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ETHIOPIAN
COMMUNICATIONS AUTHORITY

**UNIVERSAL ACCESS FUND
REGULATION**

DRAFT FOR STAKEHOLDER CONSULTATION

OCTOBER 2020

COUNCIL OF MINISTERS UNIVERSAL ACCESS FUND REGULATION

This Regulation is issued by the Council of Ministers of Federal Democratic Republic of Ethiopia pursuant to Article 49 Sub-Article (3) of the Communications Service Proclamation No. 1148/2019.

PART I GENERAL

1. Short Title

This Regulation shall be cited as the “Universal Access Fund Regulation No. 11/2020.”

2. Definitions

Words and phrases used in this Regulation shall have the meaning and application given to them in the Communications Service Proclamation No. 1148/2019. In this Regulation, unless the context otherwise requires:

- 1) “**Authority**” means the Ethiopian Communications Authority established under the Communications Service Proclamation No. 1148/2019.
- 2) “**Designated beneficiary**” means individuals, households, groups, communities or institutions determined by the Authority, from time to time to be the target beneficiaries of universal access.
- 3) “**Fund**” means the Universal Access Fund (UAF) established under Article 49, Sub-Article 3 of the Proclamation.
- 4) “**License**” means a license issued by the Authority for the provision of Telecommunications Services.
- 5) “**Operating plan**” means a plan prescribed by the Authority for the implementation of specific Universal Access programs and projects to meet the objectives for Universal Access to communications Services in Ethiopia.
- 6) “**Pay-or-Play**” means a mechanism whereby licensees can earn credits against the obligation to pay their designated Universal Access Levy for providing a service or infrastructure facility that meets designated Universal Access objectives.
- 7) “**Subsidies**” means financial assistance granted to support universal access programs and projects.
- 8) “**Smart subsidy**” means a one-time amount of financial support that will bring loss-making services to a sustainable rate of return over the long term for the provider, meaning that no further or recurring support will be required from the Fund.
- 9) “**Universal Access**” means the availability to all users, regardless of their geographic location, of communications services of a quality specified by the Authority and at suitable prices.
- 10) “**Universal service**” means access is achievable by virtually one hundred percent of the population, as they are reasonably able to afford and privately subscribe to and use particular communications systems and services of a quality specified by

the Authority on an individual, household or institutional basis, including to public voice telephony; Internet service; or any other services by which people access communications systems and services.

- 11) **“Underserved areas”** means geographic areas where the existing level of access is below the quality of service defined by the Authority as the minimum required standard.
- 12) **“Unserved areas”** means geographic areas where no level of Universal Access as defined by the Authority is currently available.
- 13) **“Universal Access Levy”** means a levy charged by the Authority on licensees for purposes of the Universal Access Fund.
- 14) **“Universal Access programs”** means the Universal Access initiatives initiated by the Fund aimed at achieving one or more of the Universal Access objectives established by the Authority.
- 15) **“Universal Access projects”** means the specific micro-level implementation activities related to each Universal Access Program.

3. Objectives

- 1) The primary objective of this Regulation is to put into place a regulatory framework for the design and implementation of universal access and service provision and for the administration of the Universal Access Fund in the Federal Democratic Republic of Ethiopia (“Ethiopia”).
- 2) Without prejudice to the generality of Article 49 of the Proclamation, the objectives of the Universal Access Fund shall include the following:
 - a) Promote the extension of communications infrastructure and services to all administrative levels of human population in Ethiopia, in particular to rural, remote and under-served areas;
 - b) Promote and facilitate the national integration of networks and services, e.g., by the improvement of backbone facilities, to reach a more ubiquitous quality of service delivery deemed to be the minimum for achievement of Universal Access;
 - c) Promote and support activities assuring availability of services to all socio-economic segments of society, in particular person with disabilities, women and other vulnerable or marginalized groups;
 - d) Support the development of capacity building in ICTs and technological innovation, where gaps in user capacity needing financial support are observed and identified;
 - e) Support sectoral expansion of ICT services, including, but not limited to schools and higher education, health facilities and other organizations serving public needs; and,
 - f) Facilitate content development which will provide improved and beneficial access to under-represented people and socio-economic activities.

PART II
AMOUNT OF THE UNIVERSAL ACCESS LEVY AND VARIATIONS IN THE AMOUNT

4. Amount of the Universal Access Levy

- 1) The Universal Access Levy imposed by the Authority in accordance with its powers under the Proclamation shall be collected from all licensees offering communications systems and services on a commercial basis.
- 2) The levy to be charged on licensees shall be one and half percent (1.5%) of the gross annual revenue of a licensee and is the maximum amount authorized by this Regulation.
- 3) The levy amounts shall be collected annually, in arrears, calculated from the annual financial reports submitted by the licensed service providers. The administrative mechanism for collection and disbursement from the Fund account shall be created and administered solely by the Authority.

5. Variations in the Amount of the Universal Access Levy

- 1) The Authority has the power to reduce the amount of the levy below the maximum allowable on an annual basis, if its projection of the amount needed to meet Universal Access Objectives and Program costs over the Program planning period is lower than 1.5% of gross revenues.
- 2) Specifically, the Authority must also reduce the levy to balance expected expenditures in the event the Fund is accumulating unused funds and the Fund is unable to commit disbursements of more than seventy-five percent (75%) of the annual amount collected, for two consecutive years.
- 3) Where appropriate, the Authority may also use a pay-or-play mechanism, such as granting "UAF Credits" against licensees' levy accounts in exchange for completing designated capital projects that meet specifically approved Fund targets.

PART III
**USES OF THE UNIVERSAL ACCESS FUND, MEANS OF FUNDING,
AND TYPES OF PROJECTS AND INVESTMENTS TO FUND**

6. Uses of the Universal Access Fund

The Universal Access Fund shall be applied in activities that support national communications and information technology development programs including, among others:

- 1) Funding Universal Access programs and projects initiated and implemented by the Fund to meet Universal Access objectives;
- 2) Identifying, approving, scheduling and financing, through subsidy provision, private sector and/or community investments in Universal Access provision projects under Fund direction and auspices; and,
- 3) Conducting research, studies, trainings, promotions and other activities in communications and information technologies which are directly related to Universal Access and the Fund's Programs.

7. Means of Funding

The Authority shall fund Universal Access programs and projects through:

- 1) Subsidies;
- 2) Loans; and,
- 3) Grants.

8. Types of Projects and Investments to Fund

When identifying the projects to be funded by the Universal Access Fund, the Authority shall:

- 1) Promote through “smart subsidies” the establishment of efficient, self-sustaining capital projects, that will expand access to communications infrastructure, systems and services on their own with minimal one-time funding;
- 2) Provide financial support from the Fund to the extent necessary to create adequate economic incentives for investors to create and sustain infrastructure and communication service projects;
- 3) Support only projects that are not economically feasible without support of the Fund; and,
- 4) The Fund shall not support the provision of communications service(s) into areas which are already served and commercially available by at least one service provider.

**PART IV
MANAGEMENT AND GOVERNANCE OF THE FUND
AND FUND ACCOUNTS**

9. Management of the Fund

The Authority shall collect and disburse the funds of the Universal Access Fund in accordance with its powers under Article 6, Sub-Article (24) of the Proclamation. It shall:

- 1) Establish administrative mechanisms, systems and structures for proper collection of resources and management of the Universal Access Fund;
- 2) Supervise and provide broad policy directions for the management of the Fund and Universal Access Programs;
- 3) Develop specific indicators of communications access to assess status and progress in the achievement of Universal Access;
- 4) To the extent practicable, apply a competitive selection process to select beneficiaries of the Fund;
- 5) Develop appropriate socio-economic criteria for identifying the geographical areas, population groups, institutions and organizations that may be eligible to benefit from the Fund;

- 6) Develop criteria for evaluating project proposals for funding;
- 7) Monitor and evaluate the fund projects; and,
- 8) Formulate the annual operating plans of the Fund.

10. Governance of the Fund

An Advisory Committee, named the Universal Access Advisory Committee, shall be established by the Authority to:

- 1) Provide strategic policy advice, guidance, comments and feedback, to enhance and maximize effective implementation of Fund Programs; and,
- 2) Perform any other functions assigned to it or requested by the Authority from time to time and as necessary for the implementation of this Regulation.

11. Fund Accounts

- 1) The Authority shall deposit the funds in one or more dedicated accounts of the Universal Access Fund established in one or more reputable banks in Ethiopia;
- 2) The Authority shall maintain separate accounts for the Universal Access Fund and shall keep proper books of accounts and records of the operations of the Fund.
- 3) The accounts of the Fund shall be audited by an independent auditor at the end of each financial year.

PART V ANNUAL REPORT

12. Annual Report

- 1) The Authority shall, within three months after the end of the financial year, prepare and submit to the Board of Management an annual report containing:
 - a) The audited financial statements of the Fund; and,
 - b) Details of activities supported by the Fund.
- 2) The Annual Report shall also be available for public inspection at such times and in such manner as the Authority shall prescribe.

PART VI INVESTMENT OF THE FUNDS

13. Investment of the Fund

The primary area of Fund investment is to promote universal access communications services in as timely and efficient a manner as possible. In order to safeguard funds accumulated in the UAF account prior to their application to the prime purpose, the Authority shall invest or apply funds in the following financial instruments:

- 1) Fixed bank deposits;
- 2) Government securities; or,

- 3) Any other investments approved by the Authority and in accordance with applicable financial regulations.

**PART VIII
MISCELLANEOUS**

14. Power to Issue Directives

The Authority may, from time to time, issue directives relating to the management of the Fund, including a Manual of Operating Procedures.

15. Effective Date

This Regulation will come into force on _____, 2020.

DONE IN ADDIS ABABA, ON _____ DAY OF _____ 2020

ABIY AHMED (Ph.D)
PRIME MINISTER
OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA