



**ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**THE LEGAL AND INSTITUTIONAL FRAMEWORK FOR THE
REGULATION OF SPORTS BETTING IN ETHIOPIA**

A Thesis Submitted to Addis Ababa University, College of Law and Governance Studies, School of Law in Partial Fulfillment of the Requirements for the Degree of Master in Business Law (LL.M)

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DEDICATION

To my loving mother, Workinesh Gizaw Tegegn, whose selfless love, care and support put me in the place where I am now.

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List of acronyms and abbreviations

- **AGA** –American Gaming Association
- **AML**- Anti–Money Laundering
- **Art.** - Article
- **ATM**- Automated Teller Machine
- **Civ. C.**- Civil Code of Ethiopia
- **Com. C.** - Commercial Code of Ethiopia
- **CoM** -Council of Ministers
- **Crim. C.** – Criminal Code
- **DNFBP** -Designated Non-Financial Business and Profession
- **EL**- European Lotteries
- **FATF** -Financial Action Task Force
- **FDRE**- Federal Democratic Republic of Ethiopia
- **FIC** – Financial Intelligence Center
- **GRAF**- Gaming Regulators Africa Forum
- **HPR** – House of Peoples Representatives
- **IAGR** – International Association for Gaming Regulation
- **MoR** -Ministry of Revenue
- **MoWCY** -Ministry of Women, Children and Youth
- **NGO** – Non Governmental Organization
- **NLA** - National Lottery Authority
- **OECD**- Organization for Economic Cooperation and Development
- **SA**- South Africa
- **UK**- United Kingdom
- **WHO** –World Health Organization

Abstract

Over the last two years sports betting has expanded rapidly in Ethiopia. The speedy expansion has sparked controversies among stakeholders. The media is reporting that the business is fostering addiction and drawing minors. The Ministry of Women, Children and Youth is also lobbying to make the business banned legally claiming it is a harmful gambling practice. The National lottery Administration (NLA), the regulator of the sector, however, has been arguing that sports betting is no gambling and is conducted under its regulation on a license base. This thesis presents an analysis of the Ethiopian legal and institutional framework governing the regulation of sports betting and the general objective is to evaluate its adequacy to prevent or manage the potential vices of the business. The study particularly asks whether the legal framework adequately protects minors and whether it has sufficient rules to prevent addiction and money laundering. The analysis is mainly based on a review of literature, globally recommended best practices, and countries' experiences. The paper argues that sports betting is a pure commercial gambling service, and with all its positive contribution in terms of revenue and job creation, it also has all the potential to result in serious social and economical crises unless it is properly regulated. The analysis on the issue proved that the existing legal framework in Ethiopia has many gaps and is insufficient to effectively prevent the possible side impacts of sports betting. And the current regulatory institution lacks the appropriate structure, independence, and sufficient powers and responsibilities. On this base, the study recommended a comprehensive policy; legal and institutional reform that enhance the overall regulatory framework and will help to resolve the specific problems identified in the paper.

CHAPTER ONE

INTRODUCTION

1.1 Background

Evolving from simple recreational practice to big institutionalized and legalized business, sports betting today is a multi-billion dollar industry worldwide.¹ In Ethiopia, however, it is a very recent phenomenon and an emerging business. In the highly state monopolized gaming sector, sport betting is among the few games of chance that are open to the private sector in Ethiopia. The National Lottery Administration (NLA hereinafter) is the national lotteries operator as well as the regulatory organ of the sports betting business in Ethiopia. The Administration was reestablished in 2009, by the Council of Ministers Regulation Number 160/2009, (Hereinafter called the Regulation).

The Regulation has no detail rules on sports betting but suggested the issuance of subsequent directive.² However, there was no particular law to govern the sport betting business until the former Ethiopian Revenue and Customs Authority (ERCA), now Ministry of Revenue (MoR hereinafter),³ issued the Sports Betting Lottery Directive in 2012 (the Directive hereinafter).⁴ Even after the promulgation of the Directive, though some operators took license and tried to operate, the tradition of betting among the public was not developed so that most of them quit for

¹Paul M. Anderson, Ian S. Black Shaw, Robert C. R. Siekmann, JanwillemSoek (eds), *Sports Betting: Law And Policy* (T.M.C. Asser Press 2012) 1

²National Lottery Administration Re-Establishment Council of Ministers Regulation, 2009, Art 13(2), Reg. No. 160, Fed. Neg. Gaz., year 15, No. 21

³ In 2018, the HPR enacted Proclamation Number 1097/2018 that redefined the organizational structures, powers and functions of the executive organs the government. All the powers and responsibilities given to ERCA are transferred to the newly established Ministry of Revenue. The Proclamation reaffirmed the accountability of NLA to the MoR.

⁴The Regulation has given MoR the power to issue implementing directives.

market reasons and returned their license. It was only since the last two years that sports betting has expanded rapidly.⁵

At the time of writing this paper there are thirty five licensed sports betting operators in Ethiopia. The operators have more than 575 branches (betting shops) across the country, though most of which are located in Addis Ababa. From these operators, NLA is collecting three million birr monthly on average in the form of commission and fees.⁶

However, the business does not look to be only a blessing. Recent media reports show that the business is expanding so aggressively that it already started to draw minors and foster addiction among the youth.⁷ *The Economist* in its recent edition wrote that football betting has engulfed Ethiopia and betting shops are mushrooming.⁸ The writer also observed Fana Broadcasting Corporation (FBC) televising successive news coverage that were critical about the expansion of betting practice in the country and revealed its negative impacts.

1.2 Statement of the problem and Research Questions

In addition to the media, the Ministry of Women, Children, and Youth (MoWCY) has also been voicing its concern that sports betting is a harmful gambling practice that exploits children, nurtures addiction and harms productivity of the youth.⁹ The NLA on the other hand has been strongly arguing that sport betting is not gambling claiming that it is just a lottery kind game of predicting the results of sporting matches which simply gives people an option of entertainment

⁵Interview with Ato Gezahegn yilma, Team Leader Licensing And Supervision Team, NLA (Addis Ababa, Ethiopia 3 March 2020)

⁶ ibid

⁷Fitsum Getachew, 'Betting and its implications in Ethiopia' Ethiopian Herald, January 19, 2020, <https://www.press.et/english/?p=17901> see also, Ethiopian Herald, 'Concerned bodies carry out awareness campaigns towards sports betting' January 14, 2020 <https://www.press.et/english/?p=17680>

⁸'Ethiopia has caught Gambling fever', The Economist, September 5, 2019 <https://www.economist.com/middle-east-and-africa/2019/09/05/ethiopia-has-caught-gambling-fever> accessed 20 January 2020

⁹ It was stated that there is an urgent need to address unnecessary Sports Betting and immigrant habits.' Reporter, 26 February 26, 2020 <https://www.ethiopianreporter.com/article/18187> see also 'Discussion on Sports betting: it was stated that it is necessary to stop Sports Betting.' By *Getafric*-January 23, 2020 <https://getafric.com/?p=292> see also https://www.youtube.com/watch?v=cLUuiOLU_ws

with a chance of winning a prize. The Administration affirms that it is regulating the business with rules and regulations so that it does not share the concern of the Ministry and the media that sports betting can result in major social crises.¹⁰ The licensed sport betting operators through their Association stated that they are operating responsibly in accordance with the relevant laws. The operators share NLA's stand that sports betting is not gambling. They also claim that they are capable of managing the risks of the business including money laundering.¹¹

However, because of the recurrent lobby, NLA has suspended granting new sport betting licenses since January 2020, while the already licensed operators are still allowed to continue to work. The Administration emphasized that it has no plan to ban the business and the suspension aims to take time to assess the need to revisit the laws that govern the business and that the suspension will only stay until such assessments are finalized.¹² At the time of writing this paper, the suspension is still in force.

The growth of the sports betting market might be good in one hand. Studies in other countries show that the industry has some positive economic impacts; it contributes to the economy as it creates jobs and generates tax revenue.¹³ On the other hand, if sports betting is not properly regulated, there are inherent dangers in it that might result in social and economic crises.¹⁴ The issues of concern raised by the MoWCY are not issues to simply disregard. Sport betting has a

¹⁰ Reporter Amharic, Interview with Ato Tewodros Neway ,Director Communication Affairs Directorate, February 5, 2020 Edition

¹¹'Sports Betting Association Says It Is Fulfilling Its Responsibilities' Addis Maleda, March 09, 2020
<https://addismaleda.com/archives/10252>

¹² Dawit Tolesa 'Sports betting faces scrutiny' Reporter March7, 2020,
<https://www.thereporterethiopia.com/article/sports-betting-faces-scrutiny>

¹³Indian Law Commission, *Legal Framework: Gambling and Sports betting Including Cricket in India (Ind Law Com No 276, 2018)* p.129, see also Felix Majani, 'Sports Betting in Kenya' in Paul M. Anderson and others (eds), *Sports Betting: Law And Policy* (T.M.C. Asser Press 2012) 528

¹⁴Amani Mwadime, 'Implications of Sports Betting In Kenya: Impact of Robust Growth of The Sports Betting Industry'(MBA Thesis, United States International University Africa 2017) 3,

potential to attract minors, and overindulge young people causing addiction and related social and economic harms.¹⁵

The Sports Betting Directive in fact prohibits people under the age of 18 from betting, however, whether this prohibition is adequate to prevent exposure of children to betting and whether there are sufficient rules for the enforcements of the prohibition and sanction of violators is inquired in the paper. The other complain on sports betting in Ethiopia is that it is fostering addiction particularly on the youth who are less aware of the side effects of the practice. Thus, whether the sport betting and the overall consumer protection legal framework have sufficient regulatory tools that target to manage problem of addiction is investigated.

In addition, as a cash intensive business, sports betting is susceptible to crimes like money laundering.¹⁶ The Financial Action Task Force (FATF) recognized the threat of money laundering through the sports betting industry. So, the Ethiopian law as well as the regulatory organs of the sectors is expected to acknowledge the risk and provide adequate and proper regulation to shield the business from money launderers. The study will investigate if there is a similar recognition of the threat in the Ethiopian case and whether the legal framework offers adequate rules to avoid the risk of money laundering in the business.

These diverse and sensitive issues involved in betting business suppose the need that operators of the business be highly genuine and responsible. The experience of other jurisdictions also shows that the entry requirements to a betting business are reasonably stringent. However, the proliferation of betting operators in Ethiopia, within such a short period of time, begs a question whether really the licensing requirements or the overall entry regulation is up to the standard to screen in only fit and proper operators that are capable and willing to manage the inherent risks of the business.

¹⁵ Herschell Shaka Momodu, 'Perceived Social Impacts of Legalized Betting: The Case of Famagusta, TRNC(MSc thesis, Eastern Mediterranean University, 2014) 13

¹⁶ Williams, R.J., Rehm, J., & Stevens, R.M.G. (2011). The Social and Economic Impacts of Gambling. Final Report prepared for the Canadian Consortium for Gambling Research. March 11, 2011. Available at <http://hdl.handle.net/10133/1286>, accessed 12 October 2020

In addition, established mainly as a lottery operator enterprise, whether NLA has the proper institutional structure and suitable regulatory powers and responsibilities to effectively regulate a business that involve such diverse issues of concern is so doubtful that it needs analyzing of the NLA enabling law against international regulatory standards.

In general, the main problems the researcher identified and was motivated by to work on this particular research topic are the confusions, controversies and knowledge gap in relation to the nature and impacts of sports betting and the quality and adequacy of the overall legal and regulatory framework to address the above mentioned issues of concern involved in sport betting.

Based on these facts, the thesis tried to address the following questions;

Research Questions

- Are the licensing requirements for betting operators sufficient to ensure that only fit and proper operators enter into the market?
- Does the legal framework for sports betting in Ethiopia provide adequate safeguards for the prevention of underage betting?
- Does the legal framework for sports betting in Ethiopia design adequate mechanisms for prevention of betting addiction?
- Are there adequate legal rules to prevent the risk of money laundering through the sports betting business?
- Does the NLA have the necessary statutory powers and institutional set up to effectively regulate the sports betting business?

1.3 Objectives of the study

The overall objective of the research is to examine the adequacy of the legal and institutional framework of sports betting regulation in Ethiopia in light of preventing the potential vices of the business. In the process, it aims to identify policy, legal and institutional inadequacies and gaps involved, and finally targets to come up with possible recommendations necessary to fill the knowledge gap and strengthen the regulatory framework.

Specifically the study targets to

- Examine the existence and adequacy of the licensing requirements of the law in screening in only fit and proper operators,
- Investigate the existence and adequacy of legal protective measures to prevent minors' involvement in and exposure to betting,
- Explore the existence and adequacy of legal rules that aim to prevent betting addiction,
- Investigate the existence and adequacy of legal rules that particularly targets to prevent the risk of money laundering through sports betting,
- Investigate the adequacies of the statutory powers and examine the suitability of the organizational structure of the NLA for effective regulation of sports betting.

1.4 Methodology

The thesis has basically been based on doctrinal research methodology. The relevant Ethiopian laws on sports betting were identified and analyzed. The analysis of the laws is supported by pertinent literatures on regulation of sports betting. Books, journal articles, theses, digital sources etc. are used as a secondary source. The research has also reviewed general principles, global standards and guidelines and good practices pertaining to regulation of sports betting in order to have a clear picture on how sports betting law and regulation should look like, and it has used them to set standards to evaluate the situation in Ethiopia. This thesis is not a comparative study but the betting laws of South Africa and Kenya were given reference on selected issues to extract relevant lessons. These countries are selected because they have the most developed laws on the sector in Africa.¹⁷ South Africa is hailed as the leading gaming jurisdictions in the continent.¹⁸ Kenya is also considered as among the frontrunners in terms of betting regulation in Africa.¹⁹

In the institutional aspect, NLA's statutory powers and responsibilities and its organizational structure are also explored. For this purpose, the enabling laws of the institution are analyzed in

¹⁷PricewaterhouseCoopers ,Raising the stakes in Africa Gambling outlook: 2014 – 2018 (South Africa • Nigeria • Kenya)available from <https://www.pwc.co.za/en/assets/pdf/gambling-outlook-2014.pdf>, accessed 5 February 2020

¹⁸Mbassi Fredrick Mutuku, 'The Regulatory Regime Governing the Casino Industry In Kenya: A Need For Reforms' (LL.M thesis, University of Nairobi 2013) 87

¹⁹Denitza Dimitrova 'Gambling in Africa', (Global Advisory Experts, 11 February 2019)

<https://www.globaladvisoryexperts.com/NewsArticle.aspx?PID=1722>, accessed 5 February 2020

comparison with the international practice. Interviews with relevant officials from NLA, MoWCY and FIC are also conducted to shed light on the practice of regulation of the sector. Finally, the information gathered from primary and secondary sources are processed, analyzed and interpreted qualitatively using narrative technique.

1.5 Scope and limitations of the study

Considering space and resource limitation, it was not manageable to exhaustively address the whole legal and regulatory issues involved in sports betting. Therefore, only some more important areas of concern are selected. Thus, the scope of the study is limited to examining the existence and adequacy of the legal framework from the angle of protection of minors, prevention of betting addiction, and money laundering. The study limits itself to land based or offline betting, as this is the most common way of running the business in Ethiopia, so that it does not cover issues specific to online betting. Lack of local literature, relevant court cases, and Covid-19, which affected data collection, are the limitations of the thesis.

1.6 Organization of the Study

The paper is organized in five chapters. Following this chapter is the second chapter on the definition, conceptual overview, and regulatory needs of sports betting. Chapter three deals with the modes of sports betting regulation in Ethiopia and analyzes them against the globally accepted standards and experiences of other countries. In particular, it focuses on the policy, institutional setting and entry requirements. Chapter four analyses some key issues in sports betting in Ethiopia. In particular, underage betting, betting addiction, and money laundering are the main issues addressed in the chapter. It identifies relevant legislations that govern those aspects of the betting business and examines their adequacy in light of the global recommendations and experience of other countries in that regard. The last chapter provides conclusions and forwards some recommendations.

CHAPTER TWO

2. GENERAL OVERVIEW OF SPORTS BETTING AND ITS REGULATION

2.1 Definition and Conceptual Overview

In many jurisdictions sports betting is contained in and governed under the general gambling or games of chance legal framework.²⁰ Sports betting sometimes referred to as sports wagering or sports bookmaking is regarded as one category of gambling and gaming activities along with, lotteries, roulette, bingo, and other casino games.²¹ Thus, a study of sports betting should start from understanding the legal meaning of gambling and the concept of a game of chance.

A regulatory framework of sports betting needs to make a distinction between a gambling industry, which is used interchangeably with a game of chance in this thesis, and a game of skill. With all the potential side effects gambling would have on consumers and society in general, it is taken more seriously than a game of skill.

Black's Law dictionary defines gambling very broadly as "the act of risking something of value especially money, for a chance to win a prize." This definition is not far from the literal dictionary meaning of the word gambling. The dictionary also uses the term 'gaming' interchangeably with gambling. Such use of the term gaming as a synonym for gambling is also common among legislators and people in gambling industry, mainly for the purpose of

²⁰Anderson and others (n 1) 538

²¹Matthew Stevens and Martin Young, 'Who Plays What? Participation Profiles in Chance Versus Skill-based Gambling' *Journal of Gambling Studies* (2010) 26:89–103, 90, see also Abbott Max and others, *Conceptual Framework of Harmful Gambling: An International Collaboration*, (3rd edn, Gambling Research Exchange Ontario (GREO), 2018) 3, The UK Gambling Act of 2005 uses 'Gambling' as an inclusive term for betting, Lottery and other games of chance. South Africa also regulates the betting business by its Gambling Act of 2004. The Kenyan Gaming Act lists betting as a gaming activity, uses the term 'Gambling' alternatively with 'Gaming'.

mitigating the negative connotation associated with the term gambling and creating an impression that it is something legal.²²

Though there are some variances in phrasing and languages, gambling in many jurisdictions has nearly the same meaning and mainly bases on the following three concepts:²³

First, there is an element of chance. Chance refers to the situation that neither of the parties i.e. neither the gambler nor the gambling service provider should have the power to determine the outcome of the event.²⁴ The outcome of the gambled event should rather be determined by luck. It is a key element found in every definition or conceptual explanation of gambling. That is why gambling is simply understood as a game of chance.²⁵ For instance, in the traditional lotteries, the player, once he buys the lottery ticket, he cannot practically do anything to win, other than simply wishing himself the best of luck.

However, this does not mean that all types of gambling are totally determined by chance. There are also some gambling activities that have mixed elements of both chance and skill where the ability and knowledge of the gambler might help him increase his chance of winning. Sports betting is a typical example.²⁶ In sports betting, while chance is still a significant element in determining the outcome of the bet, understanding and analyzing important game factors such as the quality of the two teams, recent forms of the teams, information on injury and suspension of key players, referring to match previews by renowned game analysts, etc. might help the punter to have a better chance of correct prediction.

²² Abbott Max and other, (n 21) 41

²³ AkcaliGur, B, 'Structural Comparative Analysis of the Legal Definition of Gambling' [2015] Anadolu University Journal of Law 76, see also Ronald J. Rychlak, 'Lotteries, Revenues and Social Costs: A Historical Examination of State-Sponsored Gambling'[1992] 34 Boston College Law Review 14

²⁴ AkcaliGur, B (n 23)

²⁵ ibid

²⁶ Anderson and others (n 1) 110

Therefore, when the winner of a game is entirely determined by the skill, knowledge or experience of the participant, lacking any element of chance, the activity will automatically be out of the scope of gambling and treated rather as a contest.²⁷

The second is the stake element. This refers to the risking of a property of economic value, usually cash, on the outcome of the gambled event. The stake is like a premium paid by the gamblers without which they will not be able to enter into the game. This is the cost lost by the gambler and won by gambling provider when the gambler loses a bet.²⁸

Prize is the third element. This refers to the reward the punter hopes to win by participating in the gambling. It is awarded by the gambling organizer to winning gamblers. Similarly as the stake, prize can be anything having a monetarily appraisable value but it is usually higher one in terms of value or amount.²⁹ Depending on type of the gambling the amount of the prize can be fixed in advance or may depend on the number of participants or amount of stake collected.³⁰

Thus, a certain activity should involve these three elements to be considered as a gambling activity. The International Association for Gaming Regulators (IAGR), an association of gambling regulatory institutions across the world, in one of its official documents defines betting in general as ‘the staking or wagering of money or something else of value on an uncertain event, such as a sports match, race or suchlike.’³¹ The Kenyan Gaming Act defines the word "bet" as a wager or stake of money or any other valuable thing by or on behalf of any

²⁷Anthony N. Cabot & Louis V. Csoka, ‘The Games People Play: Is It Time For a New Legal Approach to Prize Games?’ (2003) 4:197 Nevada Law Journal 202, see also, Nelson Rose, ‘Gambling and the Law: An Introduction to the Law of Internet Gambling’ (2005) 10 UNLV Gaming Research & Review Journal 2

²⁸Berna AkçaliGür, ‘Limits on State Autonomy In Regulating Services Trade: Regional and International Trade Liberalization Commitments and Public Morals’ (DPhil thesis, King’s College London) 49

²⁹ ibid

³⁰Carl Rohsler (ed), *Gambling law Review*, (4th edn Tom Barnes 2019) 87

³¹IAGR Gambling Regulation –Global developments 2018-19

https://www.iagr.org/sites/default/files/IAGR%20Gambling%20Regulator%20Survey%202019_Markets_FINAL%20Web.pdf accessed 5 January 2020

person; agreement to wager or stake by or on behalf of any person money or a valuable thing on a horse race, fight, game, sport, lottery or exercise or any other event, race or contingency.³²

The definitions by IAGR and the Kenyan Gaming Act denote that betting can be conducted not only on sporting games but also on any uncertain event. While betting on sporting matches is the most common one, people also bet on various popular social or political events like the winner of a Presidential election of a State, an Oscar award, or the Nobel Prize.

The definitions of ‘sports betting’ stated above incorporate the three elements of gambling i.e. chance, stake and prize; so that there is no doubt that sports betting is gambling and not a game of skill. It fulfills these three criteria to qualify for the definition of gambling. The element of chance is visible in sports betting, i.e., neither the punter nor the bookmaker has the actual control on the result of the sporting match they bet on, that controlled by the performance of the sportsmen. Thus, it shall be noted that the approach of interchangeably using the terms gambling, gaming and betting can be used in this paper.

2.2 The Need for Regulating Sports Betting

In many countries, the gambling sector in general is subject to special scrutiny beyond that given to other industries.³³ The policy objectives states make in regulating betting are manifold. While it is an impactful economic activity having benefits, betting is also susceptible to manipulation and is potentially harmful. Many states also concede it is difficult, if not impossible, to stop sports betting by a legal ban. Especially with the rise and expansion of online betting, enforcement of legal prohibition is becoming so difficult that strict regulation is taken as the better option.³⁴ However, few Middle East and Asian countries with strong religious component

³² Kenyan Gaming Act, 2019, Section 2

³³ Cory Aronovitz, ‘The Regulation of Commercial Gaming’ [2002] Chap. L. Rev. 181

³⁴ *ibid*

still forbids any form of gambling.³⁵ To the contrary, there are also jurisdictions like Nevada (USA) and Montecarlo (France) where gambling is highly normalized and liberally regulated.³⁶

Governments quite rightly have different regulatory objectives, or prioritize differently. However, the underlying principles in which gambling regulatory objectives have historically been grounded are the following³⁷

- preventing people from harming themselves; this relates to preventing gambling addiction and protecting the vulnerable sect of the society,
- preventing people from harming others; this refers to prevention of crime and consumer protection, and
- generating revenue through taxes and promoting tourism.

These fundamental objectives are reflected in the betting laws of many countries.³⁸ The preamble of the South African National Gambling Act of 2004 states that the law was enacted on the essence that gambling activities should be effectively regulated, licensed and controlled; and it particularly aims to safeguard consumers and their communities against the adverse effect of gambling and to protect the society from over-stimulation of the latent demand for gambling. Similar statement is written under section three of the Kenyan Gaming Act of 2019.

Thus, the basic principles of betting regulation, which regulators should take in mind, are protecting the vulnerable, preventing crime, and ensuring its fairness.³⁹ Sports betting have, like many other industries, both positive and negative impacts and the success of a sports betting

³⁵ Anthony Cabot and Ngai Pindell, *'Regulating Land-Based Casinos Policies, Procedures, and Economics'* (2nd edn, UNLV Gaming Press 2014) 21

³⁶Raavya Bhattacharyya, 'The Top 8 Casino Cities From Around the World', 6 August 2019 <https://travel.earth/best-casino-cities-around-the-world/> accessed 12 January 2020

³⁷Peter Collins, *Gambling and Public interest* ,(1st edn, Praeger 2003) 55

³⁸ See for instance, the UK Gambling Act 2005, the Ghana Gaming Act 2006, Namibian Gaming and Entertainment Control Act 2018.

³⁹Dr. Joseph F. Borg and Dr. Samuel Gauci, *'Nothing is Permanent except Change: A commentary on the State of Global Online Gambling Regulation'*(Global Legal Group Ltd 2019) 8

regulation depends on how it maximizes the benefits of the business while suppressing the adverse effects.

CHAPTER THREE

3. MODES OF SPORTS BETTING REGULATION IN ETHIOPIA

3.1 Ethiopia's policy on Games of Chance

Despite the availability of policies on several social, political and economic areas, there is no official policy document dedicated to the gaming sector in Ethiopia. The Head of the Legal Service Team of NLA opines that the betting and lottery business works under the general policy framework that governs the revenue and tax sector.⁴⁰ However, this does not mean that the government has no policy objectives on the issue. Its perspectives towards games of chance and policy goals or objectives on the sector are implicitly, in some of them even clearly, enshrined in the lottery legislations it has been enacting. From the scrutiny of recent enabling laws of NLA and its institutional structure three major policy desires can be inferred:

3.1.1 Desire to Monopolize the Sector

Ever since the start of commercialized and institutionalized games of chance in Ethiopia, the government has been the primary operator and beneficiary of the sector. The previous NLA establishing law, Proclamation Number 532/2007, had the aim of easing the government monopoly on the lottery sector. This is inferred from the preamble of the proclamation. Accordingly, in addition to the previously privatized tombola or raffle, the proclamation opened money lottery, sport betting lottery, conventional bingo, and promotional bingo to the private sector.⁴¹ However, the state owned enterprise NLA is still made to continue to enjoy its exclusive monopoly on many of the games of chance including number lottery, instant lottery, multiple prize lottery, lotto, Toto, and modern bingo.⁴²

⁴⁰ Interview with Ato Amha Keefelegn, Team Leader Legal Service Team, NLA (Addis Ababa, Ethiopia 27 February 2020) However, taxation itself has no stand-alone policy document in Ethiopia.

⁴¹Yohannes Woldegebriel, 'Legislative Mess: How Gambling Goes Unattended' Addis Fortune, September 01, 2013 VOL 14 ,NO 696

⁴²National Lottery Administration Re-establishment Proclamation, 2009, Art 12(1) and (2) Proc. No. 535, Fed. Neg. Gaz., year 13, No. 41

3.1.2 Desire to Legalize Mainly Those Types of Games of Chance which are considered as Less Harmful Traditional Lottery Activities.

‘‘It is generally acknowledged that certain types of gambling are more harmful and risky than others. For example, Traditional lotteries are often considered rather harmless, while casino games like electronic gaming machines (EGMs) in many contexts and jurisdictions are perceived as closely associated with problem gambling.’’⁴³

As one can notice from the above sub-section, almost all of the legalized gambling products in Ethiopia are of lottery types. The non legalization of gambling activities like casino games of poker, roulette, slot machines etc shows the desire of the government to limit gambling only to the less risky and easily manageable classical lottery activities.

In this respect, sports betting can be considered as an exception because it is the only type of game of chance which can be considered as pure gambling product. Sports betting also marks a remarkable change in the gaming sector in Ethiopia, as it partially changed the hitherto domination of State and promotional lotteries in the market.

3.1.3 Desire to Use the Sector Mainly as a Means of Generating Revenue

The fundamental policy goal of the games of chance in Ethiopia is fund raising. This is clearly articulated in the preambles and objective provisions of the past and present laws that govern the sector. Maximizing the financial contribution of the sector towards economic and social development is clearly stated as a rationale in the preamble of Proclamation Number 532/2007. Moreover, Articles 5 of the Proclamation and the Regulation similarly reads as follows:

The objectives of the Administration shall be to generate, through undertaking lottery activities, revenue that could contribute in financing the Country's economic and social development programs and to supervise lottery activities.

Thus, the policy rationale for legalizing and regulating sports betting in Ethiopia cannot be out of these three general principles. It is legalized and privatized because it is deemed as a less harmful lottery activity with a primary target to generate revenue. The government collects significant

⁴³Per Binde, ‘What Are The Most Harmful Forms Of Gambling? Analyzing Problem Gambling Prevalence Surveys.’ CEFOS Working Paper 12, 3 see also Binde P, Romild U, and Volberg RA ‘Forms of gambling, gambling involvement and problem gambling: evidence from a Swedish population survey.’ Int Gambl Stud, 2017;17: 490–507. 491

amount of revenue from sports betting through a monthly 15% commission payment from the total revenue of each licensee,⁴⁴ 15% income tax from winnings⁴⁵ and 30% annual corporate income tax from licensees.⁴⁶ In addition, sports betting operators are obliged to donate 20% of their annual income to charity activities.⁴⁷

The MoWCY, however, does not seem to be impressed with this financial benefit. It is of the opinion that the social and economic harm the business brings to the youth, children and women outweighs these economic benefits so that government should change its policy and legally ban the business. The ministry, however, has not empirically studied or assessed the impact of the business in the country and its argument is mainly based on media reports and public discussions they conducted with parts of the community.⁴⁸ ‘In all the public discussions the Ministry conducted in all the regional states, the business is highly condemned and it was clear that people wants it legally prohibited.’⁴⁹

3.2 Sports Betting as a Lottery

A clear definition and understanding of sports betting is crucial in designing the appropriate regulatory framework. The Ethiopian legal framework defines and perceives sports betting as one form of lottery. Article 2(1) of the Regulation defines the term lottery as follows;

‘ ‘Lottery’ means any game or activity in which the prize winner is determined by chance, drawing or lots or by any other means and includes Tombola or raffle, lotto, Toto, instant lottery, number lottery, multiple prize lotteries, promotional lottery, bingo, sports betting lottery and other similar activities.’

⁴⁴ NLA Reestablishment Regulation (n 2) Art 19

⁴⁵ Federal Income Tax Proclamation, 2016, Art 57, Proc. No. 979, Fed. Neg. Gaz., year 22, No. 104

⁴⁶ *ibid* Art 19(1)

⁴⁷ The Sports Betting Lottery Directive, 2012 (unpublished), Art 14

⁴⁸ Interview with Ato Alemu Seid, Director of Youth Development Directorate at MoWCY (Addis Ababa, Ethiopia, 3 April 2020) the director told the writer that the Ministry is planning to conduct a national impact assessment survey on sports betting after the covid-19 pandemic is over.

⁴⁹ *ibid*

The Regulation use the term ‘lottery’ as an umbrella term that encompasses various acts of games of chance including sports betting. The rest sub articles of article 2 provide definitions for each lottery types mentioned in the general definition of ‘lottery’ under sub article one.

Sub Article 4 of the provision defines ‘sports betting lottery’ as

‘a lottery for betting arranged on the basis of indoor or outdoor sport competitions and in which the prize is distributed in money or in kind.’

The Regulation subsumes all games of chance under the term and concept of lottery. Unlike literatures and other countries’ legislations both the Regulation and the Directive use the word ‘lottery’ as a suffix and consistently refer sports betting by the term ‘sports betting lottery’.

However, whether sports betting is equivalent to lottery is arguable. Sports betting and lottery are two different forms of games having their own peculiar features. While both are types of gambling and share certain similar characteristics, there are important points of difference between the two which justifies different regulatory approaches for them.

The first point of difference is obvious. While lottery is simply a kind of lot or a number game, sports betting is attached to sporting events. This association of sports with betting makes sports betting more attractive and exciting to people passionate to sports, especially the youth who are more susceptible to compulsive behaviour.⁵⁰

Second, as indicated under chapter two, the outcome in lottery is totally determined by chance, as the winner is identified by random number drawing. People who buy lottery tickets know that they win or lose by pure luck. In sport betting on the other hand, punters believe that with pertinent data and their accumulated knowledge of the sport, they can decide the outcome of the bet in their favor. Even when the outcome goes against their favor, unlike lottery, sports betting usually gives punters a feeling that they were close to win, and they can do better next time, which motivates them to bet more and more.

Third, small prizes are more prevalent in sports betting than in lotteries.⁵¹ Winning is or looks more likely in sports betting. This is one additional reason that betting is more addictive than lotteries.

⁵⁰ Anderson and others (n 1) 799

⁵¹ *ibid*

Fourth, sports betting is also more time consuming than lotteries. In lotteries, people simply buy the lottery tickets and wait for the day of the draw or just scratch the lottery card and know the outcome right away. Predicting a result of a game, however, needs analyzing the games, calculating the odds, following the results of the games, which all take considerable time of the punters.⁵²

Fifth, in the case of lotteries, players compete with each other. The lottery administrator does not involve in the game. Whereas in betting, each punter competes individually against the betting operator, not each other. It is in the operators' interest to win against their customers. The operators profit from punters' losses which justifies a regulatory system to make sure operators do not cheat consumers or make any fraud.

The betting-lottery dichotomy is important because these peculiar characteristics of sports betting make it more attractive, exciting and riskier to addiction and crime than lotteries necessitating a distinct regulatory mechanism. 'Betting is regarded as 'hard' gambling because there is often opportunity to chase losses but lotto is almost never regarded as a source of social problems.'⁵³ While lottery like sport betting is one type of games of chance, using it as an umbrella term and a generic concept that encompasses sports betting gives a wrong impression that the two are one and the same. The worldwide understanding and practice show that sports betting is a pure gambling service that requires different and stricter legal and regulatory approach than lotteries.

3.3 Institutional Set up

The legalization of sports betting requires the establishment of a corresponding regulatory regime. Worldwide, gambling regulation is predominantly a function of governments. It is not a type of business that should be left totally to self-regulation by the industry itself.⁵⁴ Thus, once

⁵² The writer observed punters waiting queues at betting shops, and anxiously following and updating the results of the games they bet on.

⁵³ David Forrest, O. David Gulley and Rob Simmons, 'The Relationship Between Betting And Lottery Play: A High Frequency Time-Series Analysis' Lancaster University Management School Working Paper 2005/046, 17

⁵⁴ Shannon Bybee, J.D., 'The Legal Status of Gaming and Its Impact on Licensing' [1995] 2 Gaming Research & Review Journal 61

law makers adopt relevant legislations backed by well-defined policy objectives to govern the sector, an appropriate regulatory government organ which implement the policy objectives and enforce the laws should be established.

Globally, there is no single and uniform guiding principle for the adoption of institutional design and structure for sports betting or gambling regulators in general.⁵⁵ However, when establishing institutionalized regulatory regime, there are some common principles and practices for effective institutional framework which are recommended by literatures and applied in many countries across the world.

The NLA is the primary institution in relation to sports betting regulation in Ethiopia. It licenses and supervises betting operators. Contrasting the Ethiopian institutional framework with the globally established principles and good practices, the following problems are identified:

3.3.1 Lack of Independent Regulatory Organ

Regardless of their policy of betting regulation like monopoly or license, states should statutorily create an authority responsible for sports betting regulation.⁵⁶ ‘A gambling regulator has to be independent, autonomous and apolitical. The regulator should be a creature of legislation and shall bear its own *locus standi*.’⁵⁷ When regulators lack statutory independence, they are less likely to resist undue influences which pressurize them to act against public interest.⁵⁸

⁵⁵Nicole Laudwig, ‘Gaming regulatory systems: how Emerging jurisdictions can use the Three major players as a guide in creating a tailored system for themselves’ [2012] 3 UNLV Gaming Law Journal 298

⁵⁶International Center for Sports Security (ICSS), Guiding Principles for Protecting the Integrity of Sports Competition, May 2014,

http://theicss.org/wp-content/uploads/2019/01/Sorbonne-ICSS_Report_Guiding_Principles_WEB.pdf accessed 27 April 2020

⁵⁷ F. Sekgaphane, Comparative Analysis of Gambling Legislation in Africa, GRAF 2014 https://www.google.com/url?sa=t&source=web&rct=j&url=http://www.gamingregulatorsafricaforum.com/wp-content/uploads/annual-conference-2014/presentations/presentation05.pdf&ved=2ahUKEwicm4-25-noAhVB26OKHcsOAGcOFjAAegOIAhAB&usg=AOvVaw17UanTGZ9GWG86GvtJp_Cs

accessed 11 April 2020,

⁵⁸Australian Government Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p.17.5 <https://www.pc.gov.au/inquiries/completed/gambling-2010/report/gambling-report-volume2.pdf> accessed 9

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Independence of regulators is a key feature of modern regulatory governance. According to a 2019 survey by the IAGR, most regulators of the gambling sector are independent institution.⁵⁹

According to a recommendation by the OECD, a distinct legal mandate, a structural separation and autonomy from the government, a multi-party process for appointment of officials of the regulator, protection from arbitrary removal, and a designated reliable source of funding are among desirable requirements and major determinants of the independence of a regulatory organ.⁶⁰

The institutional arrangements for sports betting regulation in Kenya and South Africa have certain similarities. In both countries the gambling regulatory institutions are more or less designed and structured in consideration of the above regulatory tenets. The institutions in both countries have reasonable structural and financial independence. They do not reside within part of another government organ; they are autonomous bodies governed by independent boards. The board members are officials from designated Ministries.⁶¹ In both countries the regulatory institutions do not depend on another executive organ for their budgetary needs. They are financed by funds appropriated by the parliaments of each country and the monies they collect through levies and fees.⁶²

When we come to Ethiopia, the Regulation says the NLA is established as an autonomous federal government organ having its own legal personality.⁶³ Though this gives the impression that the NLA is an independent body, the Administration is in fact very far from being independent. The MoR has direct say on the appointment of the top executives of the Administration. It recommends the appointment of the Director General and directly appoints the deputy Director General.⁶⁴ The NLA is accountable to the MoR and its Director Generals are

⁵⁹ IAGR Report (n 31) 7

⁶⁰ Gilardi, F., 'Evaluating Independent regulators' in OECD, *Designing Independent and Accountable Regulatory Authorities for High Quality Regulation*, Paris, January 2005. <http://www.oecd.org/subject/regreform> accessed 13 March 2020

⁶¹ Kenyan Gaming Act (n 32), Section 6 and 7 and South Africa National Gambling Act 2004, Section 64 and 67

⁶² Kenyan Gaming Act (n 32), Section 124 and South African National Gambling Act 2004, Section 74

⁶³ NLA Reestablishment Regulation (n 2) Art 3(1)

⁶⁴ *ibid* Art 7

obliged to act under the general instruction of the Ministry.⁶⁵ The administrative decisions NLA renders on licensing and other issues are subject to review by the MoR.⁶⁶ The Administration is not even empowered to issue implementing directives, a power given to the Ministry.⁶⁷

Financially, NLA is not entitled to get direct budget allocation from the parliament. While lottery ticket sales and license and commission fees are the main sources of budget for the NLA, it is the MoR that approves new lottery activities and that decides on allocation of revenues on each lotteries products.⁶⁸ It is also the MoR that prescribes the amount of service fees NLA charges. Hence, the Administration still lacks financial independence.

Another threat to the independence of the NLA is that its staffs are recruited and administered by a law issued by the MoR.⁶⁹ This gives the Ministry the power to centrally set salaries, promotion, dismissal and other general human resource policies that affect NLA's autonomy in managing its human power.

‘Regulatory independence is a matter of degree rather than absolute.’⁷⁰ Regulators answerable to a line ministry, even where built up as self-governing bodies, are viewed as least independent. To the contrary, those regulators whose accountability is made to the highest legislative body are deemed to be the most independent regulators. Those regulators accountable to the chief executive of the country are basically considered reasonably autonomous because of the low probability of involvement in their day today works.⁷¹ Thus, the accountability of the NLA to a ministry shows the low level of institutional independence it has.

3.3.2 Inadequate Statutory Powers and Responsibilities

⁶⁵ *ibid* Art 8(1)

⁶⁶ *Ibid* Art 14(4)

⁶⁷ *ibid* Art 21

⁶⁸ *ibid* Art 6(2)

⁶⁹ *ibid* Art 8(2) d

⁷⁰ César Córdova-Novion and Deirdre Hanlon, ‘Regulatory Governance: Improving the Institutional Basis for Sectoral Regulators’[2002] 2 OECD Journal on Budgeting 75

⁷¹ Fikremarkos Merso (Dr.) et al. ‘Review of the Legal and Institutional Framework for Market Competition in Ethiopia’ (2009), Addis Ababa Chamber of Commerce and Sectoral Association, p.121

Betting regulators have a range of activities to perform. According to a 2019 survey made by IAGR the top three regulators' powers and responsibilities which are common to most of them are licensing gambling operators, auditing them and policy development.⁷² Other roles associated with these responsibilities include revenue collection, research and education (mainly on responsible gambling), prosecution of breaches of gambling legislations, supervision, preparation of legislation, and provision of services relating to problem gambling including treatment.⁷³ Another study conducted on gambling regulators of EU member states indicated that legal mandates and responsibilities of the regulators include monitoring and supervision of licensed operators, punters protection including prevention of problem gambling, prevention of match fixing, and money laundering.⁷⁴

Rule making is also another important power betting regulators should enjoy. Empowering regulators with rule making and policy development role and power is important for many reasons.⁷⁵ Firstly, since sector specific regulators deals with multiple regulatory issues regularly, they have the technical expertise and are well informed to better understand the issues posed by the business and to come up with best solution to a given problem. Secondly, rulemaking is an easier and quicker process than legislative promulgation or amendment. Thirdly, since regulators are independent they are in a better position to provide credible opinion or decision in a matter involving conflicting interests.⁷⁶

⁷² IAGR Report (n 31), see also Australian Government Productivity Commission 2010, (n 58)17.8

⁷³ *ibid*

⁷⁴ 'Study on the role of regulators for online gambling: authorization, supervision and enforcement', European Union Final Study Report, 2014

https://www.srij.turismodeportugal.pt/fotos/editor2/diversos/Study%20on%20the%20role%20of%20regulators%20for%20online%20gambling_EC%202014.pdf accessed 13 March 2020

⁷⁵ Melissa Rorie, 'Regulating a "Pariah" Industry: The Need for a Responsive Approach in Gambling Markets' UNLV Gaming Research & Review Journal Vol 21 Issue 1, 72 see also Aronovitz, (n 33)

⁷⁶ Aronovitz (n 33) 205 see also Martino Maggetti, 'The Role of Independent Regulatory Agencies in Policy-Making: a Comparative Analysis of Six Decision'-Making Processes in the Netherlands, Sweden and Switzerland' (2007), IEPI, University of Lausanne 2

Sports betting regulators also need to ensure that relevant laws and their decisions are implemented by Regulatees. They should, therefore, be able to impose some sanctions on operators that do not act according to the prescribed laws. This usually involves investigation of violations and imposing fines and restrictions on offending licensees to the extent of suspending and revoking their license.⁷⁷ For the purpose of investigating and finding out rule violations, regulatory authorities should be given the power to have, among other things, unrestricted access to any area of the gaming operation, including the books and records of the operation. The betting regulators of Kenya and South Africa are entrusted with such powers.⁷⁸ Thus, in order to regulate efficiently, betting regulators need to be mandated with a mix of these essential legislative and executive powers.

In this respect NLA's statutory powers and responsibilities does not look sufficient. Its main responsibilities are operating lottery activities, granting licenses for permitted lottery activities, and controlling illegal lottery activities.⁷⁹ In fact, it has the main powers of a regulator i.e. licensing and supervising betting operators. However it lacks two highly important roles i.e. rule making and preventing addiction. NLA cannot make implementing directives on issues it regulates, as the rule making power is given to the MoR, a tax and revenue administrator body. This is problematic because it is very likely that MoR biases towards revenue maximizing undermining other public interest aspects. This is clearly reflected in the Directive, whose contents are highly dominated by licensing, taxation, commission and fees payment issues; while concerns like consumer protection and crime prevention are ignored.

As mentioned above, betting regulators should also be given a clear responsibility of preventing the possible negative impacts of the games they license. They are entrusted with the function of conducting research and assess the adverse impacts of the games they license and empowered to take preventive and corrective measures. The NLA does not have any of these very important responsibilities. The enabling law does not specifically impose duty on NLA to advocate for responsible betting and educate people about the potential adverse impacts of sports betting.

⁷⁷ Aronovitz, (n 33) 195, see also European Union Final Study Report, (n 74) 27

⁷⁸ Kenya Gaming Act (n 32) Section 156 , SA National Gambling Act (n 60), Section 31(1)

⁷⁹ NLA Reestablishment Regulation (n 2) Art 6(1), (4) and (8)

3.3.3 Dual Conflicting Mandates

One notable point from the review of the above sections is gambling regulatory organs have no operational mandate. They do not involve in providing any gambling service. Their mandate is limited to regulatory roles. The review of the powers, responsibilities and functions of the betting regulators of South Africa and Kenya also tells us that the regulators do not have operational mandate at all.⁸⁰

However, NLA is a lottery operator, administrator and regulator at the same time.⁸¹ Though currently it does not involve in sports betting operation, NLA is mandated to operate many of the games of chance in the law. It is expected to make profit out of the sector. Thus, on the one hand, it runs state lotteries and makes revenue; on the other hand it licenses and monitors other permitted operators. The worldwide practice, however, appears to be separation of operational and regulatory functions. When NLA has a clear statutory objective of maximizing revenue, there is a chance that other public interest issues might be undermined in the process of regulating the sector for the sake of revenue.

3.3.4 Lack of Clear and Sufficient Governance Rules

This refers to the method of selecting, appointing, remunerating and removing officials of the Regulator. Considerations during appointment of officials of the regulatory body should usually include educational competency, professional experience, familial and financial independence from the regulated operators and their owners.⁸² The later is important to avoid insider business and possible conflict of interests between the officials' public duties and private interests. Way of remuneration, terms of office and the methods and grounds for removal of appointees should also be predetermined to avoid corruption and arbitrary removal.⁸³

⁸⁰ See Section 10 and 11 of the Kenyan Gaming Act and Section 65 of the SA National Gambling Act

⁸¹ NLA Reestablishment Regulation (n 2) Art 6

⁸² Brian Makwabarara, 'Intricacies of Regulating Sports Betting'

<https://www.gamingregulatorsafricaforum.com/2018-annual-conference-documents/1-sports-betting-intricacies-of-regulating-sports-betting/> accessed 17 March 2020

⁸³ *ibid*

The highest management power of the NLA rests in its DG and deputy DG. Article 7(1) of the Regulation states that the DG is appointed by the government up on recommendation by the DG of ERCA.⁸⁴ However, the Regulation did not put detail description and not even a general guideline on educational, professional, behavioral or other qualifications expected of the persons to be appointed in these positions. Moreover, there is no tenure of time and manner of removal specified for which the Directors General remain in and remove from position. Hence, it seems like the choice of the officials and their tenure is left to the discretion of the appointing bodies. So, there is no legal rule to avoid arbitrary appointment and removal of officials of the Administration. In this situation, it is very unlikely that the appointed officials act and decide confidently and independently. This definitely creates uncertainties among the officials which can affect their performance.

In addition, the Regulation and the Directive do not provide any rule on conflict of interests that may exist between nominated officials of the NLA and licensed betting operators. In the absence of a proper mechanism to avoid conflict of interest, there could be a chance where decisions of officials are influenced by personal interests.

3.4 Licensing Requirements

Licensing refers to the administrative process by which government grant authorization for applicant operators to provide a sport betting service to the public after conducting assessment on their application.

The general objective of licensing arrangement in the sector is to ensure only legally compliant, socially responsible, financially sound and technically fit operators enter into the betting sector.⁸⁵ For this purpose, the licensing process is an effective regulatory tool to screen good and bad players because the state has inherent right to determine the conditions up on which the activity may exist and the burden of proof is up on the applicants to show that they satisfy the required conditions.⁸⁶

⁸⁴ The law does not clearly indicate which organ of the government is empowered to do the appointment.

⁸⁵ Bybee J.D., (n 54) 63 see also, David Miers, 'Regulation and the Public Interest: Commercial Gambling and the National Lottery' [1996] 59 The Modern Law Review 506

⁸⁶ Homer W. Giles, 'Licensing, and Administrative Procedure Acts' 6 Clev.-Marshall L. Rev. 301 (1957) 1

According to a survey by the IAGR, there are two dominant licensing models in the betting sector across jurisdictions. One is a state monopoly model, where government is the only provider of betting service, and the other is the commercial model where betting business is privatized.⁸⁷ The commercial model itself works in two ways. One is a scheme where unlimited numbers of operators are allowed to join the market and the other is where the market is open only for limited number of operators. The survey indicated the unlimited commercial model is the most commonly used followed by the state monopoly model.⁸⁸

Gaming Regulators Africa Forum (GRAF), an association comprised of national gambling regulators from Africa, recommends member states to adopt the limited commercial model and restrict the number of betting operators in the market so as to prevent the proliferation and overstimulation of betting that may lead to addiction.⁸⁹

However, the limited commercial model suffers objections of violating the right to work and limiting competitions in the sector. In the EU member states that adopt the limited commercial model, potential entrants have questioned and challenged the system claiming that it violates the European Commission Treaty that guarantees the freedom of establishment and the freedom to provide services.⁹⁰ However, the case law of European Court of Justice (ECJ) legitimated the system explaining that states are justified in limiting the number of operators in their territories to the extent that they serve imperative requirements in the general interest, which should reflect the diverse characteristics of each member state, including their social and cultural attitudes to gambling.⁹¹ In particular the court has indicated that frequently invoked arguments such as the preservation of public order, protection against gambling addiction, and the prevention of fraud and money laundering might qualify as ‘imperative requirements in the general interest’.⁹²

⁸⁷ IAGR Report (n 31) 16

⁸⁸ *ibid*

⁸⁹ GRAF, ‘Proposed Norm and Standards for Gambling Regulators’

http://www.gamingregulatorsafricaforum.com/wp-content/uploads/research-committee/education_training_nas.pdf
accessed 19 January 2020

⁹⁰ Case C-67/98 *Zenatti* [1999] ECR I-7289, Case C-243/01 *Gambelli* [2003] ECR I-13031

⁹¹ *ibid* see also Alan David Littler, Cyrille Fijnaut, (eds), *The Regulation of Gambling: European and National Perspectives* (Martinus Nijhoff Publishers 2007) 129

⁹² *Zenatti* (n 90) see also *Gambelli* (n 90)

The SA and Kenyan gaming laws indicate that the countries adopt the limited licensing approach. Section 87 of the SA National Gambling Act states that the government may make regulation regarding the maximum number of betting license to be granted in the whole country or in each province. The law, however, acknowledges the possible effect of such decision on competition matters so that it obliges authorities to consult the country's Competition Commission before they put a limit in the number of operators.⁹³ Section 101(2) of the Kenyan Gaming Act, indicate a similar rule.

The requirements for granting a betting license are mainly related to the proven record of integrity and financial capacity of applicants. Under GRAF's Proposed Norms and Standards for Gambling Regulation, it is stated that persons with a criminal conviction record, persons whose wealth or financial backing cannot be rationalized, insolvent or persons with unsound financial status should not be licensed to operate a gambling business.⁹⁴ Financial background investigation helps regulators to scrutinize the legitimacy of the origin of the wealth so that criminals including money launderers are avoided. The financial soundness test is also important to make sure that operators do not fail or go bankrupt owing huge money to consumers.⁹⁵

For these reasons, licensing authorities should make intensive probity test and background investigation on potential operators and their owners to close any chance of a criminal element entering the industry. Moreover, licensing schemes should make provisions for licenses to be renewable and make prospective operators subject to investigations to ascertain their sustainable suitability and ability to maintain a stipulated industry standard.⁹⁶

As indicated above, in both the SA and Kenya betting works through licensing arrangement. Unlicensed provision of betting service is unlawful in both countries.⁹⁷ Under the SA licensing regime applicants are required to submit external probity reports from the offices of the police, the financial intelligence service and the public prosecutor.⁹⁸ The Kenyan licensing organ is also empowered to require any information necessary to enable it examine the application of potential

⁹³SA National Gambling Act(n 60) section 45(2)

⁹⁴GRAF, 'Proposed Norm and Standards for Gambling Regulators' (n 89)

⁹⁵ Collins, (n 37) 66

⁹⁶ Makwabarara, (n 82)

⁹⁷ Kenya Gaming Act (n 32), Section 142 and SA National Gambling Act (n 60), Section 8

⁹⁸ SA National Gambling Act (n 60), Section 40(1) b and 57

licensees.⁹⁹ The Kenyan gaming law in particular requires applicants to submit financial reports of two previous years, tax compliance report, list of directors of the applicant company, the evidence to show that the applicant is in possession of the prescribed gaming capital and cash deposit of the security prescribed in the law.¹⁰⁰

The Kenyan legal framework has put mechanisms of minimum capital requirement, cash reserve deposit and audit report to make sure that operators have initial and continuous financial soundness. The Gaming Act requires applicants to show that they are in possession of, or commands the prescribed gaming capital;¹⁰¹ and to deposit cash (thirty million KSH) as a security in the Regulatory organ's bank account as prescribed under the Act. The capital for starting a non online betting business is determined by the Act being one hundred million KSH.¹⁰² Once licensed, operators are obliged to submit to the regulator annual audited statement of accounts.¹⁰³

In Ethiopia too, the first step to engage in sports betting business is obtaining a license. Unlicensed operation of a betting business is an offence which invites criminal liability.¹⁰⁴ Since sports betting is a business activity, betting license shall be granted only to a holder of a business license. Therefore, applicants should first be commercially registered and secure a business license from the relevant body.

The rules on licensing under the Regulation and the Directive have no nationality or residence criteria. However, the recently enacted investment Regulation clearly categorized sports betting among the areas of investment exclusively reserved for domestic investors.¹⁰⁵ Thus, foreign nationals and foreign enterprises are not allowed to engage in sports betting business in Ethiopia unless exceptionally they have the benefit of being treated as domestic investors as per the relevant law or international treaty ratified by Ethiopia.

⁹⁹ Kenya Gaming Act (n 32), Section 22(1)f

¹⁰⁰ *ibid* Section 22(1)

¹⁰¹ *ibid* Section 22(1b)

¹⁰² *ibid* Section 22(1c) and Section 34(2a)

¹⁰³ *ibid* Section 36(1)

¹⁰⁴ NLA Reestablishment Regulation (n 2) Art 20(1), the constitutionality of inserting a penal clause in a Regulation issued by the Executive is, however, questionable.

¹⁰⁵ Investment Regulation Number 474/2020, Art 4(26)

There is no specific requirement as to the legal form of betting operators, so that betting business can be conducted in a sole proprietorship, or any corporate structure acknowledged by the relevant law.

The Regulation and the Directive require license applicants to fill a prescribed application forms, and attach various documents with their application.¹⁰⁶ The information required include, among others, full name and address of the applicants, the type, place, date and other details of the sport or the competitions in which they plan to operate in, the amount of the stake they plan to collect from participants and the types of the prize prepared for winners. Operators are also required to explain how they identify and notify winners.

As it can be noticed from the above paragraph, the licensing requirements are of mainly administrative and procedural that focuses mainly on operators' ability to smoothly organize the betting event or to orderly conduct the betting process. The licensing framework lacks substantive or prudential requirements that target to judge the general integrity and financial viability of applicants to properly and responsibly operate the business. It does not measure applicants' capacity to manage or prevent the potential vices of the industry. There is no provision which mandates the NLA to thoroughly examine criminal and financial background of applicants, their owners and key personnel. The laws also have no requirements as to a probity test to investigate the criminal record and financial source of applicant operators.¹⁰⁷ There is also no requirement in relation to minimum capital requirement and reserve.

However, the team leader told the writer that despite the gaps in the law applicant operators are practically required to submit a business proposal, which mostly states the background of the applicants, the terms and conditions of their business, and their proposed social responsibility. A bank statement for their initial capital investment and a lease agreement for their shops should also be attached. And license is granted after evaluating their overall suitability and capacity

¹⁰⁶ The Sports Betting Directive (n 47) Art 3(A) and (B) D

¹⁰⁷ Article 3(6) of the Directive mandates applicants to present evidence that proves the prize goods they prepared for winners are obtained legally. However, the provision seems to refer prizes in the form of goods (not money).

based on their proposal.¹⁰⁸ However, these requirements are not clearly stipulated in the Directive.

The betting laws of Ethiopia have no any indication that number of licensees can be limited. However, the fact that the NLA currently suspends issuing licenses to new applicants reveals its desire to adopt the limited license policy approach, though such policy is not clearly envisaged in the legislations.

¹⁰⁸ Interview with Ato Gezahegn Yilma (n 5)

CHAPTER FOUR

4. ISSUES OF CONCERN IN REGULATING SPORTS BETTING IN ETHIOPIA

The sports betting business, starting from entry stage, has a number of aspects that require government regulation. A report by the IAGR has revealed that consumer protection; tackling problem of gambling and gambling-related crimes are the key themes in the regulation of any gambling product.¹⁰⁹

The scope of the study section indicated that it is not possible to discuss all the legal and regulatory aspects in this thesis. Hence, selected substantive issues which are relevant to answer the research questions, such as prevention of underage betting, betting addiction and money laundering are selected to be analyzed below. Despite differences in regulatory policies and approaches, these are issues that any sports betting legislation commonly deal with.¹¹⁰

4.1 Protection of minors

Multiple research findings show that young people are naturally more apt to compulsive behaviors and they tend to be unrealistically optimistic about winnings in games of chance. People who suffer from gambling addiction during their adulthood nearly always report to have started gambling early.¹¹¹ Overstimulation of betting highly affects the life of children and younger people negatively. From school truancy and poor academic performance to mental and physical health disorder, poor familial and peer relationship, it can make them develop other anti-social and criminal behaviors.¹¹² To make things worse compared to adults, younger people are less likely to recognize or accept that they may have a gambling addiction and to ask for help when experiencing gambling related issues.¹¹³

The Convention on the Rights of the Children and the UN Declaration of the Rights of the Child provide a general principle that children, because of their physical and mental immaturity, need

¹⁰⁹ IAGR Report (n 31)

¹¹⁰ Aronovitz, (n 33) 199, see also Miers (n 85) 490

¹¹¹ Malgorzata (Margaret) Anna Carran, “Children and Gambling: Attitudes, Behaviour, Harm Prevention and Regulatory Responses” (PHD Dissertation, Queen Mary University of London 2015) 15

¹¹² *ibid*

¹¹³ Carran, M, ‘Minors and Gambling Regulation’[2013] *European Journal of Risk Regulation* 510

special safeguards and care, including appropriate legal protection for their general wellbeing. Thus, member states are obliged to protect children and youth from moral and material exploitation of any kind.¹¹⁴

Accordingly, despite the varying nature of states' regulatory policies, protection of children from negative impacts associated with sports betting is a common policy objective to all.¹¹⁵ GRAF notes that protection of minors should be the basic policy consideration in any gambling regulation.¹¹⁶ The European Lotteries Code of Conduct on Sports Betting also declares that under no circumstances is an underage person allowed to bet. It emphasizes that signatories should take every measure required to prevent underage betting.¹¹⁷ Thus, there is a global consensus that sports betting can endanger the wellbeing of children so that it should be legally disallowed for minors.

Ethiopia has no a standalone child law in the form of a legislation; children rights are addressed in different laws starting from the constitution to different proclamations, like the federal and regional family laws, the criminal code, the labor proclamation, etc. The FDRE constitution mandates all private and public authorities to primarily consider the best interest of children in all their actions in relation to them.¹¹⁸ The government has also a national children policy and ratified international documents that accord a number of legal protections that aim to prevent physical and mental exploitation of children. Thus sports betting regulators are obliged to make sure that the betting business is not affecting or violating the basic rights and protections of children.

Legislators provide certain rules to preclude underage people from betting and to limit their exposure.

¹¹⁴UNCRC preamble and Art 19

¹¹⁵ Collins, (n 37) 67, see also Miers, (n 85)

¹¹⁶Heavens Simbarashe, 'Policy Consideration in Gambling Regulation' GRAF, 2014, <http://www.gamingregulatorsafricaforum.com/wp-content/uploads/annual-conference-2014/presentations/presentation06.pdf> accessed 9 April 2020

¹¹⁷The European Lotteries Code of Conduct on Sports Betting 2014, article 2.2 <https://www.european-lotteries.org/el-code-conduct> accessed 2 May 2020

¹¹⁸ FDRE Const., Art 36(2)

The following presents common legal strategies to protect children from harm of sports betting together with discussion of the situation in Ethiopia:

4.1.1 Legal Age Limit

This refers to a legal prescription of a minimum age in which a person is allowed to participate in sports betting. Legal age rules for sports betting are not uniform across all countries. According to a survey made by the IAGR, globally, permission to participate in sports betting broadly follows the age of majority, the most common age to bet is 18, but in few jurisdictions it is higher (up to 21).¹¹⁹In Kenya and South Africa the legal age for sports betting is eighteen.¹²⁰

In Ethiopia, Article 13(2) of the Directive clearly prohibits people under the age of 18 from betting. The Federal Family Code and the regional family laws stipulate age of 18 as the distinction point for minority and majority stating that minors are in principle incapable of performing juridical acts. Sports betting is a contractual agreement between the operator and the punter, entailing legal consequence on both sides as both of them are required to live to their obligations.

The 18 years old legal age limit in Ethiopia is in line with the common practice, however, it does not help to preclude college –bounded young students as they are above eighteen but are still financially dependent on their families. So they are free to gamble with their education time and money. Recently, Ethiopia has increased the minimum age for liquor consumption from 18 to 21. Theoretically it is rational to assume that people are less motivated to engage in activities which are proclaimed illegal by law. Therefore, it is an option to increase the legal age to reduce the young population base participating on betting.

4.1.2 Duty on operators to verify the age of players and deny access to minors

Where minors are prohibited from participating in betting, the law should require operators to take affirmative steps to prohibit their involvement. This should include requiring operators and their employees to take steps to verify whether or not a person is of a legal age before permitting

¹¹⁹ IAGR Report (n 31)

¹²⁰ Kenyan Gaming Act (n 32), Section 153, Kenyan Constitution 2010, Section 260, the SA National Gambling Act, Section 12

him/her to enter into a betting premise.¹²¹ The SA Gambling Act clearly obliges operators to take reasonable measures to determine accurately whether or not a person is a minor, before permitting that person to enter into a betting designated area.¹²²

The Ethiopian laws on sports betting, i.e. the Regulation and the Directive, do not explicitly impose procedures or steps operators need to follow to check the age of punters. The team leader of the licensing and supervision team at NLA says that licensees are obliged enforce the prohibition by requiring customers ID cards and checking their ages and it is the primary focus of the inspection work of the Administration.¹²³ The team leader however, admits that the numbers of NLA inspectors are very few compared to the numbers of betting shops so they cannot say that they are effectively controlling the implementation of the age restriction.

The writer has observed that many of the betting houses he visited in Addis Ababa has placed a sign that indicates under eighteen people are forbidden to bet. Some of them even wrote that it is prohibited to enter with school uniforms. However, during the hours the writer stayed in the betting shops, he has not seen any customer being asked to show his/her identity card. Some of the betting officers the writer interviewed about the issue said that they only check identity cards of those players who they suspect to be under the age of 18. Thus, since it is subjective to the judgment of the particular person in charge, there is a chance that physically big or mature looking children escape without any suspicion.

Moreover, as registry and official record of individuals is not pervasive in Ethiopia, it is easier for children to falsely represent themselves as adults. The Registration of Vital Events and National Identity Card Proclamation No. 760/2012 as amended, which aspired to bring a centralized personal identification system is not yet in full force.

4.1.3 Non Enforceability of Betting By Underage

The unlawfulness of underage betting logically prevents its enforceability. Under the South African National Gambling Act, a gambling debt incurred by a minor is not enforceable in law

¹²¹ Cabot & V. Csoka, (n 27) 197

¹²² The SA National Gambling Act (n 60) Section 12(4)

¹²³ Interview with Ato Gezahegn Yilma (n 5)

and government remits any winnings by a minor.¹²⁴ Similarly, the UK Gambling Act obliges the operator to return the stake and to remit to government any prize won by a minor.¹²⁵ These rules are important since they remove the financial incentives both from the operator and the minor punter.

The Ethiopian law has traditionally been inhospitable to enforcement of gambling practices. The Amharic version of the Commercial Code translated the word ‘Gambling’ as ‘*yekisara chewata*’ which literally mean ‘a game of loss’ or ‘a game with no value.’ The commercial code does not confer gambling full legal status but, at the same time, does not look like to prohibit its existence. This can be inferred from article 713(2) of the code which indicates that profit from gambling do not create an enforceable valid claim in the sense that, such payments cannot be contested in court of law, and similarly if those claims are actually paid, then the recipient cannot legally request a refund.

Article 713(3) and 714; however, provide exceptions where gambling claims can be legally enforced. The *a contrario* reading of article 713(3) reveals that where a gambling debt is incurred by a legally incapable person, or the gambling transactions involved fraudulent act, legal action can be brought for a pay back. Moreover, as per article 714(2) where the gambling is in relation to a sporting games, the defense under article 713 is not admissible so that courts may reduce the amount claimed where they think it to be excessive. Most importantly, the rule under article 713 does not apply for betting and gaming activities authorized by the government. Thus, in principle claims arising from sports betting entered with licensed betting operators are enforceable through the Ethiopian courts like any transaction.

The Regulation and the Directive have no provision as to the legal effects and consequences of underage betting. What will happen to the stake made and the prize won by a minor is not answered in the laws. NLA is not given any power to decide on, for example, to confiscate, the money involved in illegal betting transaction. Thus, one has to refer to the general contract law rules,¹²⁶ the above mentioned commercial code provisions and provisions of the family laws on effect of contract with minors. As betting is a juridical act, the agreement to purchase sports

¹²⁴ SA National Gambling Act (n 61), Section 16(1)a and (2) a

¹²⁵ UK Gambling Act 2005, Section 83

¹²⁶ By virtue of article 1808 of the Civil Code, contracts with minors are voidable and can be invalidated by the action of the minor.

betting service by a minor is invalid.¹²⁷ This, however, will not be a complete solution for the problem of underage betting. Such general contractual principles leave the effect of the transaction just on the hands of the parties; i.e. the parties may opt not to invalidate the transaction. So they do not look sufficient to disincentive both parties and prevent underage betting.

The betting laws of Ethiopia also do not have clear penalty clauses for underage betting. There is no specific liability or sanction imposed on operators that violate the prohibition. Such violation is not among the grounds that result in revocation of a license and there is no criminal liability attached to it. Article 14(1) of the Regulation suggests that violation of any provision of the Regulation or the Directive can result in suspension of a license which leaves such temporary suspension as the only available sanction. Experiences of other countries show that such violation is so serious that it entails serious criminal liability. Under the Kenyan Gaming Act a person who permits an underage to engage in, conduct or make available a gambling activity, including betting, is liable to a fine up to five hundred thousand KSH and/or to imprisonment for a term up to a year.¹²⁸

4.1.4 Non-Accessibility of Betting Premises to Children

Regulators provide various rules designed to make it as difficult as possible for minors to get a betting access. One of which is regulating location of betting premises. Betting shops should be reasonably far from children play grounds and schools¹²⁹ and the venues should not be deliberately designed to appeal children.¹³⁰ The Kenyan Gaming Act prohibits location of betting premises near to learning institutions and residential areas.¹³¹

The Ethiopian betting laws, however, do not regulate location of betting premises. The laws have no permit requirement for betting venues. Betting operators are not required to apply for a prior license before they open a betting shop in a certain place. There are no criteria as to the location

¹²⁷ Revised Federal Family Code, 2000, Art 299, Proc No. 213, Fed Gaz, year 6, No.1

¹²⁸ Kenyan Gaming Act (n 32), Section 153

¹²⁹ Ssewanyana D and Bitanhirwe B, 'Problem Gambling among Young People in Sub-Saharan Africa.' [2018] Front. Public Health Journal 4

¹³⁰ Anna Carran, (n 111) 118

¹³¹ Kenyan Gaming Act (n 32), Section 22(1)d and 101(4)

of a betting shop. The only duty imposed on operators in relation to location is duty to notify NLA when they open a new branch and when they close or change a certain location.¹³² Thus, there is a chance that irresponsible operators, whether intentionally or negligently, open a shop in a place that catches the attention of minors and expose them to betting.

The licensing and supervision team leader said that they have not seen any problem or received any complain from schools or anyone in relation to location of betting shops, but agrees with the importance of regulating location for the purpose of preventing minors' exposure.

4.1.5 Protecting children from exposure of betting advertisement

Where betting is prohibited by law for minors or children, betting advertisement directed to them and entices them to bet should be prohibited as well. Betting advertisements should not direct at underage people through the selection of media, style of presentation, content or context in which they appear.¹³³

In Ethiopia, however, the particular betting laws do not have any rules on betting advertisements. The Advertisement Proclamation Number 759/2012 provides some important general guidelines which aims to prohibit overall commercial advertisements that affect minors. It prohibits sponsoring a children program and inserting any commercial advert in children's program broadcasted on television and radio.¹³⁴ However, this does not look sufficient to effectively shield minors from exposure of betting advertisements. As a general law, it lacks particular considerations of the betting business. There is no clear obligation laid on operators, for example, not to erect big billboard advert next to a school or to display age restriction in their advertisement.

4.2 Prevention of Betting Addiction

While for most people it is a harmless leisure activity with a possibility of winning money; it is also evident that gambling is an addictive habit in which a significant number of people

¹³² Interview with Ato Gezahegn Yilma (n 5)

¹³³ Collins (n 37) 78

¹³⁴ Advertisement Proclamation, 2012, Art 16, 17(3) b Proc. No. 759, Fed. Neg. Gaz., year 18, No. 59

experience adverse consequences from it.¹³⁵ Researches show that sports betting is one of the gambling products that are strongly associated with addiction.¹³⁶ The actual or perceived ability to make correct prediction through sporting knowledge and information, and the fact that it is continuously and frequently available makes sports betting a highly addictive form of gambling.¹³⁷

Problem gambling, also called gambling disorder, commonly referred to as a gambling addiction is on WHO's list of diseases,¹³⁸ and according to the definition given by the International Classification of Diseases (ICD) gambling disorder is characterized by a pattern of persistent or recurrent gambling behaviour manifested by impaired control over gambling, increasing priority given to gambling to the extent that gambling takes precedence over other life interests and daily activities; and continuation or escalation of gambling despite the occurrence of negative consequences.¹³⁹

Betting addiction has a number of negative psychological, social and economic impacts on punters and on their significant others so that it is considered as a public health concern in many countries.¹⁴⁰ The psychological impacts are mostly manifested through anxiety, depression, guilt, preoccupation and loss of control over gambling behavior.¹⁴¹ Gambling disorder has also social harms, crime being the main one. Pathological gamblers commit more crimes in order to finance their playing or to pay their gambling debt.¹⁴² Gambling also affects healthy functioning of social

¹³⁵ Robert J. Williams, 'Gambling and problem gambling in a sample of university students' [2006] *Journal of Gambling Issues* 1

¹³⁶ Per Binde, (n 43) 3 see also Binde P, Romild U, Volberg RA (n 43) 490–507

¹³⁷ Elizabeth Toomey and Simon Schofield, 'Sports Betting in New Zealand: The New Zealand Racing Board' in Paul M. Anderson and others (eds), *Sports Betting: Law And Policy* (T.M.C. Asser Press 2012) 595

¹³⁸ <https://icd.who.int/browse11/l-m/en#/http%3a%2f%2fid.who.int%2fid%2fentity%2f1041487064> accessed 8 April 2020

¹³⁹ International Classification of Diseases (ICD)-11 <https://icd.who.int/browse11/l-m/en> accessed 8 April 2020

¹⁴⁰ Keith S. Whyte and Andrew P. Dunning, 'A Public Policy Framework for Minimizing Problem Gambling-Related Harm: The Peterrr Model' (2016) 6 *UNLV Gaming Law Journal*, 200

¹⁴¹ Flora I. Matheson, and others. 'Prevention and Treatment of Problem Gambling Among Older Adults: A Scoping Review' [2018] *Journal of Gambling Issues* 9

¹⁴² William J. Miller and Martin D. Schwartz, 'Casino Gambling and Street Crime' (1998) Vol. 556, *American Academy of Political and Social Science* 131-132 see also Abbott Max, Binde Per et al, (n 21) 15

and family relationships resulting in divorce, social isolation, problems at work and even suicide.¹⁴³ Studies made in Kenya to examine the implications of sports betting revealed that in several instances people have committed suicide after losing on bets.¹⁴⁴

Betting disorder can also have crippling financial effects. Addicted punters usually bet more than they can afford to lose, risking their savings and properties.¹⁴⁵ The impact of excessive betting is not limited to only the gamblers and people close to them; it even goes beyond to the society in general. This occurs whenever increment of crimes and family poverty results in increment of welfare and law enforcement costs that society needs to subsidize from the public pocket.¹⁴⁶

Thus, any government that legalizes sports betting, as part of its obligation to protect the general wellbeing of the public, should design appropriate policies and laws that can manage these ill-effects of addiction and should strive to establish a safe and responsible betting culture. Issues of gambling addiction cannot be overlooked in any responsible regulation of a gaming sector.¹⁴⁷

The major complaint on sports betting in Ethiopia is that it is fostering addiction particularly on the youth who are less aware and less resistant of its side effects. The writer did not find local studies which empirically support the claim but in one study conducted in 2018 on gambling addiction among the youth in sub-Saharan Africa, which included data from Ethiopia, it was indicated that gambling industry, including sports betting, and gambling practice are expanding fast in the region. Youth unemployment and low wages are found to be the main pushing factors for the increment in gambling participation by the youth.¹⁴⁸

However, in Ethiopia the particular legislations of sports betting do not seem to acknowledge the addictiveness of sports betting and the potential adverse social impact it can bring. There are no rules or provisions specifically provided in relation to betting addiction. The Regulation and the Directive do not incorporate rules or measures that aim to prevent or minimize the risk of

¹⁴³Williams, R.J., Rehm, J., & Stevens, R.M.G, (n 16) 42

¹⁴⁴Dr. Rachel Koross, 'University Students Gambling: Examining the Effects of Betting on Kenyan University Students' Behavior' [2016] International Journal of Liberal Arts and Social Science 58, see also Mwadime, (n 16) 4

¹⁴⁵ J. Miller and D. Schwartz, (n 142) 131

¹⁴⁶ Collins, (n 37) 130

¹⁴⁷Marketa Trimble, 'Proposal for an International Convention on Online Gambling' [2012] University of Nevada, Las Vegas, Scholarly Works. Paper 698, 50

¹⁴⁸Ssewanyana D and Bitanihirwe B, (n 129) 4

problem betting. This might be because of the fact that the legal framework considers and treats sports betting like a simple lottery game with no major adverse impacts, and not as one form of gambling.

The Trade Competition and Consumer Protection Proclamation Number 813/2013 has rules that aim to promote and protect the interest of consumers in various aspects. The law in general aims to protect the health and wellbeing of consumers. However, how relevant and adequate is the general consumer protection law to prevent exploitation of betting consumers because of addition looks a concern.

To combat problem gambling, jurisdictions prescribe certain rules, standards and principles that aim to prevent or minimize the problem. Following are some of the best practices recommended by scientific studies and incorporated in national legislations of different jurisdictions.

4.2.1 The Regulation of the Overall Availability, Accessibility and Opportunity of Betting

The weight of evidence from multiple scientific studies indicate that increasing the availability of betting leads to an increase in participation and the prevalence of problem betting as well.¹⁴⁹ ‘Exposure is strongly influenced by availability, that is, the type, number, distribution and accessibility of gambling activities.’¹⁵⁰ Because of this direct relationship between betting availability and its addiction prevalence, limiting betting availability is a policy usually used to reduce addiction risks.¹⁵¹

While there are a number of ways to achieve lowered betting supply, those with the greatest empirical support to minimize betting addiction and applied in different jurisdictions include the following:

4.2.1.1 Limiting the Number of Licensed Operators

¹⁴⁹Mariano Chóliz and Jerónimo Saiz-Ruiz, ‘Regulating gambling to prevent addiction: more necessary now than ever’ [2016] *Adicciones Review* vol. 28 no. 3, 177

¹⁵⁰R.J., West, B.L., & Simpson, R.I, ‘Prevention of problem gambling: A Comprehensive Review of the Evidence and identified best practices’ (2012) Report prepared for the Ontario Problem Gambling Research Centre and the Ontario Ministry of Health and Long Term Care, 26

¹⁵¹ibid

As discussed previously jurisdictions restrict the number of betting operators they license. Some even monopolize the sector. One policy rational for this is to prevent the proliferation and overstimulation of betting that can lead to social crises including addiction.¹⁵²

4.2.1.2 Limiting the Number of Betting Premises

This is regulating the number of betting shops in a certain geographical area and limiting the distance between them to preclude abundance of betting venues in a certain locality and to avoid their residential proximity. ‘Availability of gambling activities in the immediate environment and the accessibility of the same for gamblers are the most relevant variables in the development of gambling addiction.’¹⁵³ Section 45 of the SA Gambling Act states that authorities may make regulation regarding the maximum number of betting premises to be granted in the whole country or in each province.

One more reason to restrict the number of betting premises is ease of regulation. The more number of premises, the inspection work of regulators will be more time and resource intensive and insufficiently supervised gambling shops are fertile for addiction and criminal activities.¹⁵⁴

4.2.1.3 Restricting Betting To Be Conducted Only In Authorized Betting Premises

‘Licensing of the locations where products can be consumed or bought provide additional opportunities to reduce harm.’¹⁵⁵ Known and authorized betting locations enables regulators to effectively inspect the proper implementation of regulatory rules operators are required to comply with. Betting operators should always be made to conduct their business only in betting shops duly authorized and licensed for the purpose. Both in South Africa and Kenya, for any

¹⁵²Sally M. Gainsbury, ‘Recommendations for International gambling harm-minimization guidelines: comparison with effective public health policy’ [2014] vol. 30, no. 4 *Journal of Gambling Studies* 7

¹⁵³Sophie D. Vasiliadis et al. ‘Physical accessibility of gaming opportunity and its relationship to gaming involvement and problem gambling: A systematic review’ [2013] *Journal of Gambling Issues* 23, see also Flora I. Matheson and others (n 144) 16

¹⁵⁴ Roy Light, ‘The Gambling Act 2005: Regulatory Containment and Market Control’ 2007], 70 *The Modern Law Review* 647

¹⁵⁵ M. Gainsbury, (n 152) 7

legal sports betting operations to take place, the betting premises must be licensed. Betting outside a licensed gaming premise is an offence for both the operator and the punters.¹⁵⁶

4.2.1.4 Limiting Hours of Operation of the Betting Shops

Limiting hours of operation intends to reduce harms associated with extended play and it closes the opportunity for punters whose duration of play is excessive. Many jurisdictions have restrictions on the hours of operation of gambling venues.¹⁵⁷ Both the Kenyan and SA gambling laws empower the respective regulatory offices to determine the hours during which betting premises may be open.¹⁵⁸

The Ethiopian sports betting laws do not regulate betting availability and accessibility. There are no rules to govern how many licensees should operate in a certain locality, there are no rules to govern particular locations where operators are allowed and disallowed to operate. There is no restriction on working hours of betting venues. This unregulated availability and accessibility of betting can result in proliferation of betting operators and shops which over stimulate people to bet.

4.2.2 Access to Information and Education

Education and awareness creation about the potential risks of excessive and unwise betting habit are among the most commonly used responsible gambling tools and recommended by studies to prevent and mitigate the problem.¹⁵⁹ Promoting public awareness about the betting industry and the risks and social impacts associated with it is one of the statutory functions of the regulatory organ of the sector in South Africa.¹⁶⁰ The Kenyan Gaming Act also stated under its section 3(b) that promoting the development of responsible gambling is one of the objectives of the Act. However in Ethiopia, there is no utilization of such tool in the betting framework. NLA is not given a clear mandate to educate and promote responsible betting. The licensing requirements do not demand applicants to have a strategy or program that aim to combat betting addiction.

¹⁵⁶ Kenyan Gaming Act (n 32) Section 141 and section 10 SA National Gambling Act

¹⁵⁷ M. Gainsbury, (n 152) 9

¹⁵⁸ SA National Gambling Act (n 61) Section 18(1)b and of the Kenyan Gaming Act (n 32) Section 104(3)b

¹⁵⁹ Ssewanyana D and Bitanihirwe B, (n 129) 4, see also Abbott Max et al, (n 21) 19

¹⁶⁰ SA National Gambling Act (n 61) section 65(2)f

The Ethiopian consumer protection proclamation obliges businesses to inform and explain the true nature and expected results of their products.¹⁶¹ This would have been a possible legal ground to oblige betting operators to warn punters about the addictive nature of sports betting. However, where the relevant betting legislations themselves didn't recognize the problematic potential of the product, it will not be reasonable to expect and oblige operators to adhere to this general consumer protection principle.¹⁶² The consumer protection law, however, is not totally useless in this regard. It enables punters to make informed and voluntary decision among competent available options. So it enables them, for example, to trace and find their weekly or monthly spending, loss or win records. Accurate and adequate information about the cost of betting and information on their winning and losing track can help punters to rationally decide whether or not to bet. This might contribute, in one way or another, to minimize the risk of betting addiction. However, as the law is a general consumer protection law, it does not have sufficient and specific addiction prevention and harm minimization rules and principles particularly designed to protect punters from the risk of problem betting.

4.2.3 Regulating Betting Advertisements

It is discussed above that betting adverts should not reach minors. But adults also are not immune from impacts of betting advertisement. Studies indicate gambling advertising has an effect of attracting new gamblers and maintaining current gamblers to their gambling habits.¹⁶³ Advertisement can also trigger problem gamblers for continued gambling participation thereby worsening their betting addiction.¹⁶⁴ Moreover, excessive exposure to gambling advertisements in society can lead to its normalization and portrayal as a harmless and socially

¹⁶¹ Trade Competition and Consumer Protection Proclamation, 2013, Art 19(1) and (8) Proc. No. 813, Fed. Neg. Gaz., year 20, No. 28

¹⁶² Article 4(3) of the Proclamation indicates that the consumer protection law should be implemented and interpreted in consistent with other sector specific regulations.

¹⁶³ Dr Adrian Parke and others, 'Responsible Marketing And Advertising In Gambling: A Critical Review' [2014] 8 The Journal of Gambling Business and Economics

¹⁶⁴ E. G. Deans, S. L. Thomas, J. Derevensky & M. Daube, "The influence of marketing on the sports betting attitudes and consumption behaviors of young men: implications for harm reduction and prevention strategies", [2017] Harm Reduction Journal 14: 5, 2

acceptable activity thereby resulting in over consumption.¹⁶⁵ Thus, the prevention of betting addiction is incompatible with excessive promotion of betting. Therefore, betting operators are obliged to promote their business responsibly adhering to certain legal rules and industry standards designed to minimize over stimulation of betting.

As indicated above, in Ethiopia, the two primary betting legislations do not regulate betting advertisement at all. They do not provide any guidance on content, placement and timing of betting adverts.

Article 25(1) e of the Advertisement Proclamation prohibits advertisement of gambling in general. However, where the legislator, through the special legislations, has recognized and addressed sports betting as a lottery, and not as a gambling, it cannot be interpreted that the total prohibition of gambling advertisement under the advertisement law applies to sports betting. Thus, licensed sports betting operators are not prohibited to advertise their business.

The Regulation defines betting as a lottery and the Advertisement proclamation has some provisions that govern lottery advertisement but they mainly seem to intend that participants are well informed about the organization of the lottery event. The rules simply require lottery advertisements to inform consumers who the organizer is, where and when the lot will be casted and what and/or how much is the prize.¹⁶⁶ They do not regulate the substantive content and the way of advertising sports betting or any other lottery product.

As part of efforts for ensuring healthy society, Ethiopia has recently enacted a law that strictly regulate liquor marketing which even totally ban its advertisement through broadcasts and billboards.¹⁶⁷ The law requires enforcement of these rules under the threat of serious criminal liability.¹⁶⁸ Potentially due to similar characteristics of gambling and liquor in terms of compulsive behaviour as a result of excessive consumption, the betting regulation might learn a thing or two from the liquor law.

¹⁶⁵ *ibid* 10, see also Sally Monaghan, Jeffrey Derevensky, & Alyssa Sklar, 'Impact of gambling advertisements and marketing on children and adolescents: Policy recommendations to minimize harm' [2008] *Journal of Gambling Issues*: Issue 22, 254

¹⁶⁶ Advertisement Proclamation, (n 134) Art 12(2),

¹⁶⁷ Food and Medicine Administration Proclamation No. 1112/2019, Art 60(4)

¹⁶⁸ *ibid* Art 67

However, total ban on marketing of sports betting is no so common a practice in many jurisdictions.¹⁶⁹ There is also no recommendation from industry regulators associations like IAGR, EL, and GRAF to totally ban any form advertisement of sports betting. The UK, the SA, and Kenyan betting laws do not lay blanket prohibition on betting advertisement. A total ban on betting advertisement can disrupt the competitiveness of the market helping the established firms to the disadvantage of new entrants and even consumers by limiting their access to price and other information.¹⁷⁰

Thus, proper regulation is mostly preferred. The review of the EL code of conduct on sports betting, and the American Gaming Association's (AGA) code of conduct for responsible gaming indicate that betting advertisements:¹⁷¹

- Should clearly display age restriction
- should present winning chances in a correct and balanced way, so that no impression is created that winning chances are better than they actually are
- should not portray that betting is a solution to financial problem or a means of social and economic success
- should not encourage punters to try and recover losses through continued participation
- should not be excessively intrusive or aggressive in terms of its form, content, the use of sound, pictures, and the context in general

4.3 Prevention of Money laundering

Mainly due to its nature of cash intensive operation, the gambling sector in general is conducive and attractive for the purpose of money laundering. It gives money launderers a readymade explanation for possessing a wealth of illegitimate source.¹⁷² The Financial Action Task Force

¹⁶⁹ IAGR Report (n 31)

¹⁷⁰ Anthony Cabot, 'The Economics of Gaming Regulation' [1994] 1 Gaming Research & Review Journal, 16

¹⁷¹ The European Lotteries Code of Conduct on Sports Betting, (n 122) Article 2.6, the AGA Code of Conduct for Responsible Gaming

https://www.americangaming.org/sites/default/files/AGA%20Code%20of%20Conduct%20for%20Responsible%20Gaming_Final%207.27.17.pdf, accessed 2 May 2020

¹⁷² Rohsler (ed) (n 32) 187, See also, Peter Ferentzy & Nigel Turner, 'Gambling and organized crime — A review of the literature' [2009] Journal of Gambling Issues: Issue 23, 130

(FATF), the global policy making body on ML and terrorist financing, acknowledges that the gambling industry in general and the sports betting business in particular is suitable and vulnerable to criminals looking to launder their illicit proceeds.¹⁷³ The land based sports betting is particularly susceptible to money laundering when players are left anonymous and untraceable for verification.¹⁷⁴

There are variety of methods and techniques criminals use to launder money through sports betting. Buying winning tickets from real winners with innocent background¹⁷⁵, agreeing with betting companies to deliberately lose a bet or to falsely declare formal payments of winnings to launderers are some of them.¹⁷⁶

Thus, money laundering prevention is one of the most important objectives in the regulation of a gambling business of any form. According to the 2017 survey report by the IAGR, 94% of the surveyed regulators reported that they have anti-money laundering (AML) regulations in place, or that they exist at a national level. Of the remaining 6% of jurisdictions, all were aiming to have one in place.¹⁷⁷ Countries are recommended to impose on betting operators certain legal obligations intended to detect and deter the risk of money laundering. Under the EL Code of Conduct for Sports Betting, it is confirmed that signatories should commit to apply and enforce strict measures and supervision to prevent money laundering.¹⁷⁸

“Casinos are the only form of gaming or gambling explicitly covered by the FATF standards; however, the FATF standards do not define casinos or gaming, nor do they set out the activities

¹⁷³The Financial Action Task Force (FATF) Report, Money Laundering Through the Football Sector, July 2009, p.9, See also, FATF Report, Vulnerabilities of Casinos and Gaming Sector, March 2009, available at [http://www.fatf-gafi.org /dataoecd/47/49/42458373.pdf](http://www.fatf-gafi.org/dataoecd/47/49/42458373.pdf) Accessed on 11 March 2020

¹⁷⁴Kane Pepi, ‘An Exploratory Study Into The Money Laundering Threats, Vulnerabilities, And Controls Within The UK Bookmaker Sector, With A Specific Focus On Fixed-Odds Betting Terminals’, UNLV Gaming Research & Review Journal Volume 22 Issue 1, 2

¹⁷⁵ Toine Spapens, Alan Littler and Cyrille Fijnaut, (eds) *Crime, Addiction and the Regulation of Gambling* (Martinus Nijhoff Publishers 2008) 45, see also FATF Report, March 2009(n 176) 9

¹⁷⁶ Boris Kolev, ‘Legal Regulation of Sport and Betting in Bulgaria’ in Paul M. Anderson and others (eds), *Sports Betting: Law And Policy* (T.M.C. Asser Press 2012) 281, see also Spapens and others(n 175)

¹⁷⁷IAGR Report (n 31)

¹⁷⁸ The European Lotteries Code of Conduct on Sports Betting, (n 117) Article 1.2

undertaken by casinos. It is left to each jurisdiction to determine the forms of gaming included in its coverage of ‘casinos’.’¹⁷⁹

In this respect, four of the FATF forty recommendations (Recommendation 12, 16, 24 and 25) were created in relation to the preventive measures that non-financial businesses should adopt to combat money laundering. So they are most relevant to sports betting.

As per these four recommendations casinos should be licensed subject to a comprehensive regulatory and supervisory regime that ensures that they have effectively implemented the necessary AML measures. They should also be subject to obligations of undertaking customer due diligence measures, verifying their customers, record keeping and reporting suspicious transactions or transactions over a specified threshold.¹⁸⁰

Moreover, Recommendation 24 states that competent authorities should take the necessary legal or regulatory measures to prevent criminals or their associates from holding or being the beneficial owner of a significant or controlling interest, holding a management function in, or being an operator of a casino.¹⁸¹ This should be conducted during the initial licensing process through intensive background investigation of applicants.

Both Kenya and SA have acknowledged, in their AML laws,¹⁸² the risk of ML through the betting business. In both countries, sports betting operators are among the designated institutions to comply with the prescribed AML obligations which include monitoring and reporting suspected ML activities, verifying customers’ identity, establishing and maintaining customer records and internal reporting procedures.¹⁸³

The sports betting laws of Ethiopia have no rules relating to money laundering. However, the Regulation mandates NLA to revoke a betting license when licensees are found using the

¹⁷⁹FATF Report, March 2009 (n 173)

¹⁸⁰ *ibid*

¹⁸¹ *ibid*

¹⁸² Proceeds of Crime And Anti-Money laundering Act of Kenya (Act No 9 of 2009) and , Financial Intelligence Centre Act of south Africa, 2001 (Act no. 38 of 2001) as amended

¹⁸³ See Section 20, 27, 42 and schedule 1(9) of Financial Intelligence Centre Act of South Africa, 2001 as amended and section 2, 44, 45,46 and 47 of Proceeds of Crime And Anti-Money laundering Act of Kenya, 2009

business for the purpose of a criminal or fraudulent act against public peace and national security.¹⁸⁴

In addition, Ethiopia has a proclamation to prevent money laundering and financing terrorism, i.e. Proclamation Number 780/2013. Article 6(7) of the proclamation declared that financial institutions and designated non financial businesses (DNFBs) and professions shall identify, assess and work to prevent the risks of money laundering in their business.¹⁸⁵ The designated non financial businesses (DNFBs) and professions have obligations of carrying out customer due diligence measures, establishing and implementing internal policies and controls against money laundering keeping record of crucial customer information and transaction, reporting of suspicions.¹⁸⁶ However, sports betting are not among the designated businesses in the law. Though, the proclamation empowers the Financial Intelligence Center, the principal authority of the sector, to designate other businesses and professions,¹⁸⁷ the Center has not designate sports betting yet as an AML complying institution.¹⁸⁸

The Team Leader of the Financial Examination and Analysis Team at the FIC told the writer that the Center considers sports betting as one casino product and understands its vulnerability to money laundering. However, the business is not yet designated to comply with AML rules because during the national risk assessments conducted in 2013 and 2016, there was no sports betting or any other casino business in Ethiopia that warrants a designation.¹⁸⁹

The FDRE Criminal Code also has provisions that criminalize and penalize money launderers.¹⁹⁰ Anyone, who fails to inform the appropriate authority, knowing or having sufficient ground to

¹⁸⁴ NLA Reestablishment Regulation (n 2) Art 14(2)c

¹⁸⁵ Prevention and Suppression of Money Laundering and Financing of Terrorism Proclamation, 2013, Art 6, Proc. No 780, Fed. Neg. Gaz., year 19, No. 21

¹⁸⁶ *ibid* Art 6, 11, 17

¹⁸⁷ *ibid* Art 2(10)e

¹⁸⁸ Interview with Ato Yibelu Alemayehu Team Leader of the Financial Examination and Analysis Team (Addis Ababa, Ethiopia 13 August 2020)

¹⁸⁹ *Ibid*, The Team Leader told the writer that there will be another national risk assessment study next Ethiopian year.

¹⁹⁰ Crim. C., Art 684

know, the commission of the crime of money laundering,¹⁹¹ anyone who uses or knowingly alters, remits, receives, possesses or makes use of money or property obtained through the specified serious crimes is criminally liable.¹⁹² Sports betting operators in Ethiopia, like any other person, should conduct their business complying with these relevant laws and they are held liable if they violate the stated money laundering provisions in the Criminal Code. Other than this, there is no legal framework that lays particular obligations on them to assess and prevent the risk of ML through their business. So they are not duty bound to adopt customer due diligence measures, to report suspicious transactions and to maintain internal ML control systems. This lacuna has a potential to expose the sector to the risk of money laundering.

¹⁹¹ *ibid*, Art 684 (3)

¹⁹² *ibid*, Art 684

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The legislative regime governing sports betting in Ethiopia is contained mainly in an eleven page unpublished directive, issued by the tax administrator organ, which fails to address several core legal and regulatory aspects of the business. In general, the examination of the legislative and institutional framework on sports betting regulation in Ethiopia revealed the lack of appropriate policy and adequate laws for effective prevention of the potential vices of the business, and the absence of appropriate regulatory institution which calls for a complete legislative and institutional reform. The thesis particularly comes up with the following findings.

While the weight of scientific evidence and experience of other countries show that sports betting is a pure gambling product which has more potential adverse impacts than lotteries so that requires a stricter regulatory approach, the Ethiopian legal framework does not acknowledge sports betting as gambling. The relevant legislations and the regulatory institution wrongly perceive sports betting as one form of lotteries with no or minimal adverse effects. While there are compelling evidence that show it has all the potential to result in serious social and economical crises unless properly regulated, the whole regulatory framework does not properly recognize the threat. The regulation of the business looks to be driven mainly by revenue generation disregarding other public interest considerations like minors and youth protection and crime prevention.

Being a cash-intensive business susceptible to addiction and crime, sports betting needs genuine, responsible and financially sound business actors. However, the Ethiopian legal framework has no sufficient and appropriate entry regulation; the licensing requirements are not framed based on these standards. There are no requirements which aim to investigate and evaluate the criminal records and financial background and soundness of applicants. This can open the door for incompetent and unscrupulous operators to enter into the market.

The Ethiopian law prohibits people under the age of 18 from betting, which is right, but there are no adequate rules to effectively enforce the prohibition. The relevant legislations do not impose

strict obligations on operators to enforce the prohibition and it has no clear and sufficient administrative and criminal sanctions for violation of the prohibition. There are also no rules to protect minors from betting exposure, as the two most exposing factors, location of betting venues and betting advertisements are not regulated. Moreover, the legal age limit does not prohibit young student in college who are above 18 but does not have the luxury to lose money on gambling.

The study also concludes that the whole regulatory framework does not acknowledge the addictiveness of sports betting and does not provide adequate rules to prevent the adverse social and economical impact it can brought. The Regulation and the Sports Betting Directive as well do not incorporate any regulatory tools that aim to minimize the risk of problem betting. The consumer protection rules incorporated in the anti competitive and consumer protection proclamation and other private laws are very generic, not sector specific, so they are not well suited and sufficient to protect sports betting consumers from being exposed to and exploited by addiction.

The vulnerability of sports betting to ML is recognized by FIC. However, so far in Ethiopia there are no particular obligations on sports betting operators in relation to preventing ML, other than the ML provisions in the Criminal Code which are generic and, with the advancement of the business through time, might be insufficient to prevent the risk.

The study also concludes that regulation of sports betting in Ethiopia lacks appropriate institutional regime. The regulator of the sector, the NLA, is not an ideal type of institution for sports betting regulation in terms of its mission and structural set up. NLA has a dual mandates of operation and regulation. This can potentially create conflict of interest between the dual objectives of maximizing revenue from the sector and other public interest considerations.

The study has also found out that the NLA lacks the level of independence necessary for an effective sports betting regulator. Being accountable to the MoR, NLA works under a direct and strong operational and financial control of the ministry. Moreover, NLA lacks adequate statutory powers. It has even no clear mission and legal mandate to prevent social crises resulting from addiction of sports betting. It has also no rule making power. All these can affect the proper and effective regulation of the business.

With all these defects and gaps in the system, the current suspension of new licensing looks right and fair. It is good to pause and take time to improve the regulatory system. However the argument that the harm of the betting business outweighs its benefit so that it should totally be banned legally is not supported by well researched evidence and it does not provide any guarantee that the prohibition will really be practicable or enforceable. Hence, the regulation of the business should rectify its weaknesses considering the recommendations listed below.

5.2 Recommendations

In light of the above findings and concluding remarks, the study recommends the following reforms:

- The government should come up with a proper policy document on sports betting and possibly on the general gaming sector. The policy should clearly recognize sports betting as a gambling product so that it should balance between revenue generation and promotion of other public interests, particularly protection of vulnerable people and prevention of addiction and crime.
- Following the policy, a new comprehensive proclamation should be enacted to govern the overall legal, regulatory and institutional matters of sports betting. The new legislation should establish a new, separate and independent regulatory organ with a responsibility of regulating sports betting and possibly the whole gaming sector. To avoid possibilities of conflict of mandates, the new organ should not be given operational and revenue generation responsibility. The licensing and monitoring powers of the NLA should be transferred to the new regulatory organ and NLA should only continue being operator of those lottery products reserved to the state. The new law should also prescribe a transparent system for the appointment, removal and remuneration of the governing officials of the institution.
- The new legislation should have clear, adequate and reasonable entry requirements which enable to invite only legally compliant, socially responsible and financially sound betting operators. For this effect, the licensing framework should have rules that thoroughly investigate the criminal record and financial background and soundness of operators.
- The study recommends the Ethiopian legal age for betting is raised to 21 to reduce the young population base involved in betting.

- The law should impose a clear and strict duty on operators to enforce the legal age limit. Operators should be obliged to verify the age of all punters before entering to betting shops. Failing to require identity cards from customers should entail serious administrative penalties. And it should be a criminal offence for operators and their employees to allow minors to bet. It should also be an offence for minors to place a bet. They themselves should face fair and appropriate penalties to deter them from further violations. However, enforcement of legal age should not be relied only on operators. The enforcement should be backed by strict and frequent inspection by the regulator attached with serious administrative and criminal penalty on violators. The regulator should also be given a power to freeze and confiscate money involved in such illegal betting transactions.
- The new law should also come up with regulatory tools designed to prevent or minimize the risk of betting addiction. It should wisely regulate the overall availability and accessibility of betting. The law should have a mechanism and the regulator also should have the power to reasonably limit the number of licensees and betting venues to avoid over stimulation, exposure and excessive participation. It should be prohibited for operators to open betting venues close to learning institutions and residential areas like condominium and real estate compounds.
- Betting advertisements should also be regulated so that they do not reach minors, and misinform and over stimulate adults. The regulator should also be provided with a responsibility of establishing an educational program that targets to aware the public, especially the youth, about the risks associated with betting and advice them to have a responsible betting habit.
- Finally, although money laundering through sports betting has not been reported as a big concern so far in Ethiopia, it is reasonable to assume that as the business grows and advances more, it will be a threat. Hence, the law should go one step ahead so that the FIC should always keep an eye on the business. The FIC should be well informed about the growth of the sports betting business in recent time, so the Center should give it a due focus in the coming NRA. Whether to designate or not to designate the business to comply with the strict AML procedures should be decided and based up on the findings of the risk assessment study.

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