BRIEFING
TO THE SENATE PRESIDENT
ON THE NCC
AND TWO YEARS OF
TELECOMMUNICATIONS REVOLUTION
IN NIGERIA

Chief Executive/ Vice Chairman
Nigerian Communications Commission

August 12, 2003
MISSION STATEMENT

- Our Mission is to support a market driven telecommunications industry and promote universal access.

  We will achieve this through the consistent enforcement of clear and fair policies that protect stakeholders, ensure efficient resource management, share industry best practices and deliver affordable, quality telecom services.

August 12, 2003
VISION STATEMENT

- An information rich environment, comparable globally in quality telecom service provision, regulated by a responsive, world-class organisation.
The Commission is driven by three guiding principles (3F’s) in carrying out its duties and functions as the National Telecommunications Regulator.

The Commission’s Core Values will be driven by being
- Fair
- Firm
- Forthright
CORE VALUES

The Commission ascribes to the following Core Values:

- Integrity
- Excellence
- Professionalism
- Responsiveness
- Innovation
OBJECTIVES

- To Encourage massive investment in the Telecommunications Sector.
- To extend availability of Telecommunications Services to all Nigerians.
- To promote effective competition in the market, to ensure fair pricing of good quality telecommunications services.
BOARD OF COMMISSIONERS

- Alhaji Ahmed Joda - Chairman
- Engr. Ernest C.A. Ndukwe - EVC
- Engr. Patrick S. Kentebe - Member
- Mr. Emmanuel Ogbe - Member
- Engr. Olawale Ige - Member
- Alh. Ibrahim Zimit - Member
- Chief Donatus Ude - Member
- Mr. Bayo Atoyebi - Member
- Alh. Umaru Mutallab - Member
PART 2

TELECOM SECTOR REFORM AND TWO YEARS OF TELECOMMUNICATIONS REVOLUTION
BACKGROUND - TELECOM SECTOR

- Government Control up till 2001
- Weak Infrastructure base
- Huge unmet demand
- Lines concentrated mostly in selected urban centres
- Slow growth of Subscriber base
- Limited investment into the Sector till 2001
NEED FOR SECTOR REFORM

- To improve services
- Eradicate misuse of monopoly powers
- Attract local & foreign investment
- Encourage innovation and introduce advanced services
- Generate government revenues
- Increase sector efficiency through competition
NEED FOR SECTOR REFORM - Cont’d

- Enhanced value to consumers through improved range and pricing of services
- Extend services to underserved and unserved areas
ROLE OF THE NATIONAL REGULATORY AGENCY (NRA) IN EMERGING MARKET

- Drive telecom sector reform by;
  - Promoting market liberalisation
  - Licensing of competitive operators
  - Introducing and maintaining transparent regulatory processes
  - Attract investment
  - Protecting new entrants from dominant operators
  - Protecting consumer rights and interests
  - Encouraging new and advanced services

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MARKET LIBERALISATION

- Must come with good Regulatory Framework
- Without Rules no game can be played fairly
  thus need for:
  - Sensible set of rules
  - Authority to enforce rules
ENABLING LAWS

- Before July 2003
  - Decree 75 of 1992 – Now the NCC Act
  - Wireless Telegraphy Act (WTA)

- From July 08, 2003
  - Nigerian Communications Act 2003
  - Wireless Telegraphy Act (WTA)
LANDMARK ACHIEVEMENTS

- Progress since advent of democratic governance
- Successful Licensing of Four Digital Mobile Operators
- Licensing of Fixed Wireless Access (FWA) Operators
- Licensing of Second National Operator
- Licensing of two Long Distance Operators
LANDMARK ACHIEVEMENTS - Cont’d

- Licensing of Incumbent Operator – Nitel
- Spectrum Management
- New Communications Act
- New Regulations on Interconnection
- Two million new mobile subscriber lines in less than two years
LANDMARK ACHIEVEMENTS - Cont’d

- Landmark resolution of interconnect disputes
- Establishment of Consumer Affairs Bureau
- Institutionalised transparency in licensing process and resource allocation
- Regular consultations with industry as a standard policy
- Independence of the Regulator
PART 3

CHALLENGES
CHALLENGES

LEGACY ISSUES

- Weak Infrastructure base
- Unusually huge demand for services due to inefficiencies of the past
- Spectrum Planning & Allocation problems
- Enabling Laws and Regulations limitations
- Unreliable Electric power supply
CHALLENGES - CONT’D

- Interconnectivity
- Tariff Regulation
- Effective Competition
- Monitoring & Compliance
- Managing Consumer Expectation
- Consumer Education
- Institutional Strengthening
MTN

Background

- Started operation on the 8th of August 2001
- Presently has a subscriber base of about 1.35m lines by June 2003
- Currently owns over 3000km of microwave transmission infrastructure
- Congestion of network Currently at 20.5%, due to limited long distance transmission infrastructure in the country

Problems

- Recent Catastrophic failure of vital equipment (SDP) which holds prepaid subscribers information (in the month of July)
- Insufficient interconnectivity with Nitel due to Nitel’s lack of capacity
- Poor public electric power supply
ECONET

**Background**
- Started operation of the 7th of August 2001
- Currently has a subscriber base of about 700,000 lines by June 2003
- Has about 5 switching centres installed around the country
- Offers 112 general emergency service and 199 critical rescue service
- Network congestion- Currently at 18% due to inadequacy of existing long distance transmission infrastructure available in the country

**Problems**
- Interconnection with Nitel not sufficient
- Poor public electric power supply
- Difficulty in responding to fault and expansion programs due to security issues
OPERATORS CURRENT SITUATION Cont’d

MTEL

Background
- The incumbent mobile operator
- Owned 100% by NITEL but separately managed
- Currently has about 40,000 analogue and 120,000 digital mobile lines
- Not interconnected directly to any of the other mobile operators
- Only two switching centres

Problems
- No expansion since 2002 due to bureaucracies in purchasing
- Poor billing system
- Poor public electric power supply

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OPERATORS CURRENT SITUATION Cont’d

NI TEL
Background
- Incumbent fixed line operator
- Presently has only 350,000 working fixed line out of about 700,000 installed capacity
- Has largest installed fibre optic and microwave long distance transmission infrastructure.
- Owns three international gateways
- Owns SAT 3 international cable system in Nigeria

Problems
- Poor management over the years
- Many exchanges out of service
- Lack of interconnect capacity
- Poorly maintained transmission infrastructure
- Poor public electric power supply

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PROBLEMS EXTERNAL TO OPERATORS

- Inadequate power supply leading to high cost of maintenance of generators and fueling
- Erratic availability of diesel
- Vandalisation by restive youths in some parts of the country
- Security issues – Need to increase security of personnel & equipment
PART 4

TELECOMMUNICATIONS

INDUSTRY REPORT

IN BRIEF
INDUSTRY MILESTONES ACHIEVED

Development in the Fixed and Mobile Networks

- 450,000 connected fixed lines as at December 2000 increased to 702,000 in December 2002
- 3 mobile operators, MTN, Econet and NITEL rolled out services in August - October 2001.
- 230,000 digital mobile lines in December 2001 rose to 1,594,179 by December 2002, and to 2,050,000 by June 2003
### TABLE 1

<table>
<thead>
<tr>
<th></th>
<th>Dec-00</th>
<th>Dec-02</th>
<th>Jun-03</th>
<th>Projection to Dec., 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Connected Fixed Lines</strong></td>
<td>450,000</td>
<td>702,000</td>
<td>724,790</td>
<td>1,200,000</td>
</tr>
<tr>
<td><strong>Number of Connected Digital Mobile Lines</strong></td>
<td>None</td>
<td>1.6m</td>
<td>2.05m</td>
<td>2.9m</td>
</tr>
<tr>
<td><strong>Number of National Carriers</strong></td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Number of Operating ISPs</strong></td>
<td>18</td>
<td>30</td>
<td>30</td>
<td>35</td>
</tr>
<tr>
<td><strong>Number of Active Licensed Fixed Line Operators</strong></td>
<td>9</td>
<td>16</td>
<td>16</td>
<td>30</td>
</tr>
<tr>
<td><strong>Number of Licensed Mobile Operators</strong></td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td><strong>Number of Km of Microwave Links</strong></td>
<td>16,000 km (est.)</td>
<td>31,200 km (est.)</td>
<td>Not Available</td>
<td>37,000 km</td>
</tr>
<tr>
<td><strong>Private Investment</strong></td>
<td>50m USD</td>
<td>2,100m USD</td>
<td>2,550m USD (est.)</td>
<td>3,800m USD (est.)</td>
</tr>
</tbody>
</table>

August 12, 2003
FIG. 4A: MOBILE MARKET SHARE - AUGUST 2002
- NITEL: 11%
- ECONET: 44%
- MTN: 45%

FIG. 4B: MOBILE MARKET SHARE - JUNE 2003
- NITEL: 6%
- ECONET: 34%
- MTN: 60%
Teledensity was 0.4 in December 1999, with 400,000 fixed telephone lines and 35,000 analogue mobile.

Teledensity rose to 1.96 in December 2002, with about 1.6 millions mobile and about 700,000 fixed telephone lines.

As at June 2003, 2,774,790 telephone lines had been connected. Mobile lines accounted for 2,050,000 (74%), fixed lines 724,790 (26%) and total teledensity was 2.31.
### Tariff / Charges - Table 2

<table>
<thead>
<tr>
<th>Connecton Fee</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>June 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>NITEL Fixed</td>
<td>20,000</td>
<td>15,000</td>
<td>9,000</td>
<td>9,000</td>
<td>9,000</td>
</tr>
<tr>
<td>PTO Fixed</td>
<td>100,000</td>
<td>90,000</td>
<td>72,000</td>
<td>51,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Analogue Mobile</td>
<td>60,000</td>
<td>60,000</td>
<td>60,000</td>
<td>7,999</td>
<td>7,999</td>
</tr>
<tr>
<td>GSM</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>NITEL</td>
<td>-</td>
<td>-</td>
<td>10,500</td>
<td>10,500</td>
<td>10,500</td>
</tr>
<tr>
<td>MTN</td>
<td>-</td>
<td>-</td>
<td>20,000</td>
<td>12,980</td>
<td>12,980</td>
</tr>
<tr>
<td>ECONET</td>
<td>-</td>
<td>-</td>
<td>15,000</td>
<td>15,000</td>
<td>15,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Airtime (N/ min)</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>June 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local (Less than 50km)</td>
<td>NITEL</td>
<td>1.80</td>
<td>1.80</td>
<td>4.30</td>
<td>4.30</td>
</tr>
<tr>
<td>PTOs</td>
<td>1.98</td>
<td>1.98</td>
<td>4.30</td>
<td>4.30</td>
<td>4.30</td>
</tr>
<tr>
<td>LD &gt;700km</td>
<td>NITEL Fixed</td>
<td>18</td>
<td>18</td>
<td>42.9</td>
<td>42.9</td>
</tr>
<tr>
<td>PTO Fixed</td>
<td>18</td>
<td>18</td>
<td>42.9</td>
<td>42.9</td>
<td>42.9</td>
</tr>
<tr>
<td>MOBILE - Peak</td>
<td>Analogue Mobile</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>8</td>
</tr>
<tr>
<td>GSM (Prepaid)</td>
<td>NITEL</td>
<td>-</td>
<td>-</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>MTN/ECONET</td>
<td>MTN/ECONET</td>
<td>-</td>
<td>-</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>

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PRIVATE INVESTMENT (IN USD MILLION - 1999-2002) - FIGURE 3

Private Investment

<table>
<thead>
<tr>
<th>Month</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-99</td>
<td>50</td>
</tr>
<tr>
<td>Dec-00</td>
<td>150</td>
</tr>
<tr>
<td>Dec-01</td>
<td>1,200</td>
</tr>
<tr>
<td>Dec-02</td>
<td>2,100</td>
</tr>
<tr>
<td>Projection to December 2003</td>
<td>3,800</td>
</tr>
</tbody>
</table>

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CONCLUSION

- TWO YEARS OF TELECOM SECTOR REFORM HAS BROUGHT ABOUT
  - Unprecedented Growth in the Network
  - Empowerment of the Nigerian
  - Respect from International Community
  - Employment Creation
  - Economic Stimulus

- The next challenge is to work on continuous improvement in the quality of service delivery
- All hands must be on deck to improve socio-economic operating environment generally
- Nigeria has cause to celebrate the two years of telecom revolution
THANK YOU.

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