



Universal Service

The Right of All to Connect





The government of Egypt believes that access to information and telecommunications services at affordable prices is an inevitable right to all citizens, with the aim of promoting political, economic and cultural cohesion leading to economic development.

Universal Service can be defined as the provision of affordable basic telecommunication services to all citizens especially in the economically non-feasible regions. This includes as well the fax and data services with speed rates that allow for accessing the internet within framework of technology neutrality and competitive environment.

Economic Benefits of Equitable Access to Telecommunications Services

- The spread of telecommunications is an important key to a modern employment market
- Flourishing of small businesses
- Improvement of marketing potentials for enterprises in general (because of their ability to reach more customers)

- Widespread of telecommunications leads to more outsourcing services from developed to developing countries as indicated by teledensity and the availability of broadband.

Social benefits of the Equitable and Widespread distribution of Telecommunications Services

- Eliminating disparity between rural and urban areas, sometimes known as the domestic digital divide, which tends to be more obvious in lower income countries
- Improved law enforcement
- Rapid and effective communication during disasters
- Promoting national political, economic and cultural cohesion
- Stronger kinship ties
- A more balanced population distribution to encourage the development of areas outside congested metropolitan areas

Goals of the NTRA Universal Service Policy

- Guaranteeing access to telecommunications services to all citizens at affordable prices
- Guaranteeing free competition and non-monopolistic practices
- Enhancing usage of modernised technologies and to expand the scope of services offered
- Consolidating the national political, economic and cultural interactions

Benefactors of Universal Service

- Inhabitants of low-income high-cost areas
- Low-income citizens, who cannot afford telecommunications services
- Citizens with special needs
- Public establishments such as: schools, libraries and hospitals

The Universal Service Fund

Within framework of the Egyptian Information Society Initiative, the National Telecom Regulatory Authority (NTRA) introduced a Universal Service Fund (USF) with an initial budget of 50 million L.E. The establishment of the Fund in March 2005 was in accordance with the Telecommunication Act, Law 10/2003, which gave the NTRA the responsibility of managing the fund. According to this law, the aim of this fund is:

- to compensate telecommunications operators and service providers for "price differences between the approved economical price for a service and that which may be determined by the State in favour of the user"
- to finance infrastructure projects required for establishing the universal service rule
- to fund projects of the telecommunication and information national plan
- to fund the reallocation of frequency spectrum

Role of NTRA in Universal Service projects

- Setting regulations for provision of telecommunication services in remote areas or areas where service provision is economi-

- cally non-feasible
- Defining financing mechanisms for universal service projects such as the universal service fund
- Setting universal service policy, identifying telecommunication service providers and operators, who are subject to universal service obligations and defining these obligations in accordance with Telecom Act 10/2003
- Defining the un-served areas, which deserve subsidies from the universal service fund pursuant to the policy
- Determining universal service projects for each year. Projects will be open for bidding where proposals will be examined on the technical and economic levels to select the best
- Monitoring the implementation of universal service projects to ensure their compatibility to timeframes as well as to technical and economic specifications
- Setting measures that should be carried out in case the universal service operators and providers do not abide by the set standards or timetables

Current Activities

Two projects are underway to provide telecommunication services to remote areas in South Sinai Governorate and North Sinai Governorate. A 60 million Egyptian Pound budget has been allocated to fund these two projects from Universal Service Fund. Operators have been informed that their first contribution to USF shall

be 0.25% of their adjusted gross revenues to fund these projects. The first Request for Proposal (RFP) for these projects is deemed to be issued by the end of the third quarter 2013.

Broadband Plan

Recognizing the importance of broadband services, NTRA has issued a broadband plan (eMisr) in 2012.

The key strategic objectives of the eMisr Plan aim at:

- Recognizing Egypt as a frontrunner in digital communications
- Increasing job opportunities
- Stimulating economic growth nationwide and fostering social cohesion
- Harmonizing efforts with other sectors in the Government to improve the quality of life for all citizens
- Avoiding an increased digital divide within Egypt

In order to achieve these objectives, multi-dimensional targets need to be attained:

The first set of targets addresses availability and focuses on expanding the geographical coverage of the broadband infrastructure. This will allow citizens in coverage areas to subscribe to broadband services whenever needed.

The second set of targets focuses on penetration and aims to increase the number of the broadband subscribers base. This is vital to reach the required critical mass that will lead to

a sustainable growth cycle. Social targets are the third set of targets that focuses on providing citizens in rural and non-economically viable areas with means to access broadband services. This aims at minimizing the digital divide within Egypt.



Targets	Short term	Long term
Availability Targets	75 % of Egyptian households have access to Broadband at speed of 2 Mbps	All Egyptian households have access to Broadband at speed of 2 Mbps
	75% of population are 3G covered (8 Mbps)	75% of population are 4G/LTE covered (84 Mbps)
Penetration Targets	4 million households are subscribed to broadband services at a speed of at least 2Mbps	9 million households are subscribed to broadband services at speed of at least 2Mbps
	8 million mobile subscribers of broadband services at speed of at least 8Mbps	14 million mobile subscribers of broadband services at speed of at least 8Mbps
National / Social Targets	75% of Egyptian communities are connected to 25Mbps (or 50 in case of fiber)	100% of Egyptian communities are connected to 25Mbps (or 50 in case of fiber)

Universal Service and Broadband

Broadband plan projects can be classified as “infrastructure projects required for establishing the universal service rule” and “projects of the telecommunication and information national plan”. On the other hand, trying to reallocate frequency spectrum to facilitate broadband diffusion can be classified as “the reallocation of frequency spectrum”. These are the uses of the Universal Service Fund as stipulated by the Egyptian Telecoms law. Therefore, the Universal Service Fund can be used to finance broadband projects, especially infrastructure projects, which are used to realize the universal service targets.

The Universal Service Fund is financed from both public resources (residues of NTRA budget), and private resources (Universal Service obligations stipulated in operators' licenses which can add up to 0.5% of their Adjusted Gross Revenues).



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