offered by the winner of the Tender plus all taxes prescribed by the Georgian legislation, that shall be paid by GNCC;
3. If the tender winner price is no 20% less than tender estimated value of procurement object then The winner of the Tender shall present the bank (performance) guarantee in the amount of 5% of the contractual price. The bank (performance) guarantee (in accordance with annex 4) must be submitted before signing the respective Agreement. The validity term of the performance guarantee shall exceed the term of the respective Agreement by 1 month. Bank Guarantee should be issued by BB- or higher-rated international banks;
4. If the tender winner price is 20% less than tender estimated value of procurement object then The winner of the Tender shall present the bank (performance) guarantee (in accordance with annex 4) in the amount of 10% of the contractual price. The bank (performance) guarantee must be submitted before signing the respective Agreement. The validity term of the performance guarantee shall exceed the term of the respective Agreement by 1 month. Bank Guarantee should be issued by BB- or higher-rated international banks;
5. Advance payment shall be made only one-time and shall not be more than 30 % of contractual price. Advance payment under the agreement shall be secured by bank guarantee (in accordance with annex 5). The validity term of the guarantee shall exceed the term of the respective Agreement by 1 month. Bank Guarantee should be issued by BB- or higher-

rated international banks. The remaining 70% of contractual price will be paid within 15 days after sign of act of acceptance;

6. Tender price should be presented in accordance with the annex 2.

Chapter II- Background

Georgian National Communications Commission GNCC is an Independent Administrative Authority. GNCC acts as the National Regulator monitoring, regulating and supervising the electronic communications market, which comprises activities of fixed and mobile telephony, wireless communications and Internet access providers. Moreover, GNCC is entrusted with the competences of the competition regulation that relate to those markets.

There are currently four licensed mobile service providers operating in the telecommunications sector. These are Magticom LLC, Geocell LLC ,Mobitel LLC (trading as Beeline) and JSC Silknet. Mobile service providers except for JSC Silknet have been found to be dominant in mobile call termination market; Additionally there are two main providers of fixed line telecommunications service – JSC Silknet and the group of companies under common control: New Net LLC, Akhtel LLC, Iveria Kseli LLS and CGC LLC. Fixed line service providers have been found to be dominant in fixed termination markets by GNCC in addition Magticom LLC is also dominant in the provision of fixed wireless services (CDMA).

The standard of Long-Run Incremental Cost (“LRIC”) is increasingly applied by regulatory authorities for purposes of setting cost-based prices. The reason is that costs on the basis of LRIC correspond to those that a firm must meet in a vigorously competitive market. If therefore a telecommunications operator has significant market power or is dominant in a market, the application of this standard gives the regulatory authority assurance that prices are set in conformity with competitive market conditions.

Based on the legislation, the GNCC has a responsibility to ensure that the price levied for interconnection by dominant carriers is cost reflective. Therefore the purpose of this project is to engage the services of a suitably qualified consultant to develop and calibrate a suitable LRIC model following consultations with the industry and other interested stakeholders on

the principles and methodology which should guide the development of the LRIC model. The LRIC model will be used as the basis to estimate the cost of providing maximum interconnection for mobile and fixed networks. GNCC should set termination rates based on the costs incurred by an efficient operator.

Chapter III- Technical assignment - (provision of consultancy service and development a Long Run Incremental Cost (LRIC) model for mobile and fixed line interconnection rates)

1. General and specific requirements of the assignment

General Requirements of the assignment are as follow:

- Develop a dynamic Long Run Incremental Cost (LRIC) model for mobile and fixed line call termination rates in accordance with the EC Recommendation 2009/396/EC. The model must be available as software enabling recalculation with up-to-date inputs (such as traffic changes, technological evolution, price erosion etc.);
- Develop a methodological approach and guidelines applicable for calculation of termination rates, including inter alia, cost model approach, cost base, cost standard, technology, scope of services and the assumptions such as definition of theoretical efficient operator, market share and symmetry, coverage and traffic split requirements, economical approach including annuity calculation;
- Develop sound, practical and effective users' guidelines for each cost model;
- Provide recommendations on selection and development of cost models for both Fixed and mobile Call origination sectors in the Georgian market, including recommendations for legislative regulatory changes;
- Develop LRIC model by above mentioned recommendations for call origination services; the model shall have a functionality to calculate the cost of the national roaming services using one of the implemented methodologies (for example, pure LRIC, LRAIC, LRIC+);
- Develop a sensitivity analysis identifying the input parameters with most significant influence on the calculated termination rates. Developed models in MS Excel shall also enable the users to access to the LRIC models, modifying and testing its sensitivity to changes in input data and assumptions;
- The Consultant will be expected to undertake public consultations with interested stakeholders on the principles, methodology, and guidelines which will influence the LRIC modeling process and to guide the development of the final LRIC to calculate

costs of call termination and call origination in mobile and fixed public networks. The frequency of public consultations is expected to take place at least on monthly basis, unless the project and market players require different frequency. The physical presence of Consultant's experts on this meetings is required;

- The Consultant will be expected to collect the input data required for LRIC modeling. The input data collection process should include meeting with operators, in order to explain volumes and details of information required, preparation of questionnaires for collection of input data (both in table form corresponding with developed MS Excel model and input definition manual, which will include narrative definitions of all required data inputs), quality and quantity check of information collected and assessment of additional information required, collection of missing information using alternative information sources (comparable estimates, own resources, the information available information, international benchmarks etc.);
- Develop and implement a training course for the GNCC staff with regard to usage and adaptation of the cost models;
- Determine WACC values which shall be used for the calculation of rates of return on capitals employed in the Fixed and Mobile networks (make the best use of the good practices in WACC calculation for regulatory purposes (for example, those identified in the document ERG (07) 05 – PIBs on WACC);
- Design and develop accounting separation Policy & Procedures Manual (the Guidelines) which shall sets out in detail the methodological principles, main assumptions, internal structure and calculation flows of the Accounting Separation system and related Regulatory Accounting system (make the best use of the good practices in EC Recommendation on Cost accounting and accounting separation);
- The Consultant will be expected to undertake consultations with interested stakeholders on the principles and methodology of accounting separation guidelines and WACC calculation. The consultation might be included in the previous consultation and not be an independent one.

2. Deliverables of the assignment

The Successful Tenderer will be deployed to help the GNCC build the required cost models and reassess (reassess is specifically referring to help GNCC to set prices in the market, e.g. set a glide path) wholesale rates based on their outcomes. In all activity, the Tendered will work in close partnership with GNCC, which will assign selected staff to work with the Tenderer. The Tenderer will build the capacity of these assigned GNCC staff in cost modeling and related areas through this work, supplemented by more formal training at the end of the assignment.

In carrying out the tasks of the present General and Specific requirements of the assignment the following are considered deliverables:

- LRIC modeling preparation methodology, the methodology document shall be written that can be used by the GNCC for public consultation with key stakeholders, including operators;
- Dynamic bottom-up LRIC model of a mobile network operator based on current technologies and network topologies used in Georgia;
- Dynamic bottom-up LRIC model of a fixed network operator(core) based on current technologies and network topologies used in Georgia;
- A user guide to enable GNCC staff to use and amend the models in the future based on changing market conditions;
- Sensitivity analysis identifying the input parameters having the most significant influence on the level of termination rates;
- WACC calculations and the accompanying descriptive report;
- Accounting separation Guidelines, which shall cover the following topics:
 - Objectives and Principles of Accounting Separation;
 - The level of Accounting Separation;
 - The cost accounting conventions used for preparation of Accounting Separation systems and reports and related costing issues;
 - Regulatory financial statements for wholesale and retail services;
 - The preparation of the Accounting Separation system;
 - The reporting requirements;
 - Accounting separation structure in table form corresponding with MS Excel cost model needs;
 - Definitions of input parameters in a form of narrative description of each input parameter;
 - Audit and Review.
- Participation on public consultations (including personal participation of Experts) and supporting GNCC with preparation of argumentation supporting the comments raised during the various stages of public consultations.

3. Timeframe

The project shall be carried out within 6 months. The Contractor will suggest the timeframe and work plan applicable for delivery of draft deliverables during the project, which will be regularly reviewed by GNCC representatives. At least monthly meetings are required in order to discuss the status of draft deliverables. The final deliverables should be handed over not later than at the end of the twenty-six week after signing the respective agreement.

Accounting separation Guidelines should be handed over not later than at the end of the six week after signing the respective agreement.

4. Place of provision of the service

- a) The place of provision of the services should be Tbilisi, Georgia;
- b) The Successful Tenderer will be required to work with GNCC staff permanently by means of e-mails and conference calls;
- c) During the project at least six face to face Meeting shall be held with GNCC staff at GNCC office in Georgia:
 - Preparatory Meeting (at the beginning of the project) - meeting with GNCC staff to agree on main parameters and assumptions to be used for LRIC modeling;
 - Four Interim Meeting (at the middle of the project) - meeting with GNCC staff to discuss preliminary results of the assignment;
 - Final Meeting (at the end of the project) - meeting with GNCC staff and market players to present final results of the assignment.
- d) Exact dates of the meetings to be agreed with Successful Tenderer.
- e) Public consultation meetings focused on presentation of Methodology, MS Excel cost models, input definitions, data collection process and results.

5. Provision of information and confidentiality

- a) GNCC shall be responsible for the provision of Successful Tenderer with Georgian market information (including information on traffic split by services, network topology, technological parameters, revenues and expenses of the operators and etc) available at the Commission.
- b) The successful Tenderer will be required to sign a confidentiality Agreement;

- c) The confidentiality of the work and information obtained from GNCC shall be protected at all times;
- d) All documents produced by successful Tenderer shall remain the property of GNCC.

6. Tender price (bid) offered

The tender price (bid) offered by the Tenderer must be inclusive of all costs associated with the project, including: presentation of the reports to CNCC, as well as any travel and accommodation costs the Tenderer estimates are necessary.

Chapter IV- Minimum requirements for participation in the tender

1. Qualification and eligibility criteria

Tenderer is expected to have previous experience in developing LRIC model for mobile and fixed networks under respective EC decisions. The tenderer shall have international experience. The specific requirements include:

- At least 5(five) years' experience (at least one project per year) in providing consultancy/advisory services in electronic communications sector carried out for regulators and operators internationally (among them within Europe).

- Tenderer must show that, in the last 5 (five) years, it undertook similar consultancy services which meet all the following criteria:
 - a) Development of a bottom-up LRIC costing model for the core network of a public fixed network for electronic communications for EU NRA in accordance with the EC Recommendation 2009/396/EC, which calculates the costs of communications services provided through this network and is used for the regulation of fixed termination rates.
 - b) Development of a bottom-up LRIC costing model for public mobile network for electronic communications for EU NRA in accordance with the EC Recommendation 2009/396/EC, which calculates the costs of communications services provided through this network and is used for the regulation of mobile termination rates;
 - c) Development of a methodology and a calculation model used for the calculation of rates of return on capitals employed (WACC) in the fixed or mobile telecommunication networks, prepared for National Regulatory Authority.

2. Experts

a) The proposed Expert team should include at least:

- Team Leader
 - at least 8 (cumulative) years of experience in telecommunications / electronic communications regulation and ICT strategy
 - At least 5 years professional experience electronic communications regulation with a focus on EU acquis on electronic communications;

- Technical Expert
 - at least 7 years of practical experience in the telecommunications market,
 - at least 3 years of practical experience in the field of telecommunication network modelling and valuation:
 - at least 2 projects concerning modelling and valuation of a NGN core network;
 - at least 2 projects concerning modelling and valuation of a 2G/3G mobile access networks;
 - at least 3 years practical knowledge and experience in the field of development and verification of costing models telecommunications and regulatory accounting, confirmed by execution of the following projects:
 - at least 3 projects concerning development of BU-LRIC costing model for the mobile or public fixed network for electronic communications in accordance with the EC Recommendation 2009/396/EC, which calculates the costs of communications services provided through this network, prepared for EU NRA.
 - at least 1 project concerning development or a verification of TD-LRIC costing model for public mobile or fixed network, which calculates the costs of communications services provided through this network and is used for the regulatory purposes;

- Economical Expert
 - at least 5 years of practical experience in the telecommunications market,
 - at least 3 years of practical experience in valuation of telecommunication networks:
 - at least 1 project concerning valuation of a regulated network using CCA approach for regulatory purposes;.

- at least 3 years practical knowledge and experience in the field of development and verification of costing models telecommunications and regulatory accounting, confirmed by execution of the following projects:
 - at least 2 projects concerning development of BU-LRIC costing model for the mobile or public fixed network for electronic communications in accordance with the EC Recommendation 2009/396/EC, which calculates the costs of communications services provided through this network, prepared for EU NRA.
 - at least 1 projects concerning development or a verification of LRIC costing model for public mobile or fixed network, which calculates the costs of communications services provided through this network and is used for the regulation of termination rates;
 - at least 3 years practical knowledge and experience in calculation of rates of return on capitals employed in the Fixed or Mobile networks, confirmed by execution of the following projects:
 - at least one project concerning development of a methodology and a calculation model used for the calculation of rates of return on capitals employed (WACC) in the fixed or mobile telecommunication networks, prepared for National Regulatory Authority in EU.
 - at least 3 years practical knowledge and experience in preparation of Accounting separation Guidelines for EU NRA
- b) The Tenderer must enclose CVs showing the knowledge and experience required regarding the consultants who are offered and would be used for assignments.

3. Technical Documentation (proposal) to be submitted for participation in the tender

Tenderers shall submit signed Technical Documentation in Georgian language (if Technical Documentation is drafted in foreign language duly authorized Georgian translation shall be attached) clearly demonstrating their ability to perform the assignment, covering the following issues:

- a) Tenderer's identification information and bank requisites in accordance with the annex 3;
- b) Description of the work to be performed proving the Tenderer's understanding of the assignment;
- c) Details of the methodologies, approaches to be used and work plan for performing the assignment;
- d) Information about the similar work completed to-date by the Tenderer; including any samples which can be provided;
- e) Description of the individuals/Expert Team proposed for the assignment (including managerial personnel) and their roles and responsibilities in the assignment; Current Curriculum Vitae of proposed Experts outlining details of similar projects on which they have worked, their specific responsibilities in relation to such projects together with details of formal qualifications or expertise suited to the assignment under this tender;
- f) The tenderer must include a description of the firm, its operations, resources and capacity for the assignments. The description may include development plan, a report on the quality assurance routines and information of how long the company has conducted the service. Relevant working methods, models and processes for the assignment must be reported. If the tenderer intends to use subcontractors then the same information must be submitted for the subcontractors. Regarding these preliminary agreements copies of tenderer and subcontractor must be provided stating their willingness to provide the service in line with the present tender specification;
- g) The tenderer must include the recommendation letters and confirmations letters. This requirement must be fulfilled for both the tenderer and the group of experts. The tenderer must also include information in writing how the consultants fulfill the Good knowledge of EU Directives and Recommendations within the field for cost calculation and price regulation.

Note: Information supplied by Tenderer(s) will be treated as contractually binding and GNCC, reserves the right to seek further clarification of any information.

Appendix 1

This document is the draft agreement on state procurement to be concluded with the Successful Tenderer after the completion of the Electronic Tender. The terms and conditions of the draft agreement shall be specified based on the Tender Proposal of the winner, which shall be attached to the agreement and form an integral part of thereof.

Draft Agreement on State Procurement

Agreement No

Georgian National Communications Commission (hereinafter the Purchaser), represented by its Chairman Mr.Vakhtang Abashidze, on the one hand, and, _____ (hereinafter the Service Provider) represented by its _____, on the other hand, on the basis of the Law on State Procurement and the Tender Proposal offered by the Service Provider as a result of conducting the Electronic Tender conclude the present Agreement on the following:

1. Definition of terms used in the agreement

- 1.1. "Agreement on State Procurement" (hereinafter the Agreement) - the present Agreement made between the Purchaser and the Service Provider, signed by the parties, with all enclosed documentation;
- 1.2. "Value of the Agreement" -total amount to be paid by the Purchaser to the Service Provider for full and accurate fulfillment of contractual obligations;
- 1.3. "Day", "Week", "Month"- calendar day, week, month;
- 1.4. "Purchaser" – organization implementing the procurement;
- 1.5. "Service Provider" – provider of services in the scope of this agreement;
- 1.6. "Services" – subject of the agreement as specified in Article 2 therein.
- 1.7. "Technical assignment" – Technical assignment of the Tender Document to be attached to the agreement as its integral part.

2. Subject of the Agreement

- 2.1. Consultancy service– provision of consultancy service and develop a Long Run Incremental Cost (LRIC) model for mobile and fixed line interconnection rates.
- 2.2. Description of services provided by the agreement shall be given in the Technical Assignment of this Tender Document.

3. Value of the Agreement

- 3.1.Total value of the Agreement shall amount to _____

3.2. Total value of the Agreement shall include all costs of the Service Provider related to the services under this Agreement and all taxes payable under the Georgian legislation.

3.3. Payment under this Agreement shall be made by the Purchaser's own funds. The total value of the agreement shall include the Tender price (bid) offered by the winner of the Tender plus all taxes prescribed by the Georgian legislation, that shall be paid by the Purchaser;

4. Form and terms of payment

4.1. Payment to the Service provider shall be made by bank transfer in local or foreign currency -----

4.2. Payment to the Service Provider shall be made on the basis of a final Act of Acceptance upon full completion of services under this Agreement and submission of an appropriate invoice.

5. Rule of service delivery-acceptance

5.1 After full completion of services the Service Provider shall submit to the Purchaser the Act of Acceptance.

5.3. Services shall be deemed fully completed as of the date of signing the final Act of Acceptance.

5.4. Person Authorized for signing the Act of Acceptance on behalf of the Purchaser shall be designated for the date of signing of the Agreement.

6. Place and term of provision of services

6.1. The place of provision of services shall be the Purchaser's and/or Service Provider's -----

6.2. Provision of services shall end not later than -----

7. Rights and responsibilities of the parties

7.1. The Purchaser shall have the right:

- a) to perform at any time inspection of work and quality of the work to be performed by the Service Provider;
- b) to request necessary documents from the Service Provider before completion of services.

7.2. The Purchaser shall be responsible:

- a) to reimburse the cost of services rendered by the Service Provider in accordance with the terms and conditions of this Agreement;
- b) to designate a representative to supervise the working process, and provide appropriate information and consultations to the Service Provider, if required.

7.3. The Service Provider shall be entitled to request from the Purchaser reimbursement of services in accordance with the terms and conditions of the Agreement.

7.4. The Service Provider shall be responsible:

- a) to provide services of adequate quality and in full volume within the term specified in paragraphs ____ of the Agreement;
- b) to ensure provision of services in accordance with the Technical Assignment;
- c) to observe confidentiality of documentation handed over to him by the Commission;
- d) to submit to the Purchaser final work (report) in electronic format after full completion of services.

7. Inspection of contractual obligations

8.1 Inspection of contractual obligations of the Service Provider shall be carried out by a person duly authorized by the Purchaser for the moment of signing this Agreement.

8.2. Inspection shall mean- control of terms and conditions of the work of the Service Provider, as well as the quality of rendered services.

8.3. All costs related to elimination of any identified faults or inconsistencies shall be born by the Service Provider as prescribed by the Georgian legislation.

8. Penalty for non fulfillment

9.1. In case of delay in the fulfillment of contractual obligations the party will be charged with a penalty in the amount of 0,1% of the value of unfulfilled obligation for each day of delay.

9.2. If the total amount of the imposed penalty exceeds 10 (ten) percent of the total value of this Agreement, the Purchaser shall have the right to terminate the Agreement and request from the Service Provider reimbursement of the penalty amount due for the date of termination of this Agreement.

9.3. Payment of the penalty shall not relieve the party from fulfillment of his principal obligations.

9. Amendment and termination of the Agreement

10.1. Any amendment or addition to this Agreement shall be made only in a written form upon mutual agreement of the parties.

10.2. Changing of the terms and conditions of this Agreement, including the price, is inadmissible, if these changes cause increase in the price of the total value of the Agreement or are worsening the conditions for the Purchaser, except in cases provided for by Article 398 of the Civil Code of Georgia. The terms and conditions of the Agreement may be revised in accordance with the procedure established by the Georgian legislation.

10.3. If circumstances specified by Article 398 of the Civil Code of Georgia should occur, increase in the total value of the Agreement for more than 10(ten) percent shall be inadmissible.

10.4. If any of the parties fails to fulfill the terms and conditions of this Agreement, other party shall be entitled to make the decision on termination of the Agreement unilaterally.

10.5. The party shall be responsible to notify the other party in written or through electronic communication means about the decision made under paragraph 10.4 above no less than 5 calendar days earlier.

10.6. The Agreement may be terminated also at the parties' discretion based on mutual agreement.

10. Force-majeure

11.1 The parties shall be released from responsibility for nonfulfillment of contractual obligations if this is caused by effects of force-majeure. If such circumstances should occur, the party shall be responsible to notify the other party about the impossibility of fulfillment of assumed responsibilities.

11.2 If any of the parties cannot perform his obligations under this Agreement due to the force-majeure conditions, the party shall be responsible to notify the other party immediately (but not later than the next calendar day) about the occurrence and/or completion of such circumstances, otherwise the relevant party shall not be relieved from assumed responsibilities.

11.3 Responsibilities and obligations of the parties shall be resumed upon completion of the effect of force-majeure circumstances.

11. Resolution of disputes

All disputes that may arise during the validity term of this Agreement shall be resolved by mutual agreement between the parties. If the agreement cannot be reached, the parties may appeal to the court for resolution of disputes in accordance with the effective legislation of Georgia.

Validity of the Agreement

The Agreement shall come into force on the above indicated date and shall remain in effect through-----.

Purchaser:

Service Provider:

Appendix N2

Tender price (bid) and assignment execution timeline

N	Name of Service	Price of Service	Assignment execution timeline: After signing of agreement:
1	Accounting separation Guidelines		Not later than at the end of the six week
2	LRIC) model for mobile and fixed line call origination rates		
3	LRIC) model for mobile and fixed line call termination rates		
4	WACC calculation		
5	Total Price of Services		

Appendix N 3

Name of Tenderer (Company):

Actual/ registration Address:

Director (Name and Surname) :

Tel:

Email:

Tax registration number:

Bank requisites (information):

Signature/Stamp _____

Date _____

Appendix N 4

Bank Guarantee for Advance payment

Name of Guarantee:

Name of Principal:

Tax Registration Number of Principal:

Name of Beneficiary:

Amount of Guarantee:

Bases for issue of guarantee:

Agreement by and between "Principal" and "beneficiary"
dated at -----

The guarantee commencement:

Guarantee shall valid and in full effect from the date of the
advance payment received by the beneficiary on the
following account N----- under the agreement

Commitment under guarantee

The Guarantee(bank or financial institution), Shall
unconditionally and irrevocably pay to Beneficiary within
three banking days in spite of validity of agreement upon its
first demand without whatsoever right of objection and
without its claim to the principle. (It is not mandatory
requirement to include a reference to specific violations)

Beneficiary's request for payment

Guarantee amount shall be paid by "the Guarantee" if the
request will be submitted with the the duly signature of
responsible person of principle; Request shall be submitted if

the guarantee is not expired and the total guarantee amount is not issued.

Date of Maturity::

Guarantee shall be valid from --- to---. Request a guarantee for the payment of the "beneficiary" should be submitted by that date, and including this date. If the last day of the validity of the guarantee is non-banking day, then the period is automatically extended for one banking day.

If no written request will be presented by beneficiary during the bank guarantee period (it is not mandatory requirement to include a reference to specific violations) then the guarantee shall be terminated.

Appendix N 5

Bank Guarantee for performance

Name of Guarantee:

Name of Principal:

Tax Registration Number of Principal:

Name of Beneficiary:

Amount of Guarantee:

Bases for guarantee:

Agreement by and between "Principal" and "beneficiary" dated at -----to secure of the performance of agreement

The guarantee commencement:

Guarantee shall valid and in full effect from the issuance of such document

Commitment under guarantee

The Guarantee(bank or financial institution), Shall unconditionally and irrevocably pay to Beneficiary within three banking days in spite of validity of agreement upon its

first demand without whatsoever right of objection and without its claim to the principle. (It is not mandatory requirement to include a reference to specific violations

Beneficiary's request for payment

Guarantee amount shall be paid by "the Guarantee" if the request will be submitted with the the duly signature of responsible person of principle; Request shall be submitted if the guarantee is not expired and the total guarantee amount is not issued. Second request (if any) which specify first request shall be considered submitted in time (in spite of submitting date) and shall be paid.

Date of Maturity::

Guarantee shall be valid from --- to---. Request a guarantee for the payment of the "beneficiary" should be submitted by that date, and including this date. If the last day of the validity of the guarantee is non-banking day, then the period is automatically extended for one banking day.

If no written request will be presented by beneficiary during the bank guarantee period (it is not mandatory requirement to include a reference to specific violations) then the guarantee shall be terminated.