PRESENTATION TO THE NATIONAL POLITICAL REFORM CONFERENCE COMMITTEE ON SOCIAL INFRASTRUCTURE FOR NATIONAL DEVELOPMENT

By
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7th April, 2005
Contents:

- Introduction
- Scorecard
- Regulatory Challenges in the Telecoms Industry
- NCC Strategic Framework
- Strategic Policy Initiatives for 2005 & Beyond
- NCC Projections
- Conclusions
INTRODUCTION
Introduction

- In line with global trends of liberalization in the 1990’s, the Federal Government promulgated and established the Commission as the arrow head for the liberalization and deregulation of the telecom sector.

- This liberalization thrust of the decree was further strengthened by the National Telecoms policy (NTP) to remove provisions that inhibit full competition and fully liberalize the sector.

- The above paved way for the licensing of several operators in the various markets within the Telecom Industry.

- Prominent amongst these licenses are the three GSM and the Second National Operator.
Introduction Cont’d

- The Industry has witnessed tremendous growth in the last three years.
- This growth and the rapid deployment of services have presented several challenges for NCC and the industry.
- NCC Strategic Management Plan aims to focus on meeting these challenges and ensure network efficiency, and to ensure that emerging issues are promptly taken into the mainstream of our regulatory activities.
- To further strengthen the Commission, the Nigerian Communications Act, 2003 was promulgated.
Our strategic thrust for 2004 -2006 is “Attaining Efficiency in the Telecoms Industry”

Emphasis will be placed on efficiency in telecom service delivery and improved quality geared towards delighting the ‘Consumers’

The 2005 sub-theme is Consumer Satisfaction as a pathway to Growth.
Number of Active Operators and Service Providers in Nigeria

<table>
<thead>
<tr>
<th>SERVICE CATEGORY</th>
<th>NUMBER OF OPERATORS &amp; SERVICE PROVIDERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Carriers</td>
<td>1</td>
</tr>
<tr>
<td>Mobile (GSM) Telephony</td>
<td>1</td>
</tr>
<tr>
<td>Fixed Telephony</td>
<td>9</td>
</tr>
<tr>
<td>VSAT Networks</td>
<td>N/A</td>
</tr>
<tr>
<td>Internet Services</td>
<td>18</td>
</tr>
</tbody>
</table>

* Confirmed, ** Including 3 Fixed Wireless Access (FWA) Operators,
Growth in Fixed and Mobile Telephone lines, and Teledensity, in Nigeria

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<tbody>
<tr>
<td>Fixed:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>NITEL</td>
<td>450,172</td>
<td>497,019</td>
<td>540,662</td>
<td>555,466</td>
<td>555,466</td>
<td>524,596</td>
<td>525,000*</td>
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<tr>
<td>PTOs</td>
<td>23,144</td>
<td>56,355</td>
<td>59,659</td>
<td>146,534</td>
<td>333,068</td>
<td>515,173</td>
<td>568,925**</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>473,316</td>
<td>553,374</td>
<td>600,321</td>
<td>702,000</td>
<td>888,534</td>
<td>1,039,769</td>
<td>1,093,925</td>
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<tr>
<td>Mobile</td>
<td>35,000</td>
<td>35,000</td>
<td>266,461</td>
<td>1,569,050</td>
<td>3,149,472</td>
<td>8,500,000</td>
<td>9,950,000</td>
</tr>
<tr>
<td>Total</td>
<td>508,316</td>
<td>588,374</td>
<td>866,782</td>
<td>2,271,050</td>
<td>4,038,006</td>
<td>9,539,769</td>
<td>11,043,925</td>
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<tr>
<td>Teledensity</td>
<td>0.42</td>
<td>0.49</td>
<td>0.72</td>
<td>1.89</td>
<td>3.36</td>
<td>7.77</td>
<td>9.2</td>
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</table>

* Estimates,  ** Includes estimates for some companies.
## Growth in Telecom Investment in Nigeria

### Private Investment in Telecom in Nigeria

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</thead>
<tbody>
<tr>
<td>Amount (USD million)</td>
<td>50</td>
<td>150</td>
<td>1200</td>
<td>2100</td>
<td>2550</td>
<td>4000</td>
<td>6080</td>
</tr>
</tbody>
</table>
Trend in connection charges and tariffs in the mobile sector.
REGULATORY CHALLENGES
REGULATORY CHALLENGES

- Appropriate regulations for the rapidly expanding industry.
- Need to consolidate on improvement on infrastructure development.
- Managing Competition.
- Increasing consumer awareness and rise of consumerism.
- Expansion of network coverage and penetration evenly nation-wide through extension of services to underserved and unserved areas.
- Increasing demand for new services.
Regulatory Challenges Continued…

- Adequate information and data flow
- Effective and timely regulatory decision making
- Ensuring strict compliance through effective enforcement mechanisms.
- Optimising use of scarce resources.
- Need to encourage research and development and local manufacture of telecoms equipments.
- Promoting more investments.
- Technology advancement and convergence issues.
Regulatory Challenges Continued…

- Need to develop professional expertise in the various specialized functions in the Industry.
STRATEGIC FRAMEWORK
The SMP is structured to address these challenges.

The thrust for 2004 comprises six (6) broad goals and sixteen (16) objectives and one hundred and twenty two (122) strategies.
GOAL ONE

Promote market entry, competition and universal access

- Ensure smooth market entry and promote competition in the telecommunication industry
- Ensure the provision of reliable, affordable and efficient telecommunication services
- Support the development of institutional framework and mechanisms to achieve the universal access
- Ensure rapid deployment of services to the rural and undeserved areas.
GOAL TWO
ENSURE EFFECTIVE LEGAL FRAMEWORK FOR THE INDUSTRY AND ENHANCE ENFORCEMENT ACTIVITIES AND CONSUMER PROTECTION

- Deploy an effective enforcement system for compliance with license obligations, dispute resolution mechanism for licensed operators and service providers
- Deploy an effective enforcement system for compliance with technical and operational standards
- Establish effective consumer education and protection mechanisms
- Provide regulations for the telecommunications industry
GOAL THREE

ENSURE OPTIMAL USE OF SPECTRUM

- Increase efficiency of spectrum use and management
- Ensure proper planning and monitoring of radio frequency spectrum
GOAL FOUR

PROVISION AND MONITORING OF STANDARDS FOR THE TELECOMMUNICATIONS INDUSTRY

Ensure the provision of the telecommunications services to internationally acceptable standards throughout Nigeria.

Ensure efficient network management and optimisation
GOAL FIVE
PUBLIC, PRIVATE AND INTERNATIONAL CO-OPERATION

- Disseminate information on activities of the Commission and enhance its public image
- Foster and sustain national, regional and global relationships towards telecom development
GOAL SIX

ESTABLISHMENT OF AN EFFECTIVE AND EFFICIENT ORGANISATIONAL FRAMEWORK

- Strengthen the Commission to effectively carry out its functions
- Enhance the efficiency of the Commission’s processes
STRATEGIC POLICY INITIATIVES 2005...
COMPETITION IN TELECOMS INDUSTRY
RELIABLE AND AFFORDABLE SERVICES
INSTITUTIONAL FRAMEWORK FOR UNIVERSAL ACCESS
UNIVERSAL ACCESS PROVISION
TELECOMS REGULATIONS
SPECTRUM USE AND MANAGEMENT
TELECOMS STANDARDS
COMPETITION IN TELECOMS INDUSTRY
Maintain a level playing field to ensure transparency and fairness in regulatory processes to elicit confidence from operators and other stakeholders alike

Simplify the process of licensing within the Commission and the removal of cumbersome and onerous regulations

Promote the provision of new license categories and services, which will provide a greater degree of choice for consumers and the opportunity for price reductions

Encourage and promote entry of organizations into the telecoms sector with adequate technical and financial capability to accelerate the roll out of network infrastructure deemed vital to the improvement of the Nation’s teledensity.
Encourage and promote rapid deployment of telecommunications infrastructure nationwide

Develop policies to promote the deployment of advanced technologies, to increase the range of services offered to consumers and deliver cost benefits

Prevent anti-competitive conduct by operators within the retail and wholesale telecommunications markets including, but not limited to, product pricing and Interconnection Agreements.

Define the structure of the various market segments within the industry to determine market power, market dominance and assess the level of competition within each market for effective regulatory efforts. And develop a competition policy for the industry.
RELIABLE & AFFORDABLE SERVICES
Promote the provision of quality telecom services to consumers through effective competition and compliance with internationally recognized standards.

Encourage the use of modern technologies that will enable improved quality and reduce cost thereby making services cheaper and more reliable.

Conduct regular market monitoring and trend analysis.

Ensure affordable tariffs for service provision across a range of products and services.
UA INSTITUTIONAL FRAMEWORK
Support the creation of a Universal Service Provision Fund (USPF)

Align existing licensing processes with Universal Access objectives and requirements.

Establish a mechanism to involve relevant Government, Private and Rural Community organizations in decision-making regarding Universal Access programmes
UNIVERSAL ACCESS PROVISION
Facilitate provision of telephony service to all rural and underserved areas

Develop appropriate regulations to ensure compliance with network roll out obligations

Encourage use of technology specifically aimed at delivering cost and service benefits for rural applications
TELECOMS REGULATIONS
- Provide licensed operators with clear Rules, Regulations and Guidelines
- Prepare and publish relevant Regulations.
- Monitor Global Trends in ICT to ensure Regulations conform with international best practice
- Provide procedure for compliance with enabling law.
SPECTRUM USE & MANAGEMENT.
Provide sufficient clarity in the process and management of spectrum to be able to make spectrum available for new services or emerging technologies when required.

Provide and maintain a practical and accurate spectrum plan for the telecommunications industry and interested parties.

Improve the transparency of the frequency assignment processes through the publication of regular information, consultation with interested parties and the development of radio communication standards.
Encourage, and hence where appropriate, license the use of technology that will engender more efficient use of spectrum.

Develop innovative licensing procedures which result in less bureaucracy and minimal interference in the process of spectrum assignment.

Encourage sharing and re-use of spectrum, reduce spectrum size allocation and create incentives for freeing up spectrum.
TELECOMS STANDARDS
Define and publish standards, both technical and operational, for all telecommunication facilities and sites throughout Nigeria

Resolve through negotiation or determination, as appropriate, technical disputes between the operators and service providers

Determine, through consultation with industry and interested parties, an Engineering Code of Practice for compliance by all operators and service providers.
ENHANCING EFFICIENCY IN THE SECTOR
Quality training institutions to bridge skill gaps.
Provision of state of the art laboratory, teaching and research facilities in our educational sector
Total and comprehensive rehabilitation of the Power sector to encourage local manufacturing and reduce cost of providing services
Efficient and seamless interconnectivity of all systems and networks throughout Nigeria
Need to have reliable statistics, data and records to facilitate planning, monitoring and control.
Provision of adequate Security to safeguard investment in the sector
The industry requires special remuneration packages to be able to attract specialists especially in regulation
Need to encourage manufacturing of telecoms equipment through Government policies

Ensure that there is unified policy framework for all Government agencies involved in ICT delivery in the country

Encourage the rollout of backbone transmission facilities nationwide to facilitate national connectivity by harmonizing the positions of all Government agencies involved in transmission development.
CONCLUSION
The aim of our Strategic and Policy Thrust for the next few years is to set a ‘path’ that will allow NCC provide the required leadership to consolidate achievements already made.

Strive for efficiency in the industry and facilitate ‘innovation’ needed for a virile industry over the long term.

Our efforts will be geared toward ensuring that efficiency in the industry translates into tangible benefits to the “Consumers”, who will be the center piece of NCC’s regulatory activities.
THANK YOU !!!