



**FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY**

VALUE ADDED SERVICES LICENSE DIRECTIVE

**AUGUST, 2011
ADDIS ABABA**

VALUE ADDED SERVICES LICENSE DIRECTIVE

WHEREAS, the telecommunications infrastructure developed in our country is based on Next Generation Network technologies and this has created favorable conditions to provide a converged voice, data and video services which enables to fully utilize the infrastructure for provision of Value Added Services,

WHEREAS, the number of mobile service subscribers in our country is growing in higher rates and provision of mobile communication technology based Value Added Services plays a great role in maximizing the Average Revenue per User and Gross Domestic Production,

WHEREAS, provision of Value Added Services enables the telecommunications service provider to provide additional Information and Communications Technology services along with basic telecommunication services,

WHEREAS, Value Added Services enable citizens to utilize electronic services for their social and economic activities and contributes to creation of information based society,

NOW THEREFORE, in accordance to Proclamation No. 691/2010, a Proclamation to Provide for the Definition of Powers and Duties of the Executive Organs of the Federal Democratic Republic of Ethiopia, and Article 10 sub-article 4 of the Telecommunication Proclamation No. 49/1996 (as amended), the Ministry of Communications and Information Technology has issued this Directive.

ARTICLE ONE
SHORT TITLE

This Directive may be cited as **“Value Added Services License Directive No. 3/2011”**

ARTICLE TWO
DEFINITIONS

Without prejudice to the application to this Directive of the Definitions of the Telecommunication Proclamation No. 49/1996 (as amended) and Council of Ministers Regulations No. 47/1999, in this Directive, unless the context requires otherwise:

1. **“Ministry”** means Ministry of Communications and Information Technology.
2. **“Ethio Telecom”** means a National Telecommunications Service provider established by Council of Ministers Regulation No. 197/2010.
3. **“Basic Telecommunication Service”** means telephone, telegram or telex service.
4. **“Value Added Services”** means services which are not basic telecommunication services or additional services that will be provided using Mobile, Internet or Fixed Line telecommunication services.
5. **“Value Added Services License”** means a license provided in accordance with this Directive by the Ministry for the provision of Value Added Services.
6. **“Value Added Service Types”** means types of services indicated hereunder:

6.1. Short Messaging Services

- SMS (Short Messaging Services)- peer to peer and Application to peer
- MMS (Multimedia Messaging Services) –sending image, videos, wallpapers etc.

- Bulk SMS (sending greetings, compose one SMS to multiple end-users simultaneously based on festivals, occasions, promote sells etc.)
- Voice mail.

6.2. Payment Transaction Services

- Share airtime
- Mobile recharge
- Credit notification
- Mobile Money transfer, m-banking, m-commerce

6.3. Entertainment and Information Services

- Video streaming-Watch on demand movies, TV serials, live sport matches
- USSD(Unstructured Supplementary Service Data)-interactive menu based services
- CRBT (Caller Ring Back Tone)
- Mobile advertisements-Post banners, promotions, sales discounts etc.
- Polls and contests-voting for favorite contestants by sending SMS to the given short codes
- Infotainment- Sports, news, current affairs, weather reports etc.

6.4. Location Based Services

- Vehicle Tracking, Fleet Management services
- Hotels, Restaurants, Malls, etc. location finding services

6.5. Call Center Services

- Information provisioning service which is useful for a customer or potential customer by the initiation of the person providing the information himself or through a request made by the customer or potential customer by a telephone call or using internet, regarding

the business or service the person is providing, or the business or service of another person.

6.6. Virtual Internet Service

- The provision of internet access service, web hosting service, e-mail and other similar services to customers by leasing internet bandwidth or internet network equipment of the National Telecommunications Service Provider.
7. **“Licensee”** means a person licensed by the Ministry to provide value Added Services.
 8. **“Value Added Services Provider”** means a person who has Value Added Services license and who provides Value Added Services based on an agreement made with Ethio Telecom.
 9. **“Person”** means a natural or a juridical person.

ARTICLE THREE REQUIREMENT OF A LICENSE AND SCOPE OF A LICENSE

1. A person who desires to provide a Value Added Services shall obtain a license from the Ministry in accordance with this Directive.
2. The scope of Value Added Services license does not include provision of Basic Telecommunication Services.
3. Services to be provided by Value Added Service providers shall be services which can be supported by Ethio Telecom’s Infrastructure or network.
4. Value Added Services providers can interconnect Equipment and systems they use for service provision only with Ethio Telecom’s equipment, systems and infrastructure.
5. Value Added Services providers shall provide mobile payment or mobile money transfer or other banking related services only to organizations which has license for provision of these services from National Bank of Ethiopia.
6. Value Added Service providers shall provide contents of broadcasting services such as video or audio streaming services, TV serials and live

sport matches transmission only to organizations which has authorization for transmission from the content or service providers and which has license for provision of the services from the Ethiopian Broadcasting Authority.

ARTICLE FOUR REQUIREMENTS FOR OBTAINING A LICENSE

1. before obtaining a license for Value Added Services that enables provision of value Added Service Types described under Article 2 sub-article 6 of this Directive, a person shall fulfill the following requirements:
 - a) two graduate professionals with first degree in Electrical or Computer Engineering, Computer or Information Science, or Information and Communication Technology, or in related fields and having two years experience in the information and communication technology sector;
 - b) one technician having a diploma from a recognized educational institution in Electricity, Electronics, Information Technology or related fields;
 - c) routers, servers and other similar equipment applicable for the service;
 - d) If the license includes call center service provision one automatic call distribution switch and two call agents.

2. Without prejudice to the provision of sub-article 1 of this Article, any person that applies for a license shall submit the following:
 - a) Registration Certificate from the concerned office as per Commercial Registration and Business Licensing Proclamation No 686/2010 and Investment Proclamation No. 280/2002.
 - b) Memorandum and Article of Association, if it is a Business Organization.
 - c) Evidence showing the educational background and work experience of its professional workers and if the professional workers are employed, their contract of employment made with the owner or the business organization.

ARTICLE FIVE
APPLICATION FOR, ISSUANCE AND REFUSAL OF A LICENSE

1. Any applicant, in order to be issued with a license in accordance with this Directive, shall submit its application to the Ministry.
2. If an applicant submits its application by fulfilling all the requirements indicated under Article 4 of this Directive, the Ministry shall issue a license.
3. If an applicant does not fulfill all the requirements as per this Directive, the Ministry shall refuse to issue a license.

ARTICLE SIX
DURATION, FEE AND RENEWAL OF A LICENSE

1. A license issued by the Ministry shall be valid for a period of one government fiscal year during which it is issued and shall be renewed every year from July 1 to July 30 of Ethiopian Calendar.
2. When the Value Added Service license is issued, Birr 25, 000 (Twenty five Thousand) shall be paid to the Ministry.
3. When the Value Added Service license is renewed, Birr 10, 000 (Ten Thousand) shall be paid to the Ministry.
4. When the license and renewal fee is changed by the Ministry, the payment will be made as per the new fee schedule.

ARTICLE SEVEN
AGREEMENT TO BE MADE BETWEEN ETHIO TELECOM AND THE LICENSEE

1. An agreement on level of service delivery and quality of service standards shall be signed between Ethio Telecom and the Licensee.
2. The agreement on the level of service delivery and quality of service standards shall, at least, contain the following:
 - a) Conditions on the type of service and its level of quality to be provided by Ethio Telecom to the licensee;
 - b) Conditions of maintenance, with priority and urgency, of a line or a service and time limit to make the line or service ready for operation when a fault occurs on line or service;

- c) Compensation related issues for the damage incurred by the licensee as a result of the fault of Ethio Telecom;
 - d) Payment to be effected by the Licensee to Ethio Telecom for the service provided;
 - e) Rate of revenue sharing between Ethio Telecom and the Licensee;
 - f) About keeping of information and exchange of the same;
 - g) About Information and Information Network Security;
 - h) Conditions of cancellation of the agreement.
3. The service delivery agreement may be cancelled by Ethio Telecom if the Ministry cancels the Licensee's license; if the Licensee fails to perform its payment obligation to Ethio Telecom within the time limit indicated in the agreement for service delivery; if the Licensee clearly breaches the security guideline of Ethio Telecom when it is using the equipment which links it to Ethio Telecom's network or when sharing an equipment with the Ethio Telecom; or when force majeure occurs.
4. Payment guarantee condition may be included in the agreement to make sure that payment is effected by the Licensee for the service it gets from Ethio Telecom.

ARTICLE EIGHT
OBLIGATION OF A LICENSEE

- 1. The Licensee shall comply with the provisions of this Directive and other relevant laws.
- 2. Based on the license issued to it under this Directive, a Licensee shall only be allowed to work the type of services which are enumerated on the license.
- 3. The Licensee shall renew its license within the period determined under Article 6 sub-article 1 of this Directive.
- 4. Equipment to be operated by the Licensee shall be type approved by the Ministry.
- 5. A telecommunication equipment of the Licensee shall only be used for the type of service licensed.

6. The licensee shall clearly inform the price of its services to the customers.
7. The Licensee, after securing its license, shall enter into an agreement with Ethio Telecom as per Article 7 of this Directive.
8. The Licensee, before signing a service delivery agreement with Ethio Telecom, shall submit to Ethio Telecom its network design in which it intends to provide a service.
9. The Licensee shall sign a service delivery agreement with its customers.
10. The Licensee shall not use the trade name or trade mark of Ethio telecom.
11. The Licensee shall ensure that Equipment connected to the network of Ethio Telecom or shared with Ethio Telecom shall follow security and safety guidelines prescribed by Ethio Telecom.
12. The Licensee shall take and use Fixed Line, Mobile or Internet Exchange services only from Ethio Telecom.
13. The Licensee shall respect the right of any person to the inviolability of communications made by telecommunication or electronic devices.
14. If the licensee provides Virtual Internet Service, it shall obtain a domain name on the basis of a procedure employed by the Ministry or Ethio Telecom or other entity empowered by law to assign a domain name.
15. If the licensee seeks to provide a related value added service which is not listed in this Directive or additional services other than types of services licensed, or if there are changes of details registered during issuance of the license, it shall inform the Ministry in advance.
16. If the licensee discontinues service provision, it shall inform the Ministry and return the license.
17. The licensee shall support and cooperate with the Ministry in its effort to ensure implementation of this Directive.

ARTICLE NINE
OBLIGATION OF ETHIO TELECOM

1. Ethio Telecom shall not make undue preference among Licensees of similar level.
2. For the purpose of implementing the Value Added Services under this Directive, Ethio Telecom shall enter into an agreement with Licensees as per Article 7 of this Directive.
3. Ethio Telecom, when signing a contract with the Licensee as per Article 7 of this Directive, shall not make the obligations of the Licensee more onerous than the obligations specified under this Directive.
4. The draft agreement on service delivery to be signed by Ethio Telecom with the Licensee as per Article 7 of this Directive, before being implemented, shall have the consent of the Ministry.
5. Ethio Telecom shall support and cooperate with the Ministry in its effort to ensure implementation of this Directive.

ARTICLE TEN
RESPONSIBILITY OF THE MINISTRY

1. The Ministry shall be responsible to ensure the proper implementation of this Directive.
2. The Ministry, in order to ensure compliance with this Directive, may carry out an inspection in a place where the Licensee is providing the service, as per the power given to it by Article 17 of Telecommunication Proclamation No.49/1996 (as amended).
3. The Ministry, in implementing this Directive, shall apply provisions found in Telecommunication Proclamation No. 49/1996 (as amended) and Telecommunication Services Council of Ministers Regulations No.47/1999, which are related to consumer protection, as may be necessary.
4. The Ministry shall be responsible to ensure existence of fair competitions between the licensees.
5. The Ministry, as per Telecommunication Proclamation No. 49/1996 (as amended) and Telecommunication Services Council of Ministers Regulations No.47/1999, shall take measures on the licensees in default of obligations cited in this Directive, as may be necessary.

ARTICLE ELEVEN PROHIBITION

1. The Licensee shall not supply, provide or transmit the types of contents or services that promote or contain:
 - a) Messages that encourage hatred, violence or discrimination;
 - b) messages that may clash with religious or freedom of political convictions;
 - c) messages that are not appropriate for children or persons under eighteen (18) years of age;
 - d) messages that violate equality and rights of nation, nationalities and peoples identity;
 - e) messages that induce or promote disharmony or discrimination, superiority or inferiority on the basis of gender, marital status, national origin, religion, language, age or disability;
 - f) messages that contravene with peoples security, peace, health, education or peoples moral;
 - g) messages encouraging the commission of crimes or offences or inciting to the consumption of banned substances;
 - h) messages that undermines the respect for human dignity;
 - i) An advertisement not acceptable or inappropriate or which does not promote fair market competition.

ARTICLE TWELVE REVOCATION OF A LICENSE

1. The license shall be revoked: if the Licensee fails to respect the provisions of Article 8 or Article 11 of this Directive; if it is discovered that the Licensee got the license by false or fraudulent evidence; if the Licensee got bankrupt or quits operation; if the service delivery contract, the licensee signed with Ethio Telecom, is cancelled as per this Directive or if the period for renewing the license has expired.
2. The service obtained from Ethio Telecom shall be terminated, if a license is revoked as per sub-article 1 of this Article.

**ARTICLE THIRTEEN
REPEALED DIRECTIVES**

The Value Added Services Directive No. 2/2005 is repealed by this directive.

**ARTICLE FOURTEEN
AMMENDING THE DIRECTIVE**

The Ministry of Communications and Information Technology is empowered to amend or change this Directive.

**ARTICLE FIFTEEN
EFFECTIVE DATE**

This Directive shall come into force as of the 15th day of August, 2011.

Done at Addis Ababa on the 8th day of August, 2011.

**DEBRETSION G/MICHAEL
MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY**