

Comments of the Civil Society Organisations and Academia to the Ethiopian Communications Authority on the Universal Access and Service Framework and Universal Access Fund Regulation

October 2020

In Public Notice “Third Round of Consultations”, October 11, 2020, Ethiopian Communications Authority (ECA) invited interested stakeholders to submit their comments on the issues about four documents, which include two draft directives, one framework, and one draft regulation which are: (1) Mobile Number Portability Directive, (2) Telecommunications Wholesale National Roaming Directive, (3) Universal Access and Service Framework, and (4) Universal Access Fund Regulation.

We, the following stakeholders contributing to the production of this document wish to thank the ECA for its consultative approach.

- Alliance for Affordable Internet (A4AI): <https://a4ai.org>
- Association for Progressive Communication (APC): www.apc.org
- Bahir Dar University, Bahir Dar Technology Institute, ICT4D (Information and Communication Technology for Development) Research Center
- Internet Society Ethiopia Chapter: www.internetsociety.et
- Internet Society –www.internetsociety.org/
- Network for Digital rights for Ethiopia -www.ndrethiopia.org

(for a detailed description of each organisation, please refer to section “ABOUT THE CONTRIBUTORS”, at the end of the document):

We appreciate the opportunity to comment on the Draft Universal Access and Service Framework as well as on the Universal Access Fund Regulation. All of us are moved by the common objective of supporting the ECA in the creation of a vibrant ICT ecosystem, with quality, meaningful and affordable telecommunications, and in favor of digital inclusion and the socio-economic development of all Ethiopians. As such, a similar coalition of civil society organizations made submissions to the Draft for Stakeholder Consultation for the Telecommunications Licensing Directive No. 1/2020 as well as to the Ethiopian Telecommunications Sector Stakeholder Consultation No. 001-2019 Notice 1003.

In presenting our feedback, we focus on documents (3) and (4) above and wish to recommend that the government considers innovative models particularly those that support the growth of community networks to participate in the competitive telecom market. In our submission we have outlined why this is important to accelerate the growth of the broadband sector.

We are encouraged to see that the Ethiopian Communications Authority is seeking input from various stakeholder groups before producing the final version of the documents. We hope this collaborative, multi-stakeholder approach, begun by the ECA will continue as Ethiopia pursues a competitive and viable digital economy and telecoms sector .

Introduction

The COVID-19 pandemic has brought to the fore the critical importance of universal affordable access to internet connectivity. Despite efforts from the different stakeholders, universal affordable access is far from being achieved, as existing national operators focus their efforts on using technologies and building or upgrading infrastructure in areas where traditional business models apply. Therefore, sparsely populated areas, where household incomes may be lower and traditional models of connectivity are not viable, remain unconnected. As a result, there is an emerging consensus regarding the need to do something different from “business as usual”.

As highlighted in our previous submission, we believe that community networks are often better placed to address coverage and usage gaps that national operators have deemed unviable or unprofitable.. These local operators serve a distinct market, with deeper knowledge of their users, and able to provide more affordable connectivity when it comes to serving a local market. Examples in other countries in the region show that only small initial investments are required to kick-start viable solutions.

Because most regulatory frameworks have been established to cater for large-scale, national operators, community networks face a variety of barriers that restrain their establishment and growth. One of the most significant barriers is access to funding. While local operators have dramatically lower startup costs than national operators, access to funding is often more challenging for small operators. Government financial support, via Universal Access Funds, can provide critical seed funding to allow local operators to become established and take root in their communities¹. This is necessary because local operator services are often launched in low population density areas and in low income communities.

Supporting Community Networks

Universal Access Funds (UAF) are typically established through a levy from licensed operators. However, many of these funds accumulate large amounts of unspent funds; partly because of the limited capacity of regulators to evaluate and disburse funds to the right projects², and also because of a lack of appropriate projects to support. In some countries, UAF have been diverted to other purposes³. Although some countries are restructuring their UAF to support community networks⁴, it is rare for UAFs to have specific provisions for them. In some cases, the lack of an appropriate operator license framework to enable community networks restricts them from applying for UAF funds.

In many countries, universal service funds find their way into the hands of larger commercial operators whose business models are oriented towards wealthier, more urban markets. Operators then struggle to find a viable business model for connecting rural, remote, and

¹ <https://www.apc.org/en/pubs/bottom-connectivity-strategies-community-led-small-scale-telecommunication-infrastructure>

² Thakur, D., & Potter, L. (2018). Universal Service and Access Funds: An Untapped Resource to Close the Gender Digital Divide. Web Foundation. <http://webfoundation.org/docs/2018/03/Using-USAFs-to-Close-the-Gender-Digital-Divide-in-Africa.pdf>

³ *Unleashing Community Networks: Innovative Licensing Approaches* p. 6

⁴ https://www.enacom.gob.ar/institucional/avanzamos-hacia-una-mayor-conectividad-y-reduccion-de-la-brecha-digi-tal_n2444

underserved areas. Therefore, while UAFs may enable infrastructure build-out into rural, remote, underserved, and low-income areas, the traditional frameworks of connectivity business models currently using these funds, keep contributing to a cycle of high costs of deploying infrastructure and operating expenses in these areas. These leads to high subscription costs leaving the services unaffordable and out of reach of the newly connected community⁵.

The issues with current UAF regimes discussed above have led community network operators and advocates to consistently point to UAF reform as essential to creating an enabling environment for complementary access solutions. Many of the first-hand accounts from various community networks in the 2018 Global Information Society Watch report on community networks emphasized the importance of extending universal service and other public funding eligibility to community networks and other local access initiatives⁶.

We therefore recommend expanding UAF and other public funding opportunities to local lead networks solutions, such as community networks⁷. Some specific suggestions on how to operationalize this support are provided in the next section.

Comments on “Universal Access Fund Regulation”

Section 5 - Variations in the Amount of the Universal Access Levy

We propose clause 5.4 be amended to exempt operators below a threshold of income from universal service fund fee contributions. We further suggest that non-profit operators including National Research and Education Networks (NRENs), cooperatives, and community networks be exempted from these fees. Smaller operators need a supportive ecosystem in order to thrive. UAFs should support them not tax them.

Section 7 - Means of Funding

Subsidies themselves are generally grants, though they could be framed in part as loans ultimately repayable in instalments when the project turns a profit. Criteria are needed for deciding between grants and loans, and possible conversion at some stage in a difficult project from loan to grant.

Section 8 - Types of Projects and Investments to Fund

We believe that the provision in section 8.4 which states that the UAF shall “not support the provision of communications service(s) into areas which are already served and commercially available by at least one service provider” may be problematic. If the prices are high or the quality inadequate, having a single operator may be little better than no operator, ultimately failing to meet the Universal Access Objectives stated in section 2 of the framework. We suggest this be revised to state that the presence of existing services may affect prioritisation of an area rather than lead to a ban on any fund provision.

We further propose that specific funding for community networks be ring-fenced within the fund and that mechanisms for the disbursement of small grants and loans be established.

⁵ Community Networks in Latin America: Challenges, Regulations and Solutions page 7

⁶ 2018 GIS Watch, page 32, 161, 204, etc

⁷ These recommendations are outlined and expanded upon in in the report titled “Unleashing Community Networks: Innovative Licensing Approaches”

Given the population density where community networks are typically deployed, they are likely to have far fewer-- customers than urban networks. Also, the scope of many of these networks may be solely targeted to provision of connectivity in a single community, rendering typical UAF tenders out of their reach.

Community networks require incrementally greater levels of financial and institutional support at different stages of their development. Initial phases tend to require little external financial support compared to large UAF projects from national operators. As community networks grow, often by reaching agreements with NRENs or other wholesale internet providers, they require additional funding for establishing the backhaul and consolidate the pilot.

Once the backhaul is in place, it is easier to scale to nearby communities. It is also important to consider that local intermediaries acting for many community networks are likely to play a key role in this area as they may be more familiar with the landscape and can thus better evaluate potential initiatives, as well as aggregate needs and disburse funds received from large funding sources. It is then important that the fund created for community networks caters for each of these different phases of development in small increments.

Section 9 - Management of the Fund

In sub-section 4), for clarity and to avoid confusion with the definition of "Designated Beneficiary" in Section 2 - Definition sub-section 2), we suggest replacing the phrase "beneficiaries of the Fund" by "recipients of grants or loans from the Fund".

Section 10 - Governance of the Fund

In order to ensure that the needs of all stakeholders are served, we propose that the membership of the Advisory Committee be designed to be multi-stakeholder in nature with provisions to ensure representation from civil society, industry, government, and the education sector on the committee is part of the committee design.

Section 12 - Annual Report

We applaud the decision to produce annual audited statements of the funds activities. However we suggest that restricting the publication of UAF activities to "such times and in such manner as the Authority shall prescribe" does not meet the criteria of transparency needed for a publicly-managed resource of this magnitude. We propose that audits should be carried out by an independent agency and be made publicly available.

Comments on the Universal Service and Access Framework

Section 2.2.1 Frequency Spectrum

One of the greatest challenges to affordable access is that International Mobile Technology (IMT) spectrum, even though assigned to an operator, often lies unused in rural areas. "Use it or share it" provisions for spectrum licenses could ensure that low-cost operators such as community networks or small ISPs have access to spectrum to be able to deliver services where larger operators have shown no interest.

Section 2.2.3 Additional Areas of Interest

In section c), we suggest that “community networks” be added to the list of organisations with whom the UAF will develop links and collaborate with in capacity building and the promotion of content and application developments”.

Section 3.2 Phase 2 - Secondary Objectives

We enthusiastically support the strategic inclusion of universities, schools, and other public interest institutions from a connectivity perspective. We believe that public interest, not-for-profit internet service providers, including National Research and Education Networks like EthERNet but also non-profit local community networks should be an explicit focus of the fund. We suggest that projects falling in this category can benefit from the fund starting from the first year, albeit, with lower priority than projects responding to the primary objectives.

Section 3.3.1 Incumbent Basic (2G) and Broadband (3G) Coverage

Access to existing public information on network infrastructure and coverage is essential for government agencies, investors, researchers, and civil society organisations to understand both opportunities for investment and the limitations of existing network coverage. We suggest that transparency regarding existing and planned network infrastructure and coverage be a condition of access to UAF funds.

Section 4.2.6 Enforcement

We propose that any UAF provisions should also be subjected to any rules and regulations related to Ethiopia’s administrative law.

Section 7.2 Financial Distribution Schedule

We suggest that three years may be too long to wait for the first review of financial disbursements and that annual review would allow the UAF to respond more dynamically to a rapidly evolving sector. We also consider that skill development and capacity-building should receive more prominence early on in order to ensure that human capacity to build and manage network infrastructure grows commensurately with physical infrastructure.

8.9 Public Awareness

We propose that the Authority take steps to widely disseminate the purpose and objectives of the Fund publicly through an up-to-date website, media as well as by arranging public events, especially at places where UAF Projects are being planned or implemented.

9.5 Monitoring and Evaluation

We would like to propose that monitoring and evaluation processes should also comply with existing provisions of existing rules and regulations related to Ethiopia’s administrative law.

ABOUT THE CONTRIBUTORS

Alliance for Affordable Internet(A4AI)- www.a4ai.org

Alliance for Affordable Internet(A4AI) is an initiative of the World Wide Web Foundation. A4AI is the leading advocate for affordable and meaningful connectivity for all. The Alliance is

composed of 100+ member organisations from across the private, public, and not-for-profit sectors in both developed and developing countries. Working through a consultative, locally-driven and locally-led process in member countries, including in Africa, A4AI works to shape the policies and regulations needed to drive down prices. All its advocacy is underpinned by extensive original research

Association for Progressive Communication (APC) – www.apc.org

The Association for Progressive Communications is a global network of civil society organisations whose mission is to empower and support organisations, social movements and individuals in and through the use of information and communication technologies (ICTs) to build strategic communities and initiatives for the purpose of making meaningful contributions to equitable human development, social justice, participatory political processes and environmental sustainability.

Bahir Dar ICT4D Information and Communication Technology for Development (ICT4D) Research Center

Bahir Dar Information and Communication Technology for Development (ICT4D) Research Center is established with a view to promoting and advancing the role of ICT for change in the socio-economic landscape of the country. The research center runs five research groups i.e. mobile and wireless communication, Natural language processing, electronic services, Artificial Intelligence and privacy & security.

Internet Society Ethiopia Chapter – www.InternetSociety.et

Internet Society Ethiopia Chapter (ISOC ET) is a national, non-profit, and multi-professional association established under the Ethiopian law. It is the officially chartered chapter of the Internet Society that aims to promote the development and use of the Internet as a resource to enrich people's life. The chapter advocates for open, globally-connected, secure and trustworthy Internet for everyone with a greater emphasis on addressing local challenges. The chapter was formed by a distinct combination of disciplines from academia and the technical community with memberships from all regions of Ethiopia and beyond. The chapter welcomes all individuals, organizations, and stakeholders with a desire to contribute to the advancement of Internet development in Ethiopia.

Internet Society – www.internetsociety.org

Founded by Internet pioneers, the Internet Society (ISOC) is a non-profit organization dedicated to ensuring the open development, evolution and use of the Internet. Working through a global community of chapters and members, the Internet Society collaborates with a broad range of groups to promote technologies that keep the Internet safe and secure, and to advocate for policies and infrastructure that enable universal access. The Internet Society also provides a corporate home for the administrative entity that supports the Internet Engineering Task Force (IETF). Since our establishment 27 years ago, the Internet Society has been a leader in pioneering catalytic initiatives that range from capacity building,

community support, and building and improving Internet infrastructure and resilience. As we work for an Internet that is open, globally-connected, secure, and trustworthy, the Internet Society has been collaborating closely with global, regional and local entities on the development of Internet infrastructure, technologies, open standards, and policy frameworks. In 2020, we will continue to work towards realizing our vision by building, promoting, and defending a bigger and stronger Internet. A stronger Internet is a precondition to the Internet's use and growth. A bigger Internet means not only increasing the reach and reliability of the Internet in the short term, but also ensuring the foundations for continued growth are solidly in place. community networks (CN) are a way to bridge the connectivity gap. The Internet Society has a long history of making a difference in this area, and to meet current connectivity challenges we have worked to support CN deployments, create capacities in communities by training local people, built new communities of interest, and focused on changing policies and regulations to encourage the development and deployment of community networks. We have been working with partners to build community networks since 2010, and have continued year-on-year to scale our work and partnerships. Our Activities In the field has shown us the importance of reaching out to communities to get them involved in any effort that aims to bring connectivity to the unconnected, enabling alignment between project development and the needs/ways of living in specific communities.

Network for Digital rights for Ethiopia - www.ndrethiopia.org

Network for Digital Rights for Ethiopia (NDRE) is an open membership network working to advance digital rights in Ethiopia by creating awareness, establishing communities online and offline, influencing policy, laws and regulations that affect digital rights for the socio-economic advancement of Ethiopia.