



**FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA**

**ETHIOPIAN COMMUNICATIONS AUTHORITY**

**Public Notice**  
**Stakeholder Consultation**  
**Telecommunications Service License Issuance**  
**(License B)**

**Addis Ababa, November 16, 2022**

## **1. Foreword**

- 1.1.** In October 2018, the Government of Ethiopia announced its decision to proceed with the reform of the Ethiopian telecommunications sector. Central to the reform agenda is to attract investment into the sector, while also laying the ground for more competition, which ensures improvements in service provision and transformation of the sector.
- 1.2.** The Communications Service Proclamation No. 1148/2019, (“the Proclamation”) established the Ethiopian Communications Authority (“the ECA” or “the Authority”) as the regulator of the communications sector with a mandate, among others, to introduce competition in the sector. The ECA is an independent regulatory authority accountable directly to the Prime Minister who has overseen, since its creation in 2019, the development of the sector regulation and the successful opening of the market through a transparent and fair competitive tender to a top-class private sector entrant.
- 1.3.** The Government of the Federal Democratic Republic of Ethiopia has laid out in the Proclamation the framework for the liberalization and development of the Ethiopian telecommunications sector by facilitating the introduction of competition among local and international telecommunications operators. The primary goals of the Government are to ensure reliable and accessible communications for all Ethiopians, leading to improvements in quality of life and in connectivity to support rapid economic transformation and growth, and to maximize the opportunity presented by the digital economy. Ethiopia is targeting a highly capable and qualified telecommunications operator to become a new license holder in this rapidly growing economy.
- 1.4.** On May 31, 2021, the ECA issued Ethiopia’s first-ever competitively-tendered Unified Telecommunications Operator License (“License A”) to the Global Partnership for Ethiopia, a private consortium consisting of Safaricom (Kenya), Vodafone Group (UK), Vodacom Group (South Africa), CDC Group (UK), and Sumitomo Corporation (Japan), now operating under the name Safaricom Telecommunications Ethiopia.
- 1.5.** To further the implementation of the Government’s Economic Reform Agenda and to introduce greater competition in the telecommunications sector in the context of improving market conditions, the ECA is now considering resuming the issuance of a third Unified Telecommunications Operator License (“License B”) to a top-class private sector operator, to operate alongside the incumbent Ethio telecom and the first new entrant Safaricom Telecommunications Ethiopia.
- 1.6.** This Public Notice initiates a Stakeholder Consultation, pursuant to Articles 35-37 of the Proclamation, to collect all interested stakeholders' contributions regarding the proposed license issuance process. The process and rules of the consultation, its background and scope are further detailed within this Stakeholder Consultation Document.

- 1.7. We invite interested parties, stakeholders and potential bidders to submit their comments on the issues raised in this Stakeholder Consultation Document. The procedure for responding to this Stakeholder Consultation Document is detailed in the following section.

## **2. Process and rules of the Stakeholder Consultation**

- 2.1. The consultation period will be from November 16, 2022 to December 16, 2022. Interested parties may submit written comments, preferably in a Word format document, using the form in Appendix A whenever applicable, together with any related attachments. All contributions should be sent by email to [consultation@eca.et](mailto:consultation@eca.et) no later than 11:59 pm, East Africa Time, December 16, 2022. Receipt will be formally acknowledged within two working days by email (using the contact email address provided in the form in Appendix A ).
- 2.2. The ECA will organize a stakeholder conference so that interested parties may directly ask questions concerning issues they may raise through this consultation process. Stakeholders will be informed by the ECA about the time and place of the conference via its website. The ECA may conduct individual, virtual or face-to-face meetings during the Public Consultation period.
- 2.3. We will review all submissions we receive in response to this Stakeholder Consultation and will consider the comments of stakeholders in preparing the Decision that the ECA must issue pursuant to Article 37 of the Proclamation. The ECA’s Decision on this proceeding will announce our resolution of the issues raised in this Stakeholder Consultation and will explain the reasons underlying our actions. This Stakeholder consultation will be used to inform the preparation of the final terms and conditions of the upcoming issuance process.

## **3. Background of the Stakeholder Consultation**

- 3.1. The Ethiopian Communications Authority was established by the Communications Service Proclamation No. 1148/2019 with the objective “to promote the development of high quality, efficient, reliable and affordable Communications Service throughout the nation; to promote a competitive market for the achievement of these goals; and to promote accessibility and interests of consumers.”
- 3.2. The Government decided to open the telecommunications market to full domestic and foreign competition in order to ensure that the industry will serve the needs of the Ethiopian people and serve as the foundation for a digital economy. Competition will lead to increased investment in infrastructure and services, increased choice and innovation for consumers, and better, more affordable service. This is consistent with the introduction of competition and private investment in many different sectors of the Ethiopian economy, which should in turn create additional demand for communication services. In order to achieve these objectives, the Government has

planned to issue one additional nationwide telecommunications service license for telecommunications service providers, covering a full range of telecommunications services and infrastructure that will be a second new entrant to Ethiopian Telecommunications market or third telecommunications service operator alongside the incumbent Ethio telecom, and the first new entrant Safaricom Telecommunications Ethiopia.

- 3.3.** We are, therefore, initiating this Stakeholder Consultation, pursuant to Article 35 of the Proclamation, to invite stakeholders and telecommunications companies with proven experience with large-scale network deployment, operation and service provisioning to participate in the Stakeholder Consultation to share their comments and, if applicable, register their interest for the acquisition of the new Unified Telecommunications Operator License (License B) in the Federal Democratic Republic of Ethiopia.

#### **4. Public Consultation Topics**

- 4.1.** The ECA contemplates that the main terms and conditions of License B will be largely similar to the terms and conditions of License A and the incumbent’s License. The sections below provide highlights of the contemplated key terms and conditions, for the purpose of receiving comments and questions through this public consultation process.

#### ***Licensing Framework***

- 4.2.** The ECA will issue one Unified Telecommunications Operator License (License B) to a new entrant. The Licensee will have the right to provide any telecommunications service, including voice, text, and data, using any technology, whether fixed or wireless, anywhere within Ethiopia, and to send and receive telecommunications to and from outside Ethiopia, as defined in the “Telecommunications Licensing Directive No. 792/2021”. This Unified Telecommunications Operator License will be accompanied by a spectrum license that assigns specific blocks of radio spectrum.
- 4.3.** In addition, the license will provide the licensee the same rights as the other licensees to obtain access to scarce resources, such as radio frequency spectrum, numbering and addressing resources, and rights of way.
- 4.4.** We propose to provide a grace period during which the ECA will not issue additional unified telecommunications operator licenses (and accompanying radio frequency spectrum licenses). We believe this will allow the market to develop and provide the basis for deciding whether additional market entry would be useful in promoting the provision of high quality, affordable services for consumers.

- 4.5. We may, however, issue class licenses for specific services (e.g., active or passive infrastructure providers). These class licenses will not include access to spectrum for public mobile services.

#### ***Scope of the full-service licenses***

- 4.6. **Types of services** – as we have mentioned above, the Unified Telecommunications Operator License will permit the provision of any and all telecommunications services – voice, text, and data, including Internet access, throughout the nation over both fixed and wireless networks, as defined in the “Telecommunications Licensing Directive No. 792/2021”.
- 4.7. **Technology neutrality** – the Unified Telecommunications Operator License will enable the licensee to use any approved technical standard, including, for example 2G, 3G, 4G, and 5G wireless standards as well as any fixed line technology, such as copper or fiber optics.
- 4.8. **Term** – the Unified Telecommunications Operator License specifies the length of time for which it is granted and the process for license renewal as well as conditions under which the license could be suspended or revoked. The initial license term will be fifteen (15) years with the right to renew the license for subsequent periods of fifteen (15) years where the Licensee has fulfilled all License obligations.
- 4.9. **Mobile Financial Services** - The Licensee will be allowed to provide mobile financial service following and fulfilling the requirements of National Bank of Ethiopia.

#### ***Spectrum (and other scarce resources) management and fees***

- 4.10. **Spectrum allocation** – the license will specify the spectrum assignments for the Licensee, including the amount of spectrum in each band that we will assign to the licensee. The ECA intends to assign the following spectrum bands: 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2600 MHz and 3500 MHz. Beyond these spectrum assignments, the ECA intends to make spectrum available for microwave links that the licensee will need to provide service. This spectrum for microwave will be assigned through a fair and non-discriminatory process and based on the needs of licensee. It will not be based on a competitive process such as an auction or comparative hearing. Any additional spectrum that the operators might require to rollout their networks, including that for point-to-point microwave links, will be assigned per the Spectrum Management Directives issued by the ECA.
- 4.11. **Spectrum fees** – the Unified Telecommunications Operator License specifies that the Licensee must pay recurring fees, such as annual spectrum fees. These would be in

addition to the amount that the new entrant bid for the opportunity to obtain the license.

- 4.12. License coverage and quality of service conditions** – the Unified Telecommunications Operator License includes proposed requirements for geographic and population coverage, and quality of service requirements, among others. In addition to the conditions contained in their licenses, licensees must also comply with the “Telecommunications Quality of Service Directive 794/2021” and all Guidelines and Directives that the ECA adopts, now or in the future.
- 4.13. Numbering** – the Proclamation entitles any telecommunications operator to obtain access to numbering resources, subject to the licensee’s compliance with “Telecommunications Numbering Directive 795/2021” and any numbering Guidelines that the ECA may adopt, including but not limited to number portability. We consider the existing numbering plan is adequate to accommodate the needs of the new entrant and of the incumbents for the foreseeable future. Article 29 of the Proclamation gives the ECA the authority to establish fees for use of numbering resources in order to recover a measure of the value of the numbering resource for the public.

#### ***Competition and economic regulation***

- 4.14. Significant Market Power (SMP)** – We intend to consider potential SMP of any licensee in order to regulate the telecommunications market with appropriated ex-ante (or ex-post) regulation measures. We intend to develop any SMP measures consistent with principles of minimum required intervention and proportionality. We will make SMP designations in regard to individual relevant markets based on various criteria (e.g., market share, control of essential facilities, barriers to entry, economies of scale, economies of scope). Sub-Article (11) of Article 2 of the Communications Service Proclamation defines “Significant Market Power” as “the ability to materially affect the price or supply in the relevant market for Communications Service as a result of either control over essential facilities or use of a Person’s position in the market.” Competition in the telecommunications sector is regulated through “Telecommunications Competition Directive No. 798/2021.”
- 4.15. Tariffs** – The Unified Telecommunications Operator License specifies that the ECA retains authority to regulate the tariffs of any communications service provider. “Telecommunications Lawful Tariffs Directive No. 797/2021” regulates tariffs in addition to what is prescribed by the Communications Service Proclamation.
- 4.16. Roaming** – As an added measure to facilitate the launch of services by the new entrants, ECA proposes to require all licensees – and in particular the incumbent – to provide roaming services to other licensees for a period of 36 months after license award. Roaming is regulated through the “Telecommunications Wholesale National

Roaming Directive No. 800/2021”. The unified telecommunications operator licenses also make clear that the licensees – both the new entrants and the incumbent – must meet coverage requirements contained in their licenses and will not be allowed to evade these requirements by simply allowing their customers to roam on another operator’s network.

### ***Infrastructure, interconnection and colocation***

- 4.17. Infrastructure** – Infrastructure includes active as well as passive network equipment. The license states that the licensee have the right to build their own network infrastructure – both fixed and wireless – and also have the right to share infrastructure with another service provider. Article 44 of the Proclamation clearly gives all operators the right to obtain access to another operator’s infrastructure through commercial negotiations, provided however that an operator that has Significant Market Power (SMP) is obliged to share both passive and active infrastructure upon reasonable request. All operators must comply with mandatory quality of service standards, whether they are providing services over their own infrastructure or over infrastructure shared from another entity. Infrastructure sharing and collocation is regulated through the “Telecommunications Infrastructure Sharing and Collocation Directive 793/2021”.
- 4.18. Access to rights of way** – the Unified Telecommunications Operator License specifies that the licensee is entitled to reasonable access to land or building for the construction and maintenance of network facilities as provided for in Article 32 of the Proclamation. Land in Ethiopia is owned by the state and leased to private entities. The Proclamation provides, subject to procedural requirements set out in Article 32, that telecommunications operators have a legal right to access land for the construction, maintenance and operation of telecommunications facilities.
- 4.19. Interconnection.** The Unified Telecommunications Operator License states that the licensee is entitled to interconnect with any other operator, as provided by Article 42 of the Proclamation. Interconnection will be based on generally agreed principles: (1) non-discrimination, (2) regulation of termination rates, (3) interconnection sufficiently unbundled so that the supplier need not pay for components or facilities that it does not require for the services to be provided, and (4) a deadline for negotiations. If the new entrants are unable to interconnect with the incumbent’s network, their customers will be unable to exchange voice, text and data traffic with the vast majority of existing subscribers in Ethiopia. The ECA will therefore be vigilant in ensuring that all operators, and especially the incumbents, permit reasonable and non-discriminatory interconnection and access to infrastructure sharing and collocation. Interconnection is regulated by the “Telecommunications Interconnection Directive No. 791-2021”.
- 4.20. Collocation and Infrastructure Sharing** – The Unified Telecommunications Operator License provides that the licensee must comply with any Directives on interconnection, collocation and infrastructure sharing that the ECA may adopt, including the “Telecommunications Infrastructure Sharing and Collocation Directive

No. 793/2021”, the “Telecommunications Interconnection Directive No. 791-2021” and Directives concerning pricing for interconnection. In addition, the full-service license provides that the licensee may request collocation of its equipment at the facilities of any other telecommunications operator. In all cases – interconnection, collocation, and infrastructure sharing – the full-service license reinforces the language of the Proclamation that establishes that such arrangements between licensed operators are, in the first instance, to be agreed by the parties pursuant to commercial negotiations. In the event that the parties are unable to agree, however, the Authority shall prescribe the terms on which the parties will interconnect, collocate equipment, or share infrastructure. The Unified Telecommunications Operator License also provides that the licensee may request infrastructure sharing from a telecommunications operator that the Authority has determined has SMP.

### ***Other regulation topics***

- 4.21. Universal access** – The Universal Access Fund was established by Sub-Article (3) of Article 49 of the Proclamation, which also provides that the Council of Ministers shall, by regulation, determine the amount and sources of contributions to the Universal Access Fund. The Proclamation also directs the Authority to develop annual universal access objectives to ensure that Communications Services are accessible to the largest number of users possible, in accordance to the “Universal Access and Service Framework” issued in December 2020.
- 4.22. National security** – Article 51 of the Proclamation requires any operator to comply with lawful orders from the Government for law enforcement purposes. The licensee is obligated to comply with any Directives that ECA may adopt to ensure that the licensee complies with requirements for law enforcement and also protects the security and confidentiality of its users' communications.

### ***Licensing Process***

- 4.23.** The license B will be awarded via a competitive tender process that will take place in early 2023.
- 4.24.** The ECA will design a competitive licensing process aiming to select the applicant that is most likely to bring the full benefits of competition to the Ethiopian market.
- 4.25.** The ECA will set minimum qualifications criteria in order to select operator allowed to bid for the license B. These qualifications typically relate to experience in the telecom industry, including requirements that an applicant must provide similar services in one or more other countries and have a minimum number of customers. These requirements are intended to ensure that only companies with the technical and financial resources to build and operate a nationwide telecommunications network will participate in the licensing process. Bidding qualifications may also include a requirement to provide financial statements or guaranteed bank financing commitments that show a minimum amount of available capital, a certain minimum

to invest in infrastructure over a given period, and requirements that each applicant submit a deposit before bidding.

## **5. Conclusion**

- 5.1.** This Stakeholder Consultation initiates the process of issuance of a Unified Telecommunications Operator License (License B) for the benefit of the People of Ethiopia and invites stakeholders and telecommunications companies with proven experience with large-scale network deployment, operation and service provisioning to share questions and comments and register their interests to participate in the tender for the acquisition of the new Unified Telecommunications Operator License (License B) in the Federal Democratic Republic of Ethiopia.

**Eng. Balcha Reba**

**Director General**

**Ethiopian Communications Authority**

## Appendix A: Response Form

1. Name of the Company: \_\_\_\_\_
2. Designated Contact and Position Held in the Organization: \_\_\_\_\_
3. Address (number, street name, city, postal code and country) of Head Office Location:  
\_\_\_\_\_
4. Contact Telephone Number: \_\_\_\_\_
5. Contact Facsimile Number: \_\_\_\_\_
6. Contact Email Address: \_\_\_\_\_
7. Company Website URL: \_\_\_\_\_
8. (If applicable) Company profile and key financials (e.g. global annual revenue in USD for end of years 2020 and 2021 (from financial statement and audited reports)
9. (If applicable) brief description of the company in the mobile telecommunications market
  - a) Details of countries of operation of the operator (please include: i) name of operation in each country; ii) date of service commencement per operation; iii) underlying technology(ies) e.g., 2G, 3G, 4G/LTE, 5G, etc. for each operation)
  - b) Total number of mobile subscribers per operation at the end of years 2020 and 2021
  - c) Annual revenue per operation in USD for the end of years 2020 and 2021 (from financial statement and audited reports)
10. (If applicable) brief description of the company in the fixed line or similar market
  - a) Details of countries of operation of the operator (please include: i) name of operation in each country; ii) date of service commencement per operation; iii) underlying technology(ies) e.g., Copper, FTTX, Fixed Wireless, etc. for each operation)
  - b) Total number of fixed subscribers per operation at the end of year of the most recent audited reporting years
  - c) Annual revenue per operation in USD for end of years 2020 and 2021 (from financial statement and audited reports)
11. Comments and Questions regarding the terms and conditions of License B

Heading	Section Number	Comment/Question	Suggestion