

TELECOMMUNICATIONS AS CATALYST FOR A MODERN INDUSTRIALISED NIGERIA

By

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Distinguished Ladies and Gentlemen, let me extend my felicitations to the organisers of this programme for stimulating a very robust discourse which usually is the bedrock of every society prepared to attain giant heights. For an organization always in search of merit and every opportunity for Nigerian to climb to higher heights, I am excited by the quality of this programme and the various resource persons participating in it.

Introduction

A major challenge for every leader is to be shoulder high above every other person, see things others cannot see, and be able to prepare a roadmap that he wants to lead his people through. This is what some people call visionary leadership. For, the leader must be clear-sighted in leading his people through times and situations.

The aforementioned quality was exemplified by the Nigerian leader, President Umaru Musa Yar'Adua when on assumption of office, he released the Seven-Point Agenda which by 2020 can enable our country be one of the twenty top economies of the world, if pursued diligently.

The President is not chasing shadows. As the leader of this great country he is in a position to know that if the potentials of the Nigerian people are properly unleashed, the sky will be the beginning.

President Yar'Adua is not alone in his belief. So many Nigerians do. Very interestingly, and this is quite encouraging, the world also believes in our ability to be a great nation only if the right steps are taken.

Please permit this little reference. Goldman Sachs, the American investment banking giant, in 2003 had in its Global Economics Paper No. 99 projected that by 2050, Brazil, Russia, India and China, usually referred to as the BRIC countries would have a combined economy that is bigger than the G6 countries – USA, Japan, Germany, UK, France and Italy.

The bank followed in 2005 with another paper, Global Economics Paper No. 134 which published a list of eleven countries that could have the BRIC effect and achieve global economy giant status by 2025. The countries include: Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, Philippines, South Korea, Turkey and Vietnam. In the projection of Goldman Sachs, only about 11 countries may have bigger economies than Nigeria by 2050.

This of course is very encouraging news but we can't be celebrating yet until we do that which is needful; strengthen

our domestic capacity and then demonstrate that we are able to invite the world and accommodate those who want to do business in Nigeria.

Role of Telecommunications within the 7-Point Agenda

The broad headlines of the 7-Point Agenda include: Critical Infrastructure, The Niger Delta, Food Security, Human Capital Development, Land Tenure Changes and Ownership, National Security and Intelligence, and Wealth Creation.

A closer look at each of the point will reveal a major challenge of its own and give an inkling of the amount of work that needs to be done for Nigeria to join the big league. But it is possible.

Perhaps what qualifies me to stand before you is to explain how the development of the Communications Sector can contribute to laying the building blocks for a greater Nigeria. I have been asked to speak on Modernising and Integrating Communications Systems in Attaining Rapid Technological and Industrial Development of Nigeria for Vision 2020 under the Sub-Theme, Essential Transport and Communications Requirements for Viable Industrial Growth.

Under the 7-Point Agenda, Telecommunications is situated within Critical Infrastructure, and this tells us at the Nigerian Communications Commission, NCC, the importance this administration attaches to the development of the industry. To further develop the industry, the government promised to address the shortcomings in the sector by taking the following

measures: Enactment of Anti-trust law, Effective regulation, Infrastructure upgrade by the national operators, Incremental expansion into rural areas, Decisive resolution of ownership and use of SAT-3; and Effective utilisation of the Universal Access Fund.

Since 1999 the government of Nigeria has paid serious attention to telecommunications as critical infrastructure to enable it deliver the dividends of democracy to the Nigerian people. It is therefore safe to say that some of the actions spelt out above are already being embarked upon in realisation of those objectives. The story of telecommunications in Nigeria since deregulation has progressed in a manner much appreciated by both the local and the international communities with the country taken as a place where telecommunications investment brings quick returns more because of the pent up demand that continues to exist in this market.

This is a summarized picture of the industry:

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- The regulatory body was established in 1992 (one of the oldest in Africa), when government decided to deregulate the telecoms industry.
- However, full market liberalisation only commenced in 2000 under the democratic government that was birthed in May 1999.
- The government launched a Telecom Policy document in September, 2000, crafted after full stakeholder consultations.

- A number of Private Telecommunications Operators have been licensed to provide multifarious services including mobile, fixed, internet, and multimedia services.
- The regulatory body has been strengthened and is receiving full support from government to be able to perform its roles.
- Legal and Regulatory framework has been reviewed to attract and protect investors and ensure a level playing field. This includes the Communications Act that was enacted in 2003.
- The nation's teledensity stands at 42 per cent with about 58million subscriber lines by the end of October 2008.
- There is a total of over 15,000km of Fibre optics links laid across the country.
- About 80 per cent coverage of the country has been achieved.
- 3G services being rolled by some licensed operators.

Two reports by the World Bank (Information and Communication for Development Report, 2006) and World Economic Forum (Global Information Technology Report, 2005-2006), underline the fact that economic development depends on overall progress in a country's ICT sector, and that without such progress, both economies and private enterprises suffer. Thus the World Bank's study also found that companies that use ICTs grow faster, and are more productive and profitable than those that do not.

The Global Knowledge Partnership organisation based in Malaysia puts it that "ICTs can be a unique and powerful platform for promoting sustainable human development, provided the focus is not on technology but on the people who use them." The role of the NCC in this respect is to help create channels and build capacity in ways that will encourage Nigerians to imbibe ICTs in working towards delivery the Vision 2020 developments goals that will make Nigeria an economic power block.

Some Initiatives by the Commission

- **State Accelerated Broadband Initiative, SABI:** This initiative is to ensure that broadband infrastructure is extended to all the states capitals, urban, and semi urban centres of the country. SABI is designed to encourage the private sector to build and operate broadband networks with government support and incentives. In the current design, this project is to cover all the 36 state capitals across Nigeria and some urban and semi urban centres. Expectedly, the SABI project will stimulate demand for Internet services and usage and adoption of various e-activities and e-driven applications in the country.
- **Wire Nigeria Project, WiN:** The Wire Nigeria Project is also being facilitated by the NCC. The programme is designed to facilitate the build out of huge fibre optics cable infrastructure in order to satisfy the growing bandwidth demand in the country. The failure of Nitel to provide this

- service to the mobile operators has continued to create very serious problems.
- **The Universal Service Provision Fund, USPF:** Provided for in the Nigerian Communications Act, but now being vigorously pursued by the NCC, the fund is to serve as buffer to those operators who are encouraged to take services to the underserved areas around the country through the provision of subsidies. The goal here is to bridge the gap between the information-rich and the information-poor, and to enable user-friendly and affordable accesses to ICT facilities and services for every Nigerian child, student, farmer, fisherman, market woman, researcher, school, cooperative, community who resides or is located in areas that would otherwise be considered commercially unviable by the ICT service providers.
 - **The Digital Bridge Institute, DBI:** Realising the serious dearth in human capital at the explosion of the telecommunications sector, the NCC facilitated the setting up of the Institute in 2004 for capacity building in Information and Communication Technology sector. With the first facility in Abuja, the Nitel Engineering and Technical Training Centres in Lagos and Kano having being ceded to the NCC by the Federal Government are now being refurbished and activated as part of efforts to make the Digital Bridge Institute a full modern ICT Educational Institution. The thrust here is to build new human capital and create wealth among a rising group whose access to ICT will address a number of issues

through creating skills in software, digital and other multimedia sectors and create a new economic base for the country.

How Telecommunications impact on the Economy

The telecommunications industry is usually referred to as an infrastructure of infrastructure because an investment in the industry is always capable of generating activities and having multiplier effects on other sectors of the economy. A robust telecommunications sector will impact on lives, rural or urban; industries, small or large, education, health, transportation and even security and lift a country from outmoded base of existence to modern, pristine living. The Nigerian economy is radically different today with all categories of workforce – businessmen, civil servants, artisans, bricklayers, plumbers, tailors, vulcanizers and market women being able to do things in ways never before experienced in this part of the world.

Some studies have shown that ICT producing industries generate less than 5% of GDP, but have accounted for up to 50% in productivity growth in many countries. Part of this growth is directly attributable to ICT-producing industries where the return on investments is over 30%. And the other part is attributable to its multiplier effect - via efficiency gains - on non-ICT (ICT-using) industries. Some estimates indicate that one job created in the ICT sector results in 8 jobs in the entire economy. There is yet another study, for instance, which

shows that mobile sector is a strategic sector in achieving the growth objective of the Nigerian economy. Specifically, the results show that one per cent increase in mobile telecommunication demand in Nigeria generates about .14% growth in the economy. In monetary value, this represents annual growth rate of the GDP by average of ₦554.2bn. That is, a ₦1.00 of mobile ICT investment generates an average of about 42 kobo to the economy.

Translating developments in the sector into immediate benefits in terms of investment employment, over \$12bn dollars have been invested in the industry by August this year, while the sector employs well over 12, 000 directly with a whopping 3million in indirect employment, performing various services. This directly puts the telecommunications industry behind Public sector and the Oil and Gas Industry in terms of employment generation.

Specifically the Financial sector is an example of how growth in telecommunications can activate progress in other sectors of the economy. Although Nigerian banks were slow in playing a major role in the current growth in the industry, the Financial institutions quickly wisened up to the unfolding technologies and introduced an avalanche of new services to the extent that some financial transactions are immediately reported on mobile phones while some other services enable subscribers to buy major items using their mobile phones as well. What the institutions are doing is to take advantage of new technologies which paradoxically are enjoyed by countries going late into

the sector; this experience will continue to play a role as we search for matured growth in development.

The media industry has also enjoyed a major point of advantage. There is hardly an off season for media campaign as both the electronic and print are awash with advertisement. This translates into more money for operations, expansion and more jobs in the sector.

Education

The growth in telecommunications all over the world is opening up new vistas of possibilities in the education sector. Connected computers which is the easiest way of describing the Internet makes it possible for a student to live in Nigeria and study abroad. The technology also gives access to virtual universal libraries which make study or education easy and affordable by making available online, books, journals, articles and other relevant materials within the confines and comfort of our homes.

Nigeria is not an exception in this genre of education which, riding on the backbone of telecommunications, permits students and their teachers to have academic relationship. Administrators of very important examinations like JAMB, WAEC and others have established systems which enable the candidates to enrol and even check their results online.

Registration after admission is done online. With this a lot of clumsiness has been eliminated from the process and more improvement is expected in the years ahead as the telecommunications backbone improves.

Healthcare

The advent of mobile communications in Nigeria, improvement in broadband infrastructure and other multi media facilities are impacting on health care delivery in the country. Distance is eliminated as Doctors in the cities are able to consult for their colleagues in rural settings. What this means is that the sick persons no longer have to risk their lives to travel long distances for consultation. For instance, the nature of the mobile phone enables the device to be used in all kinds of situation. And with broadband and video conference facilities Nigerian doctors are able to discuss with patients and colleagues across the country. Especially in cases where expert opinions are sought telecommunications is proving a veritable tool for achieving success. This may not be very prevalent yet but further investment and development in the industry will encourage telemedicine and remote healthcare delivering in the country.

Transportation

Movement, whether on land, in the air and waters, is becoming increasingly modernized with all genres resting heavily on the modernisation of telecommunications. It does not only bring safety in the air but that happens everywhere even on land as fleet owners are able to manage their fleet of vehicles using the latest technologies which are fallout of telecommunications. Especially in Nigeria where the means of transportation revolves around land and air, telecommunication has proved very useful, making movements easier and with people being warned on risks on the road.

Rural Development

Telecommunications is one major facility that can quickly open up the rural areas and make life there as comfortable as the one being searched for by those who engage in rural-urban drift. Quality of life can quickly being lifted with access to telecommunications products and jobs created as we have witnessed in Nigeria.

This realisation has buoyed the NCC to introduce a number of telecommunications programmes like SABI and WiN that can quickly improve telecommunications in the rural areas and give easy access to the products. This vision will also partly be driven by the Universal Service Provision Fund, USPF, which will address the availability of products in these areas. Improvement in Communications will bring the following benefits to the rural dwellers:

- Improvement of the living conditions of the people in the rural areas by allowing them to communicate easily amongst themselves and with relatives, friends and business associates living elsewhere.
- Easier and faster access to up-to-date market and price information thereby assisting farmers and rural-based traders in their business.
- More rural businesses and better employment opportunities that can greatly reduce the problem of rural-to-urban migration.
- Better access to agricultural extension services such as prompt information on improved seeds, availability of fertilisers, weather forecasting and best control.
- Improved health control including remote diagnosis and treatment advice.
- More efficient handling of civil emergencies and natural disasters.
- Wider access to education resources, especially through distance learning
- Easier access to government and wider awareness of government programmes and activities.
- Enhance security of lives and properties.

Security

In a country with the land mass of Nigeria, Security will always raise issues of concern. This is not only a need in the Niger Delta but across the country where Communications can

improve the services of the various security arms by enabling them coordinate their activities. Availability of mobile and other broadband facilities have helped largely in this respect. Some telecommunications service providers are giving dedicated lines to some security agencies while it is now a common practice to see head of security arms give their numbers in the media.

Government and Government Services.

Especially with the turn of fortunes in the telecommunications industry, various governments – Federal, State and Local are deploying ICT facilities and introducing services that can enable them interface with their people and render seamless services. This will remove the usual go-slow associated with bureaucracy in government and facilitate sharing of information.

Human Capital Development

A fall-out of the telecommunications explosion in 2001 was the dearth of human capital to take up the various job openings in the industry. This is prevalent across the country, and no Nigerian can be surprised therefore, that President Yar'Adua has picked as a point of emphasis by his administration the development and encouragement of human capital. Our response at the NCC was to set up the Digital Bridge Institute, in Abuja with facilities now being upgraded in Lagos and Kano by way of setting up world class institutions to train a Nigerian workforce. DBI is open to all who want to play a role in the

telecommunications sector which in a short while will become the engine room of the Nigerian economy.

Giving impetus to Rapid Development

The growth potentials of telecommunications in the country is no longer in doubt and so also is the ability of the industry to open up and impact positively on every sector of the economy. How this happens depends upon the preparedness of the government to continue to accommodate and encourage new players to come into the sector. This is the reason all actions of the Commission are tied to their impact on the people and the economy of the country and how this increases its rating in the international community.

For instance the Digital Bridge Institute has helped in no small way to build human capital in the industry and in so doing help redirect those who would have been living on the fringe of the economy. The plan of the Commission is that DBI will continue to make critical intervention in training personnel for the industry which, based on performance in just eight years, could be one of the most sector of the economy in the next few years.

Presently the organisation is living up to expectations. Apart from current trainings for Nigerians, the International Telecommunications Union, ITU, has been sending operators from some African countries having come to see DBI as a model institution.

Other programmes like WiN and SABI are targeted to also make very crucial intervention in the country's economy since investment in those facilities in the States and Local Councils will take communication and development closer to the people. In some instances, the USPF is providing some bridge fund to encourage operators to take services to areas where such development would have been impossible or where market is very unattractive and is difficult to make profit.

Impediments to industrial Dream

Can Communications make a solo walk and open up the country's economy? The answer obviously is no. But one would like to explain here that the reason the Communications sector has not done even better than it has, is because of the intervening baggages from other sectors of the economy coupled with practices which inadvertently hurt the economy. The power sector is obviously one of such baggages whose failing fortunes have had negative effects on other sectors of the economy. Commitment by the operators to power generation to power services and base station constitute about the biggest drain pipes to investments funds. No matter how they try it is difficult to replace their efforts with the functions of the public power sector whose collapse is a nightmare to all and to service providers in particular.

While it is very commendable for the President last week, to set up an Infrastructure body to address the infrastructure deficits in the country, there is no use stating again that the

success of that body will contribute immensely to instituting an industrial base for the country. But be that as it may there will be the need for State and Local Councils to encourage investors and know that telecommunications is critical infrastructure instead of discouraging those building the infrastructure with tax demands which most people have come to label double taxation.

On the part of the Commission we are committed to building a world class communications infrastructure that will enable us meet the demands and expectations of the Nigerian people. We are constantly reengineering and our people receiving various trainings that will prepare them to meet those demands and expectations.

Conclusion

I would like to say here that the deregulation of the telecommunications sector and the various laws empowering the NCC to play a pivotal role in the creation of a new industry, also challenges us to harness our various efforts by appropriating new technologies to ensure that Nigeria becomes an economic power house by 2020 in meeting with the President Yar'Adua's vision. Reactions to, and participation in the country's telecommunications industry in the past eight years is a testament that this is possible.