

# Iranian Internet Infrastructure and Policy Report

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## INTRODUCTION

This month's report marks a departure from the last few months' overview of the Iranian tech start-up scene, and turns instead towards the state's overarching agenda for the ICT sector in the year ahead. In January, President Rouhani unveiled his government's new budget, including spending plans for the ICT Ministry. Our analysis of this new budget offers some insights into Iran's thinking with regard to major new infrastructure and filtering projects, along with its planned investments in cybersecurity.

Additionally, this month's report provides a round-up of all the latest news from Iran's 'filtnet,' with politicians continuing to trade blows over the censorship of mobile phone apps, and growing chatter about the 'imminent' roll-out of the Intelligent Filtering system.

# MINISTRY OF INFORMATION AND COMMUNICATION TECHNOLOGY 1394 (2015/16)

A year ago, Small Media published a comprehensive report analysing the annual budget of the Ministry of Information and Communication Technology (ICT). The new fiscal year is coming (March 2015) and the ICT Ministry submitted its budget for the next year to Iran's Parliament.

On December, 24, 2014, The Islamic Parliament Research Center (IPRC) published a report analysing the ICT budget for the next fiscal year. Small Media used this 42 pages report as a reference and selected the most important sections.

As the ICT budget has a considerable impact on the Iranian Internet, we aim to offer a detailed look at the ICT ministry's spending priorities.

### GENERAL OVERVIEW OF THE BUDGET

According to the IPRC report, the ICT budget has grown 34% since the 1393 (2014/15) fiscal year. The ICT budget also constitutes 1.99% of Iran's total budget for the next fiscal year, which means its share of the total budget has grown 49% on the current fiscal year. Figure [1] shows the growth of the ICT budget's share in the total budget since 1390 (2011/12).

## ICT Budget (Billion USD)

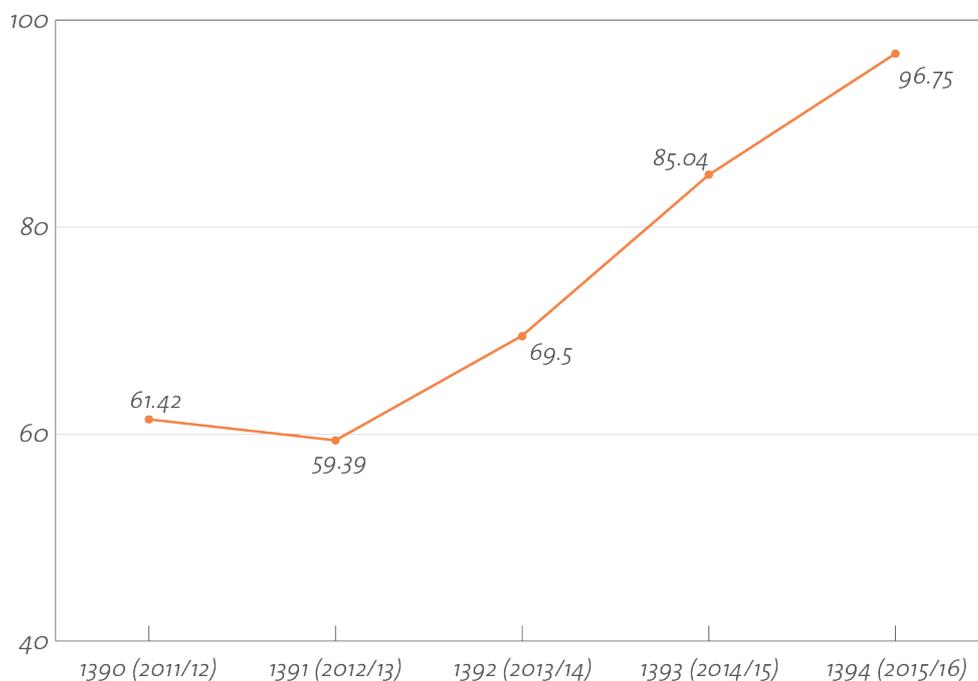


Figure [1]

## The ICT Budget's Share of Iran's Total Budget

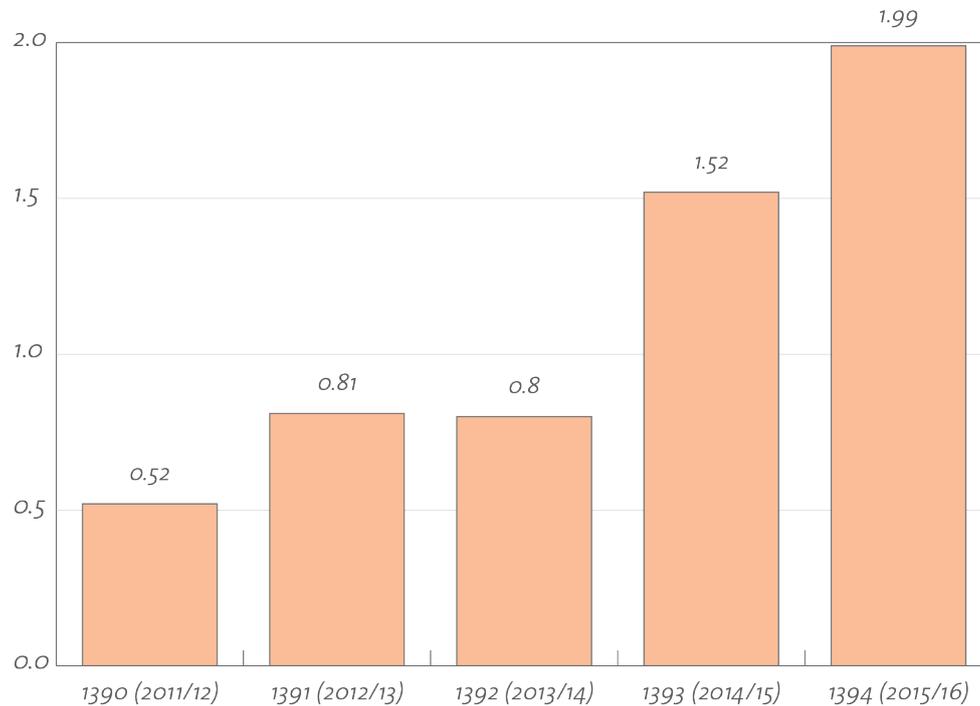


Figure [2]

The submitted budget allocates the majority of funding to infrastructure development and content production. The share of the budget devoted to content production stands at 22%. Of this 22% of the ICT budget devoted to content production, 89% is allocated to developing services, while just 11% goes to content creation.

The smallest share of the budget (0.82%) goes to human resources, despite the urgent need to train people in order to address the lack of skilled ICT professionals.

And while Iran has been the victim of several cyber attacks, the budget of the IT Security Program stands just 3% higher than it did in the 1393 (2014/15) fiscal year.

### THE ICT REVENUE

ICT revenue in the next fiscal year is forecasted to reach 57,000 billion IRR (2.06 billion USD), up 12% from the current year. Yet while overall ICT revenue increased, it grew at a slower pace than it did the year before. Revenue in 1393 (2014/15) improved 25% compared to the 1392 (2013/14) fiscal year.

## ICT Forecasted Revenue (Million USD)

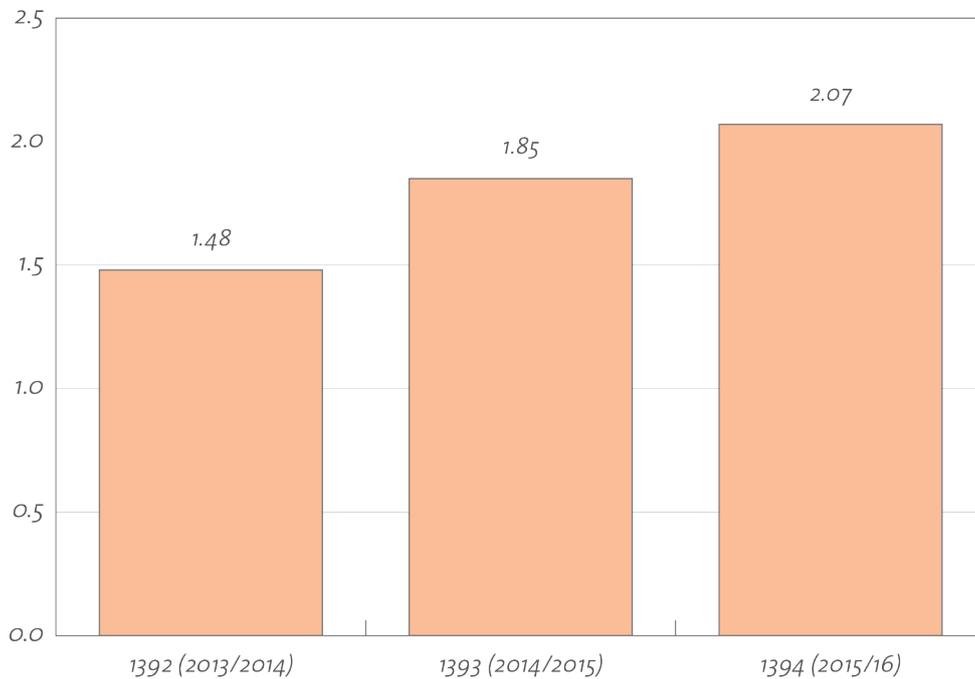


Figure [3]

The Communication Regulatory Authority of Iran (CRA) is the most profitable department for the ICT Ministry, bringing in around 45,000 billion IRR (1.63 billion USD). Most of this revenue comes from fees Iranian telecommunications companies are required to pay to the CRA. The activities of Iran's Police in the ICT sector, such as issuing electronic driving licenses, constitute the second most profitable source of revenue for the Ministry, earning 3,000 billion IRR (108 million USD).

In addition, the ICT Ministry paints an optimistic picture about the future of e-commerce in the country, predicting that the revenue from issuing electronic certifications for e-commerce will increase 47% on the current fiscal year from 17,000 million IRR (615,000 USD) to 25,000 million IRR (904,000 USD).

Table [1] shows the predicted income of the ICT Ministry in the 1394 (2015/16) fiscal year. The CRA is by far the largest contributor to the Ministry's revenue, providing around 95% of the total.

Organisation	Forecasted revenue in 1394 fiscal year (million USD)	% of total ICT revenue
The CRA	1,628.57	95%
The TIC	76.56	4%
Research Institute for ICT (ITRC)	5.42	1%
Post Bank	2.71	
Museum & Historical Areas	0.005	

Table [1] // ICT Ministry Revenue

Despite generating 500,000 million IRR (18.09 million USD) in revenue from the activities of telecommunications operators this year, the ministry will not establish any new telecommunications operators in the next fiscal year, and thus will earn no new revenue.

**THE NATIONAL INFORMATION NETWORK (SHOMA) BUDGET**

The National Internet, or SHOMA, is one of Iran's more controversial ICT projects, and has received a good deal of attention. The amount of money the new budget allocates to SHOMA is down around 19% from the current fiscal year. Next year's budget will devote 10,000,000 million IRR (361.90 million USD) to SHOMA, while the project received 12,300,000 million IRR (445.13 million USD) this fiscal year. In the current fiscal year, the entire SHOMA budget of 12,300,000 million IRR (445.13 million USD) went to developing infrastructure. The new budget not only reduces the total SHOMA budget to 10,000,000 million IRR (361.90 million USD), but also reduces the share of the budget devoted to developing infrastructure by 55%. In the 1394 fiscal year, just 5,500,000 IRR (199.04 million USD) will be allocated to infrastructure development.

## CONTENT FILTERING AND BLOCKED SITES

- **January 1:** [Entekhab](#), a news website close to former President Ali Akbar Hashemi Rafsanjani, was unblocked by a court order. Entekhab was blocked on 1 October 2014 due to complaints from unidentified individuals. ([Source](#))
- **January 3:** A large number of users complained when the Intelligent Filtering (IF) system disrupted their access to Instagram. In response, the ICT Ministry denied the reports and announced that the issue originated from Instagram's Content Distribution Network (CDN). Launched in December 2014, Iran's Intelligent Filtering system aims to block specific content on social networks instead of blocking entire platforms. ([Source I](#), [Source II](#))
- **January 7:** A series of news websites reported Iran would block Tango, WhatsApp and Line immediately, due to a court order. At the time of writing, all of these apps remain unblocked. ([Source](#))
- **January 11:** Internet users in Tehran reported a series of problems with their internet connections, which resulted in very slow browsing speeds. The tech website IT Analyze has been unable to identify the cause of this disruption. In recent years, Iranians have had many problems with internet speeds, for which no one has taken responsibility. ([Source](#))

## STATEMENTS FROM MINISTRIES AND POLITICIANS

- **January 1:** Mahmood Godarzi, Minister of Youth Affairs and Sports, joined the Supreme Council of Cyberspace (SCC) after obtaining the approval of the head of the SCC, President Hassan Rouhani. Small Media published [a comprehensive report](#) about the SCC in February 2014. ([Source](#))
- **January 3:** Morteza Barari, the Legal Deputy of Government and Parliamentary ICT Affairs, announced that 731,000 students study information and communication technology in Iranian universities. ([Source](#))
- **January 4:** MP Esmail Jalili said Intelligent Filtering is ‘useless’ and Iran’s government should work to change citizens’ cultural perspectives instead of developing local social networks and Intelligent Filtering. ([Source](#))
- **January 5:** Seyyed Mohammad Ali Mousavi, a member of Iran’s Parliamentary Judicial and Legal Committee, said that it is illegal for the President to appoint someone to the SCC. According to Mousavi, only Iran’s Supreme Leader has the right to make these appointments. On January 1, 2015, President Rouhani appointed Mahmood Godarzi, the Minister of Youth Affairs and Sports, to the SCC. ([Source](#))
- **January 6:** Ali Asghar Amidian, the Deputy ICT Minister, said Iran’s internet infrastructure is outdated and that his ministry will be unable to resolve internet quality issues in the short term. Additionally, he announced that the ICT Ministry had lowered the price of the bandwidth for ISPs by 25%. ([Source](#))
- **January 6:** Kamal Hadianfar, head of Iran’s Cyber Police (FATA), claimed that 90% of cyber crimes are solved within 72 hours. In addition, he announced that one of Iran’s biggest online gambling networks had been destroyed in Mazandaran province. He did not mention the website’s name or the amount of cash that was seized by FATA. ([Source](#))
- **January 7:** Iraj Mohammad Khani, head of FATA (Gilan Province), announced that FATA had detected 95% of all cybercrimes committed in the the last 9 months, and that 48% of them involved breaches to financial systems and bank accounts. According to Mohammad Khani, 56% of cybercriminals graduated from universities, 51% were 26 years of age or older, and 43% were between 18-25 years old. ([Source](#))
- **January 11:** Mostafa Pourmohammadi, Minister of Justice, said the Commission to Determine the Instances of Criminal Content (CDICC) had discussed blocking Line, WhatsApp and Tango but failed to reach a final decision. On January 7 2015, a series of news websites claimed that the authorities planned to block these three mobile apps. ([Source](#))
- **January 12:** Esmail Ahmadi Moghadam, Head of Iran’s Police, claimed that FATA has been monitoring all social networks, and is reporting all criminal activities to other state bodies such as Iran’s Judicial System. ([Source](#))
- **January 12:** Former ICT Minister Reza Taghipour had an interview with the weekly magazine *Tejrat-e Farda*. His most significant statements are listed below:
  - Viber’s servers are located in Israel. Consequently, all communications are stored, and can be used by the ‘Zionist regime.’
  - We cannot allow Western content that goes against our religious and revolutionary values to be imported into the country. We must be brave and block all immoral content.
  - The current filtering system does not work because it categorises entire websites as either ‘good’ or ‘bad.’ We need Intelligent Filtering so that professionals such as professors and GPs can find the information they need. ([Source](#))

- **January 13:** Mahmood Golzari, the Deputy Minister of Youth Affairs and Sports announced that 300 illegal dating websites are active in Iran and the authorities have not done anything about them. In addition, he said his ministry will launch a dating website by the end of February that will help more than 100,000 Iranian youths to find marriage partners in a 'proper' way. (Source)
- **January 14:** Mohammad Khansari, Director of the ITRC, announced that Iran plans to have 5G in the next 6 month. It is not clear how Iran is hoping to achieve 5G coverage, when 3G access has only been rolled out to Iranians in the past year. (Source)
- **January 16:** The Director of Iran's Passive Defence Organisation (IPDO) Gholamreza Jalali, stated that Iran has one of the most powerful cyber armies in the world. He argued that this strength has prompted the recent cyber attacks against Iran. (Source)
- **January 17:** Ali Jannati, Minister of Culture and Islamic Guidance (MCIG), said President Rouhani believes popular mobile apps such as Line, Tango and WhatsApp should not be blocked and they will remain available until a final decision is reached. Additionally, Jannati said the CDICC has not made any decisions about blocking these apps; it was the judiciary that independently ordered the block. (Source)
- **January 19:** Abdolsamad Khoramabadi, Secretary of the CDICC, responded to Jannati's comment about blocking mobile apps by noting that since there are secure mobile apps inside the country, it does not make sense to use non-Iranian alternatives. In addition, he opined that most foreign apps are actively facilitating a cultural invasion of Iran. (Source)
- **January 20:** Hamid Sarami, Director of the Research and Training Center for Combating Drugs announced that his center identified 51 active Persian-language websites that sell drugs ranging from marijuana to crystal meth. (Source)
- **January 24:** Mahmood Vaezi, the ICT Minister announced Iran will launch a national search engine for schools around the country after the National Information Network (SHOMA) has been launched. (Source)
- **January 24:** Vaezi claimed Iran has no plans to block non-Iranian mobile apps after domestic versions are launched. (Source)
- **January 24:** Iranian MP Amir Hossein Ghazizadeh said social networks must be blocked until the full launch of the Intelligent Filtering system. In addition, he responded to Jannati's comment about imposing a block on WhatsApp, Viber and Line, stating that the MCIG cannot resist the court order and the government must implement the block. (Source)
- **January 24:** Tehran's Chief Prosecutor Abbas Jafari-Dolatabadi commented on Jannati's announcement, stating that the ICT Minister requested time to adopt its system for fighting criminal content. In response, the Judicial System accepted the request, and will decide about social networks after the new deadline. He did not mention when the deadline would be. (Source)
- **January 26:** A committee was set up to monitor the sending of bulk SMS messages. The committee is led by the MCIG, and is comprised of representatives from 9 organisations and state bodies, as well as the Cyber Space Research Institute (CSRI). (Source)
- **January 27:** ICT Minister Mahmood Vaezi named the SCC as an organisation that can make decisions about blocking different services such as mobile apps. According to Vaezi, the SCC is a policy maker and all organisations and bodies must abide by its decisions. (Source)
- **January 27:** Vaezi announced that Intelligent Filtering on Instagram was 83% successful and the ICT Ministry has completed the second phase of the Intelligent Filtering system, which will be launched soon. In addition, he said two search engines will be launched on the anniversary of the founding of the Islamic Republic (2-12 February). (Source)
- **January 28:** Vaezi held a press conference. The highlights are listed below:
  - Iran will export Internet bandwidth to Iraq because it will help generate income and allow the Islamic Republic to play an important role in that country. According to Vaezi, the bandwidth exported to Iraq will not reduce the supply available to Iranian users, which often fails to keep up with demand.
  - There are two methods utilised to block websites: The first is blocking the whole platform and the second is selective blocking so that the platform will be available, but users will

be barred from specific sections. The government has introduced Intelligent Filtering because it believes in this second solution. The Intelligent Filtering system will be launched in three phases, the first of which has recently been completed. ([Source](#))

- **January 28:** MP Ali Motahari created an official account on [Instagram](#), which has become a popular popular platform in Iran. Motahari is one of the most influential conservative MPs in Iran's Parliament. ([Source](#))