

COMMUNICATIONS SERVICE AND LICENSE FEE DIRECTIVE NO. ----/2023

DIRECTIVE TO PROVIDE FOR THE DETERMINATION OF COMMUNICATIONS SERVICE AND LICENSE FEE

WHEREAS, it is important to determine the fees that are collected from communications service licenses, radio frequency and telecommunications number management and assignment, and radiocommunications and telecommunications equipment type approval services:

WHEREAS, it is crucial to establish effective and efficient mechanism that the Authority use to collect fees,

WHEREAS, it is found necessary that the fees which are collected by the Authority should be transparent and accessible to the public;

NOW, THERFORE, the Authority hereby issues this Communications Service and License Fees Directive in accordance with Communications Service Proclamation No.1148/2019 Article 6(9), 6(20), 23, 26(1), 26(2), 29 and 54(2).

PART ONE GENERAL

1. Short Title

This Directive shall be referred to as the "Communications Service and License Fee Directive No. ----/2023"

2. Definitions

In this Directive, unless the context otherwise requires:

- 1/ The relevant definitions of the Proclamation and Telecommunications Licensing Directive No. 792/2021 shall apply to this directive;
- 2/ "Administrative Incentive Pricing (AIP)" means a price setting mechanism employed by the authority to encourage the proper use of radio frequency spectrum.
- 3/ **"Authority"** means the Ethiopian Communications Authority (ECA) established under the Communications Service Proclamation No. 1148/2019.
- 4/ "Band" means a contiguous part of the radio frequency spectrum.
- 5/ "Bandwidth" means the amount of spectrum contained in a frequency band or channel.
- 6/ "Channel" means a part of the radio frequency spectrum used to transmit and/or receive information.

- 7/ "Congestion" means a condition that occurs when a large number of radio frequency users use adjacent radio frequency spectrum at the same time;
- 8/ "**Duplex channel**" means a channel with separate parts of radio frequency used for sending and receiving information.
- 9/ "Proclamation" means the Communications Service Proclamation No. 1148/2019.
- 10/ "Point-to-point (P2P)" means a communication between two fixed geographic locations.
- 11/"**Point-to-multipoint** (**PMP**)" means a communication from a fixed geographic location to multiple fixed or mobile terminals.
- 12/ "Spectrum" means radio frequencies between 30 kHz and 300 GHz;
- 13/ "Radio Frequency Usage Fee" means a fee charged annually for use of certain parts of the radio frequency spectrum.
- 14/ "Working day" means a business working day and shall not include Saturday, Sunday and any day that has been declared to be a public holiday by the Federal Democratic Republic of Ethiopia.

3. Objectives

The main objectives of this directive are to determine:

- 1/ communications service license and renewal fees;
- 2/ type approval fees;
- 3/ telecommunication number assignment and usage fee;
- 4/ radio frequency spectrum assignment and usage fees and through which create effective and economical usage of radio frequency spectrum.

4. Scope of Application

This directive shall apply on the communications service licenses, radio frequency licenses, telecommunications number assignment, radiocommunications and telecommunications equipment type approval and other related services provided by the Authority.

5. General Principles

The Authority shall:-

1/ collect communications service license fees and other services fees in a nondiscriminatory manner;

- 2/ makes communications service license and other services fees transparent and accessible to the public;
- 3/ ensure that communications service license and other service fees it sets are reasonably aligned with other comparable markets or countries.

PART TWO RADIO FREQUENCY FEE SUB-SECTION ONE RADIO FREQUENCY PRICING METHODOLOGY

6. Types of Fees

Spectrum fees may consist of the following components, or a combination thereof:

- 1/ Recurring spectrum usage fees, payable annually, to cover the Authority's costs of managing the spectrum.
- 2/ A fee to use certain parts of the radio frequency spectrum for a specified license term, payable upfront at the beginning of the license term or in installments to be specified by the Authority;

7. Approach to Radio Frequency Pricing

- 1/ The Authority shall use the following procedures, or a combination there of to determine radio frequency license fees and suitable reserve prices for auctions:
 - a) Fees for existing spectrum assignments which are either congested or are likely to face excess demand when they are to be re-assigned through auction, shall be based on Administrative Incentive Pricing.
 - b) When new radio frequency assignments are made in high-demanded or congested bands, auctions or other market-based mechanisms shall be used to assign spectrum, as necessary, and the recurring radio frequency usage fee shall be determined based on the frequency management cost recovery or Administrative Incentive Pricing;
 - c) When there is no congested radio frequency or does not face excess demand, the fee shall be subject to annual radio frequency usage fee only, based on Administered Incentive Pricing and/or the Authority's spectrum management costs.

- 2/ Without prejudice to sub-article one (1) of this article, the Authority shall use the following models to determine radio frequency license fees and suitable reserve prices for auctions:
 - a) comparisons of radio frequency fees charged in other markets or countries and applying adjustment factors to reflect differences in market conditions;
 - b) estimating income and cost structures of radio frequency license holders;

8. <u>Data Collection and Fee Conditions</u>

- 1) The Authority shall collect following data from radio frequency users as required for the determination of radio frequency fees:
 - a) number of transmitters or terminals;
 - b) location of transmitter sites or terminals;
 - c) frequencies or channels used at each transmitter site or by each terminal;
 - d) bandwidth used by each transmitter or terminal; and
 - e) other relevant information.
- 2) Radio frequency user shall submit the information referred to in sub-article one (1) of this article within ten (10) working days of the respective request made by the Authority.

SUB SECTION TWO

RADIO FREQUENCY FEES

9. Mobile Frequency

The annual usage fees for the frequency bands allocated for mobile services shall be as per the following list:

Frequency Band	Annual fee (USD/MHz/Year)
450 MHz	23,911.00
600MHz	77,330.70
700 MHz	70,265.60
800 MHz	84,395.80
900 MHz	76,597.40
1800 MHz	41,611.40

Frequency Band	Annual fee (USD/MHz/Year)
2100 MHz	41,295.80
2600 MHz	7,195.00
3500 MHz	3,935.00

10. Point-to-Point (P2P) Fixed Links

For communication between two fixed stations, the annual frequency usage fee for assigned frequencies shall be calculated as follows:

Annual Radio Frequency Fee for 2 X 1 MHz link = BV X FBF X BW

Where:

Base Value (BV) = 62.84 USD

Bandwidth= BW in MHz

Frequency Band Factor (FBF):

- $0.5 \text{ for } \leq 1 \text{ GHz}$,
- 1 for > 1 GHz and ≤ 10 GHz,
- $0.75 \text{ for} > 10 \text{ GHz} \text{ and} \le 20 \text{ GHz},$
- 0.25 for > 20 GHz and $\leq 30 \text{ GHz}$ and
- 0.1 for > 30 GHz.

11. Point-to-Multipoint (PMP) Fixed Links

For communication between point and multi point fixed stations, the annual frequency usage fee for assigned frequencies shall be calculated as follows: -

Annual Spectrum Fee per network = $BV \times FBF \times BW \times ACF \times GEOF$

Where:

Base Value (BP) = 62.84 USD

Bandwidth= BW in MHz

Frequency Band Factor, FBF:

- 0.5 for ≤ 1 GHz,
- 1 for > 1 GHz and ≤ 10 GHz,
- $0.75 \text{ for} > 10 \text{ GHz} \text{ and} \le 20 \text{ GHz},$
- 0.25 for > 20 GHz and $\leq 30 \text{ GHz}$ and
- 0.1 for > 30 GHz.

Geographical Factor, GEOF:

- Urban = 1
- Rural = 0.5

Area Coverage Factor, ACF:

Network coverage	ACF value
Network Area, ≤ 5 km2	1
Network Area, > 5 km2 and ≤ 600 km2	2
Network Area, $> 600 \text{ km} 2$ and $\le 120,000 \text{ km} 2$	3
Network Area, $>1,200 \text{ km}2$ and $\leq 500,000 \text{ km}2$	10
Network Area Above 500,000 km2	30

12. Broadcasting Frequency

The following annual service usage fees are set for the frequency bands used for broadcasting: -

Transmission Type		Urban / Per each Transmitter/ USD	Rural/Per-each Transmitter/USD
	Private/Commercial		500
Short Wave and Medium Wave	Community/Public		250
FM Radio Station	Private/Commercial	500	250
(output Power <=	Community/Public	250	175

Transmission Type		Urban / Per each Transmitter/ USD	Rural/Per-each Transmitter/USD
1Kw)			
FM Radio	Private/Commercial	700	350
Station(output Power > 1Kw)	Community/Public	350	175
Television (TV)	Private/Commercial	954	750
Station ((output Power < = 1Kw)	Community/Public	800	600
Television (TV)	Private/Commercial	1,500	1,300
Station (output Power > 1Kw)	Community/Public	1000	800

13. Land Mobile Radio (LMR) Communication Frequency

1/ The annual usage fee for regular radio communication frequency shall be calculated based on the formula below: -

Annual Frequency Fee = BVXCF X BWF X NRF

Where;

Base Value, BV = 20 USD

Coverage Factor, CF

Coverage Description	CF Value
For Coverage up to 15 km radius	1
For Coverage up to 30 km radius	2.5
For Coverage up to 60 km radius	5
National Coverage	15

Bandwidth Factor, BWF

Bandwidth Assigned	BWF Value
3 KHz, 6.25 kHz or 12.5 kHz or 20 KHz	1
Simplex Channel	
3 KHz, 6.25 kHz or 12.5 kHz or 20 KHz	2
Duplex Channel	
25 Khz Simplex Channel	1.25
25 kHz Duplex Channel	2.5

Number of Radio Factor, NRF

Number of Radios	NRF value
1 -10 Radio terminals	1
11-35 Radio terminal	2
Above 35 Radio terminal	3
Exclusive Radio frequency assignment for National Coverage	4

2/ Private and Public Trunk Network annual radio frequency usage fee shall be determined based on the following formula:-

Trunk Radio Network Frequency Fee= Base Value \times NR \times K

Where:

Base Value, BV = 10 USD

NR, number radio transceivers

 $\mathbf{K} = 1$ for private and = 0.5 for public

14. Aeronautical and Maritime Frequency

Aeronautical and Maritime annual radio frequency usage fee shall be determined based on the following formula

Spectrum Usage fee= $BV \times BWF$

Where:

Base Value, BV = 20 USD

Band Width Factor, BWF is

Bandwidth assigned	BWF value
6.25 kHz or 12.5 kHz	2
25 kHz	2.5

PART THREE FEES FOR TYPE APPROVAL AND COMMUNICATION SERVICE LICENSES SUB SECTION ONE TYPE APPROVAL FEE

15. Equipment Type Approval Fee

- 1/ The Authority shall charge an appropriate fee for the radiocommunications and telecommunications equipment type approval service it provides in accordance with Article 6 Sub-Article 8 of the proclamation.
- 2/ If the number of radiocommunications and telecommunications equipment imported into the country or manufactured or assembled in the country is more than one, and are of the same model, the type approval fee shall be the same as the fee for one device.
- 3/ If the models of radiocommunications and telecommunications equipment imported into the country, or manufactured or assembled in the country are different, the fee for the type approval shall be the fee for one equipment for each of the different models.

16. Equipment Type Approval Fee Amount

1/ The Authority shall charge the following fees for type-approval of radiocommunications and telecommunications equipment;-

No.	Type of Equipment	Type Approval Fee (Individual Use) (USD)	Type Approval Fee (for Organiza tions and Business Compani es)(USD)
1.	Terminal Equipment		
	 Basic Telephone set (Corded/Cordless) Mobile phone handset Fax machines (Facsimile Transceivers) CDMA Wireless Telephone handset IP Phones 	2	30
	 iPad/Tablet A laptop with Bluetooth Module and WLAN Module Mobile WiFi Routers 		
	 Mobile Wiff Routers 3G/4G/5G LTE USB Dongle POS Machine Satellite Mobile Phones and 		
	Other similar devices		
2.	Low Power Devices (short range devices)		
	 Wi-Fi, Bluetooth Modules Radio Frequency Identifiers (RFID) devices Telemetry & Command Modules Wireless Microphones Remote keyless Entries & Access Control devices Vehicle immobilizer Tracking Device Wireless Alarms Systems WLAN Access Point WLAN Module/ Cards Active Medical Implants, and Other Similar Devices 	2	20
3.	Call Routing Devices/ Office Communications	s Systems (PA	BX)
	Up to 16 Extensions	Not Allowed	25
	• > 16 up to 32 Extensions	Not Allowed	50
	• > 32 up to 64 Extensions	Not Allowed	75

No.	Type of Equipment	Type Approval Fee Individual Use) (USD)	Type Approval Fee (for Organiza tions and Business Compani es)(USD)	
	• > 64 up to 128 Extensions	Not Allowed	100	
	• >128 up to 256 Extensions and	Not Allowed	150	
	Above 256 Extensions	Not Allowed	200	
4.	IT Networking Devices			
	Modem, Switch, Router, Server etc.	30	50	
5.	Mobile Radio and Core Network Equipment			
	 BSCs, MSCs, BTS, Node B, eNodeB, gNodeB (gNB), Core Switches, Gateways etc. 	Not Allowed	900	
6.	Radio communication equipment			
	 HF, VHF, UHF radio Microwave Radio Point to Multi-point Radio Point to Point Radio and Other similar devices, and Other Similar Devices 	Not Allowed	100	
6.1	 Amateur Radio/Citizen Band Radio and Other similar devices 	10	50	
7.	Satellite Earth Terminal			
	VSATSatellite Modem andOther similar devices	Not Allowed	100	

SUB-SECTION TWO COMMUNICATIONS SERVICE LICENSE FEES

17. Communications Service License Fee

- 1/ The Authority shall charge the appropriate license and renewal fee for the license granted in accordance with the Proclamation and Telecommunication Licensing Directive No.792/2021.
- 2/ A person, whose license has been lost, damaged, or who has requested acquiring a substitute license for any other reason may acquire a replacement license by submitting an application to the Authority with adequate evidence and paying the stated application fee for that license.
- 3/ If the licensee requested for a replacement of the license due to the Authority's fault, the licensee shall be exempted from paying the fee to get the replacement license.

18. <u>Communications Service License Fee</u>

The Authority shall charge the following fees for communications service licenses it issues:-

No.	Type of License	Applica tion Fee (USD)	License Fee (USD)	Annual Operating Fee	License Duration (Year)
1	Internet Service Provider License	500	100,000	1% of annual gross revenue in Birr	10 Years
2	Data Center Service Provider License	500	10,000	1% of annual gross revenue in Birr	10 Years
3	Hosting Service Provider License	500	2,500	0.5% of annual gross revenue in Birr	5 Years
4	Call Center Service License	500	10,000	0.5% of annual gross income in Birr	5 Years
5	Telecommunications Value Added Service License	100	1,500	0.5% of annual gross revenue in Birr	5 Years
6	Virtual Internet Service Providers (VISP) License	500	5,000	0.5% of annual gross revenue in Birr	5 Years
7	Global Mobile Personal Communications by Satellite (GMPCS) Landing Right Authorization	500	5,000	\$5,000 in USD	1 Year
8	Private Networks and Closed User Group (CUG) Authorization	500	3,000	\$3,000 in USD	1 Year

No.	Type of License	Applica tion Fee (USD)	License Fee (USD)	Annual Operating Fee	License Duration (Year)
9	Indoor Telecommunications Facilities Installation and Maintenance Works License	50	300	\$200 in USD	1 Year
10	Outdoor Telecommunications Facilities Installation and Maintenance Works License	500	2,500	\$2,500 in USD	1 Year
11	Public Postal Service Operator responsible for Universal Service Obligation (USO)	1,000	50,000	0.2% of annual gross revenue in Birr	15 Years
	International Express Courier Service	200	5000	0.4% of annual gross revenue in Birr	1 Year
	National Express Courier Service	200	1000	\$1,000 in USD	1Year

19. Satellite and Radio Communications Device License

The Authority shall charge the following fees for the Satellite and Radio Communications device license granted as below:-

S.No	Communications Device Name	Unit	License Fee in USD	License renewal Fee in USD
1	VSAT	Per Equipment	20,000 for foreign companies 10,000 for local companies	20,000 for foreign companies 10,000 for local companies
2	Land Mobile Radio (LMR) License	Per Equipment	nil	nil

PART THREE

FEES TO BE PAID FOR TELECOMMUNICATIONS NUMBER

20. Types of Telecommunications Number Fees and Amount

- 1/ The Authority shall charge assignment and annual fee for telecommunications numbers it assigns.
- 2/ The Authority shall charge assignment and annual telecommunications number fee as per the table indicated below:-

No.	Type of Numbering Resource	Assignment Fee/ Per-Assigned number/ USD/	Annual Fee/ Per-Assigned number/ USD	
1.	Number used for fixed, mobile, machine to machine (M2M)/, Internet of things (IOT) and Voice-over-Internet Protocol (VoIP) services.	0.03	0.03	
2.	National Signaling Point Codes (SPC)	1,000	1,000	
3.	International Signaling Point Codes (ISPC)	3,000	3,000	
4.	Mobile Network Code (MNC)	3,000	3,000	
5.	Network Colour Codes (NCC)	200	200	
6.	Issuer Identification Numbers (IIN)/SIM Header	200	200	
7.	Data Network Identification Codes (DNIC)	200	200	
8.	Carrier Selection/Pre-selection Codes	1,000	1,000	
9.	USSD Codes			
9.1.	3 digits USSD (eg. *123#)	300	300	
9.2.	4 digits USSD (eg. *123*4#)	150	150	
9.3.	5 digits USSD and longer (eg. *123*45#)	75	75	
10.	Short-code Used For Different Service			
10.1.	Platinum	50	2,000	

No.	Type of Numbering Resource	Assignment Fee/ Per-Assigned number/ USD/	Annual Fee/ Per-Assigned number/ USD
	 5 digits Numbers with 5 repetitive digits (e.g 44444) 5 digits Number with 5 consecutive digits (e.g 23456) 4 digits Numbers with 4 repetitive digits (e.g 4444) 4 digits Number with 4 consecutive digits (e.g 2345) 3 digits Numbers with 3 repetitive digits (e.g 444) 3 digits Number with 3 consecutive digits (e.g 234) 		
10.2.	 Gold 5 digits Numbers with 4 repetitive digits (e.g 1 4444) 5 digits Number with 4 consecutive digits (e.g 7 1234) 5 digits Numbers with 2 pairs of repetitive digits (e.g 11 444) 5 digits Numbers with 2 pairs (e.g 1 34 34, 1 22 55) 4 digits Numbers with 2 pairs (e.g 34 34) 	50	1,000

No.	Type of Numbering Resource	Assignment Fee/ Per-Assigned number/ USD/	Annual Fee/ Per-Assigned number/ USD
	 4 digits Number pairs with repeatitive digits (e.g 22 55) 4 digits Numbers with any 3 consecutive digits (2 456) 3 digits Numbers with 2 repetitive digits (e.g 3 44) 		
10.3.	 Silver 5 digits Numbers with 3 repetitive digits (e.g 13 444) 4 digits Numbers with 3 repetitive digits (e.g 3444) 4 digits Numbers starting and ending with the same digit and a pair of repetitive digits (e.g 3443, 5005) 3 digits Numbers starting and ending with the same digit (e.g 343, 505) 	50	800
10.4.	 Bronze 3, 4 or 5 digits Numbers not falling in any of the above category 	50	600
11.	Numbers for Emergency and Safety Services (police, fire and emergency medical services, Child Helpline)	Exempted	Exempted

No.	Type of Numbering Resource	Assignment Fee/ Per-Assigned number/ USD/	Annual Fee/ Per-Assigned number/ USD
12.	3-Digit Common network codes for customer service and billing related enquiries	Exempted	Exempted
13.	Number portability prefix codes/Number Portability Routing Codes (NPRC)	Exempted	Exempted
14.	Numbers assigned for use by Government for promotion of social, humanitarian and public services	Exempted	Exempted

PART FOUR MISCELLANEOUS PROVISION

21. Payment Period

- 1/ Communications Service License fee shall be paid upon issuance of a license;
- 2/ Annual Communications Service License renewal fees shall be paid annually from Hamle 1 to Tahisas 30 of the fiscal year of the Ethiopian Government (from July 8 to January 8 of Gregorian Calendar) upon renewal of the License.
- 3/ Satellite and communications radio license renewal fees shall be paid upon issuance of the License.
- 4/ Annual satellite and communications radio license renewal fees shall be paid annually from Hamle 1 to Hamle 30 of the fiscal year of the Ethiopian Government (from July 8 to August 6 of Gregorian Calendar).
- 5/ Radio Frequency Spectrum License fee shall be paid upon assignment of the spectrum.
- 6/ Annual spectrum usage fee shall be paid annually from Hamle 1 to Hamle 30 of the fiscal year of the Ethiopian Government (from July 8 to August 6 of Gregorian Calendar).

- 7/ Telecommunications Number assignment fee shall be paid upon the assignment of the number.
- 8/ Annual telecommunications number usage fee shall be paid annually from Hamle 1 to Hamle 30 of the fiscal year of the Ethiopian Government (from July 8 to August 6 of Gregorian Calendar).
- 9/ Type Approval fee shall be paid upon issuance of Type Approval Certificate.

22. Conditions of Payment

- 1) The rates of communications service and license fees stipulated in this directive are set in US dollars, but the payment shall be made in Birr as stated on the invoice prepared and issued by the Authority calculating using the daily exchange rate issued by the National Bank of Ethiopia on the day the Authority prepares the invoice.
- 2) Notwithstanding the provisions of Sub-Article (1) of this Article, if the applicant or licensee is a global or continental or embassy or foreign company, for VSAT, Global Mobile Personal Communications by Satellite (GMPCS), and private networks and closed user group (CUG) license, invoice for license and renewal shall be prepared in US dollars, and Payment shall be made in US dollars.

23. Fine

- 1/ The holder of a license who has failed to have it renewed within the time specified in Article 21 Sub-Article (5) of this directive shall have it renewed within the time from Tir 1 to Sene 30 by paying, in addition to renewal fee, birr 2,500 (Two Thousand Five Hundred) for the month of Tir and Birr 1,500 (One Thousand Five Hundred) for each subsequent month of delay.
- 2/ Where a license holder has not renewed its business license within the period of renewal under penalty it can renew the license within one year after the end of the period of renewal under penalty upon payment of, in addition to renewal fee, birr 20,000.
- 3/ License not renewed in accordance with Sub-Article (2) of this Article shall be deemed revoked. The license under review can be issued without any other penalty as new, provided application is submitted a year after the end of the period for the renewal of licenses.

- 4/ The following fine shall be imposed on any person who fails to pay fees for the renewal of Satellite and Communications Radio License, annual radio frequency spectrum usage, annual telecommunications number usage, and any operating fees, if any, in accordance with the schedule specified in sub-articles two (4), (6) and (8) of Article 21 of this Directive.
 - a. 1% of the total payment for the first month;
 - b. 2% of the total payment for the second month;
 - c. 5% of the total payment for the third month;
 - d. if the licensee fails to renew the license or settle usage fees for radio frequency spectrum and Telecommunications numbers for more than three (3) months; The authority may suspend or revoke the licensee, depending on the circumstances;

24. Repealed Directives

Telecommunications License Fee Directive No. 1/2004 and Article 6 of Private VSAT License Directive No. 2/2010 are repealed by this Directive.

25. Amendment

The Authority, upon consultation with respective stakeholders and in accordance with the Proclamation, may at any time it deems it necessary, review and amend this Directive.

26. Effective Date

This Directive comes into force as of, ---- 2023.

ADDIS ABABA, ON _____DAY OF _____ 2023

ENGINEER BALCHA REBA
DIRECTOR GENERAL
ETHIOPIAN COMMUNICATIONS AUTHORITY