WDR EXPERT FORUM 2004
STIMULATING INVESTMENT IN NETWORK DEVELOPMENT

SHARING THE NIGERIAN EXPERIENCE AND LESSONS

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Cairo, May 3rd 2004
Introduction

- Revolution is now taking place in telecoms in Africa
  - Africa is becoming the fastest growing region in the world for mobile communications (The ITU, 2003)
- Propelled by Market liberalisation, Wireless Networks, Prepaid billing and IP technologies.
Introduction

- Africa presents the most fertile ground for investments in telecoms

“The enormous growth potential and revenue per line is higher in Africa than elsewhere.”

- Hamadoun Toure, 2003
  Head of the ITU Telecommunication Development Bureau
POSITIVE IMPACT OF MARKET REFORM

Sector Reform Will Usually

- 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
Right policies and a good regulatory environment, contribute to attracting investment by providing stable, transparent and non-discriminatory access to telecommunications resources.

Government commitment to reform is essential and must be total

Half-hearted reform measures limit inflow of private capital required to accelerate network expansion
The Nigerian Scenario

• Regulatory body, the Nigerian Communications Commission (NCC), was established by law in Nov. 1992.

• Commenced operation in mid 1993 with the inauguration of the first Commission.

• Commenced full market liberalisation in 2000.
The last few years have seen a notable increase in private sector involvement in the Nigerian Telecommunications Industry with the:

- Successful auctioning of the 2G Digital Mobile Licenses in January 2001 (Total of four GSM licenses issued).
- Preparation of the Incumbent Operator for privatisation.
The Nigerian Scenario – Contd.

• Several Internet Providers licensed to encourage fast growth of Internet nationwide.

• The Regulatory Body has been strengthened, and is receiving full support from the government.

• A National Telecom Policy (NTP) released in September 2000.
The Nigerian Scenario-Contd

- A new Communications Law was enacted in July 2003
- The new law significantly empowered the NCC by giving it operational and financial independence
- The new law also established a Universal Service Provision Fund Agency
# The Nigerian Market – Score Card

<table>
<thead>
<tr>
<th></th>
<th>December 1999</th>
<th>December 2002</th>
<th>December 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Connected Fixed Lines</td>
<td>450,000</td>
<td>702,000</td>
<td>850,000</td>
</tr>
<tr>
<td>Number of Connected Digital Mobile Lines</td>
<td>None</td>
<td>1,594,179</td>
<td>3,100,000</td>
</tr>
<tr>
<td>Number of National Carriers</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Number of Operating ISPs</td>
<td>18</td>
<td>30</td>
<td>35</td>
</tr>
<tr>
<td>Number of Active Licensed Fixed Line Operators</td>
<td>9</td>
<td>16</td>
<td>30</td>
</tr>
<tr>
<td>Number of Licensed Mobile Operators</td>
<td>1</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Private Investment</td>
<td>$50m USD</td>
<td>$2,100m USD</td>
<td>$4,000m USD (est.)</td>
</tr>
</tbody>
</table>
The Nigerian Market

• The deregulation and liberalisation of the telecom industry has brought with it a lot of advantages for the Nigeria economy.

• The economic benefits include; attracting new investments, providing needed infrastructures and creating innovative services.

• Investment in telecommunications tends to trigger an economic chain which in the case of Nigeria has positively impacted other sectors of the economy.
The Nigerian Market Contd.

TWO AND HALF YEARS OF TELECOM SECTOR REFORM HAS BROUGHT ABOUT:

- Substantial private sector investment
- Increase in number of market players
- Unprecedented Growth in the Network
- Expanded geographical coverage
- Empowerment of the citizenry
- Employment Creation
- Economic Stimulus
CONCLUSION

• Liberalisation accelerates network growth and provides the consumer with choice
• Closed markets will continue to lag behind
• Half-hearted sector reform measures limit private investment in-flow and network expansion.
• Success stories should be emulated
• Current successes in the continent can be greatly enhanced by dismantling restrictions that limit competition
Thank You All

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