

A KEY NOTE ADDRESS TITLED “TELECOMMUNICATIONS INNOVATION: A DRIVER OF ECONONMIC DEVELOPMENT IN NIGERIA “ PRESENTED BY MR. NNAMADI NWOKIKE DIRECTOR CORPORATE PLANNING, STRATEGY & RISK MANAGEMENT ON BEHALF OF THE EXECUTIVE VICE CHAIRMAN NIGERIAN COMMUNICATIONS COMMISSION PROFESSOR UMAR GARBA DANBATT A AT THE 2018 INNOVATION SUMMIT AT THE SHEHU YAR ADUA CENTRE ABUJA ON 26<sup>TH</sup> SEPTEMBER 2018

**1. Protocols**

Distinguished participants, ladies and gentlemen, it is a great honour and privilege for me to deliver, on behalf of the Executive Vice Chairman of the Nigerian Communications Commission (NCC), a keynote address to this august assembly of ICT leaders, entrepreneurs, innovators and very resourceful stakeholders in Nigeria. I would most graciously like to congratulate the promoters and initiators of the Nigeria Innovation Summit, and members of the Planning Committee for the excellent arrangements put in place for this summit. In the course of this interaction, , we will be discussing how Telecoms Innovation can, and does serve, as a driver of Economic Development in Nigeria, against the background of Federal Government’s commitment towards full blown diversification of the economy and the creation of very conducive environment for massive local and foreign investments in the country. This exploration would include an illuminating history of Telecoms evolution, innovations, policy changes and regulatory interventions in Nigeria as a background. Once we have achieved a clear

understanding of the history of telecoms development in Nigeria and allied conceptual issues, we would be able to successfully explore Telecoms as a driver of contemporary economic growth within the Nigerian political economy.

## **2. History of the Telecoms industry in Nigeria**

The origins of telecoms services in what is today known as Nigeria dates back to 1886 when services were provided to link coastal area of Lagos to the Home Office in London for commercial and administrative purposes.

Even during the colonial era, no conscious effort was made to link up many towns and cities with telecoms services as the aim was to provide administrative support and not to boost commercial and economic activities geared towards growing the economy, providing social services to the locals and by extension, integrate Nigeria into the global communications and business environment.

In the 1970s, the Federal Government through the instrumentality of National Development plans thought of considerable investment in infrastructure- roads, airports, seaports and telecommunications etc. The best efforts then yielded about 10,000 lines per annum which fell far short of the minimum number in a growing economy.

Another watershed in the history of telecoms development in Nigeria was the birth in 1984 of NITEL - a merger of the former

Nigerian External Telecommunications (NET) with the telecoms arm of Post & Telecommunication (P&T).

The Ibrahim Babaginda Administration kick started the process of partial liberalization and deregulation in 1992 with the promulgation of Decree 75 that created the Nigerian Communications Commission (NCC). Although the national population figure at 1992 was over 120million people, the nation was served by less than 250,000 connected lines. By year 2000, the figure stood at mere 450,000 lines.

The Obasanjo Presidency prioritized provision of telecoms services on its development agenda for the country such that barely one week post inauguration as civilian President, he personally inaugurated a Committee on Telecoms Policy for Nigeria that swung into action immediately such that by 1<sup>st</sup> February 2002 Atiku Abubakar, the then Vice President presided at the inauguration of a -22- member Telecoms Sector Reform Implementation Committee (TSRIC).

By far the most significant event in the annals of telecoms development in Nigeria was the globally adjudged transparent Auctioning of the GSM licences in 2001 that produced trail blazing telcos viz: Econet Wireless Ltd, Mtn Nigeria and NITEL.

Prior to 1999, the Nigerian Telecoms space was characterized by weak infrastructural base, limited investment, high unmet demand for services

and poor quality of service as a result of the monopoly on the industry by the Government.

In real terms, Nigeria's teledensity before 1999 was 0.044% growing to 0.4% in 2000, with services covering less than 20% of the country's geographical space.

With deregulation of the market came an avalanche of aggressive players that impacted the economy positively. Hereunder, is a list of highly innovative and resourceful players that bestride the hugely deepened market:

- *Mobile Network Operators* include MTN, Glo, 9mobile, Airtel.
- *Internet Service Providers (ISPs)*
- *Interconnect Clearing Houses*
- *Communications equipment suppliers* that are the primary suppliers to service providers. Examples include Huawei, Ericsson.
- *Networking equipment suppliers*, selling products to end-user organizations and individuals.
- *Semiconductor manufacturers*, especially those supplying system-on-a-chip solutions for the telecommunications industry.
- *Suppliers of operating systems that include a networking stack.*
- *Software suppliers*, especially those selling infrastructure and applications incorporating or based on real-time media.
- *Infrastructure Companies (INFRACOs)*
- *Utility or on-demand service providers* selling real-time communications-oriented applications.
- *Consumer electronics suppliers* with communications-oriented customer-premises equipment and handheld appliances.

### **3. Telecommunications and the Nigerian Economy**

The telecoms industry is a significant contributor to Nigerian economic activities. According to the Nigerian Bureau of Statistics, the sector contributed 10.43% to Nigeria's Gross Domestic Product (GDP) as at Q2, 2018, up from less than 2% in 1999. Active Voice subscribers stood at 161,792,917 as at July 2018, while there were 104,060,624 active Internet subscription by July 2018. This means that in the second quarter of 2018, the sector contributed N1.549 trillion to the national economy. For avoidance of doubt, since 2001, the telecoms sector has become the largest generator of Foreign Direct Investment (FDI) after the oil and gas industry in Nigeria. It has effectively displaced agriculture and manufacturing sectors.

Owing to the favourable investment climate which the Federal Government has created since the deregulation regime, Foreign Direct Investment (FDI) has grown from a paltry \$50million to a staggering \$70billion as at September 2017. The Value-Added Services (VAS) segment of the telecom market in Nigeria today is worth \$200 million and is estimated to grow to \$500 million by 2021. The industry has provided both direct and indirect employment opportunities, honed the skills of the youths across the length and breadth of the country and promoted self-employment and a thriving culture of entrepreneurship amongst Nigerians.

### **4. Public Transportation & Telecoms Revolution**

ICT has been the major platform that has driven multi-modal transportation system in the world for decades by ensuring efficiency, effectiveness, safety,

comfort, security and convenience. In Nigeria, the role of vehicle tracking and navigation services through mobile internet services in checkmating the nefarious activities of vehicle snatchers, armed robbers and kidnappers cannot be over stressed. Similarly, the contribution of NCC's Vehicle Tracking licensees to the macro economy and security management is inestimable. Furthermore, within the aviation sub-sector, ICT has made it possible for online ticketing, boarding and check-in processes to be enjoyed globally by the travelling public.

The greatest contemporary innovation in the transportation sector world- wide has been the UBER Taxi system which rides on the telecoms infrastructure and services. It has provided convenient, effective and unarguably pocket -friendly taxi services at a dial and have engaged millions of people across the globe, with Nigeria benefitting from the service as many able- bodied citizens are gainfully employed as UBER drivers. On a global level, UBER is acknowledged as the leading Transportation group raking in billions of dollars annually without owning a single vehicle, thanks to the overwhelming magic of ICT, a disruptive technology that has changed and transformed the world beyond human imagination.

## 5. Public Sector Financial Management & Banking Services

In not-too- distant past, Federal and State Governments and their MDAs held assortment of accounts in dozens of banks (17,000 accounts) that made accountability, access and even retrieval of funds lodged in such banks difficult, if not almost impossible, thus leading to mammoth leakages as they

generated interests and profits for individuals not government), corruption and paucity of funds to execute projects that could impact the citizens and the national economy positively. This riddle was solved through the instrumentality of the Single Treasury Account (TSA) which consolidated all government accounts into a single, lean, efficient and manageable account. The solution which is known as Remita is used for payment and collections of funds on behalf of the Federal Government of Nigeria by commercial banks and well over 500 micro finance banks in the country. Remita which is powered by TSA enables government to have good information on real time basis about the position of funds seated in its treasury, coming from each MDA which also ensures timely detection of discrepancies and swift response to avert any financial fraud, larceny or corrupt practice. This system is said to save N24.7 Billion on monthly basis for government, thus making funds readily available to meet current and capital expenses of government. In the words of the Accountant General of the Federation, Ahmed Idris, TSA account has recorded an inflow of over N8.9 Trillion of government revenue as at the end of March 2018. According to September 2016 Report by McKinsey, a global research firm, “ e-payment solutions such as Remita are key to the growth of modern economies and will empower individuals, businesses and governments to carry out financial transactions cheaply and more efficiently. It is projected that by 2025, these platforms will boost the Gross Domestic Product (GDP) of emerging economies by a whopping \$3.7 trillion and drive financial inclusion.” The NCC issued Short Code to CBN which is now facilitating mobile payments, thereby reducing the perils associated with cash transactions. Also, credit for making self- services in the financial system like

ATM, mobile banking, Internet banking as well as on-line shopping and stores possible (Amazon, Jumia & Konga etc) goes to telecommunications and its infrastructures. Over the Top (OTT) services such as Skype, Viber, WhatsApp, Facebook, iMessage, Google Hangouts have had profound and highly sustainable impact on the national economy, evidencing the pervasive nature of the digital economy. The era of e-commerce is here with us and Nigerians are taking full advantage of it to grow and diversify our economy, whilst uplifting their standard of living as members of global digital economy.

Mtn, Airtel, Globacom & 9Mobile as at 4<sup>th</sup> September 2018 articulated a robust strategy aimed at financial services inclusion of 90 million Nigerians by 2020 given the fact that telecoms industry has a reach of 86% with 162.3 million customers (the single largest customer base of any industry in Nigeria) which is capable of raising the sectors contribution to GDP to 12.4% in the short term, creating 3 million new jobs, \$2 billion reduction in government leakages and \$57 billion in new credit for small and medium scale enterprises over a four year period as forecast by McKinsey (The Guardian, Friday, September 7, 2018 P.23).

Another gold mine waiting to be tapped by both the government and the governed in Nigeria is e-taxation which would greatly increase tax revenues to government as well as boost compliance by tax payers by enabling electronic filing of tax returns, on-line assessment and payments. ICT holds the key to boosting economic activities in an efficient and seamless manner, hence the Commission has been on the vanguard of advocating the exploitation of the inexhaustive benefits of technology in society.

## 6. Telecommunications as Enabler of Qualitative cum Skill- Based Education

From the point of view of the Board and Management of the Nigerian Communications Commission, the greatest asset or and legacy any parent can bequeath to his child or children is good, functional and qualitative education without which that child or children would become passive members of the digital age and economy. Pursuant to this, the Commission has intervened stridently in the sector through the following initiatives: Virtual Examination Centres, Data Sharing, e-Learning Platforms and ICT Infrastructure, School Knowledge Centres, ICT Computer Base Test Centres, Information Resource Centres, UNICC- Electronics Project, Tertiary Institution Knowledge Centre and ADAPTI Programmes. The ultimate outcome of these interventions is to produce a large pool of highly educated, skilled, result-oriented and productive citizens that can plug and play in our very dynamic digital economy often referred to as knowledge economy, that trumps natural resources buried under the earth, and would make the country globally competitive.

## 4. Telecoms & Agriculture / Food Security

All over the world, there is a nexus between ICT and sustainable agricultural development and the capacity of nations to attain food security without which their sovereignties are in jeopardy. ICT avails both small and large scale farmers accurate and timely information in areas like climate change cum weather patterns, soil characteristics and conditions, food surpluses and shortages, extension services and benefits attached to climate change as well

as its drawbacks. Similarly, Geographic Information System (GIS) offers agriculture and natural resource management planners excellent way to plan for land use, estimate environmental impacts, visualize important social data and compare different agriculture development scenarios as stipulated by experts such as Olaifa et al. In Kwara state, ICT has been an invaluable tool for agricultural activities such that information is sourced by 91.4% of the farmers through text messaging on their phones. ICT has been extensively used in the management and conservation of biodiversity. We cannot forget in a hurry the revolutionary changes which the Federal Ministry of Agriculture under Dr. Akinwumi Adesina unleashed in the sector that resulted in vastly increased and improved yields, huge revenues to the farmers and the attainment of national food security which discouraged the practice of massive food importation prior to the governmental intervention.

#### **i. Infrastructure Development**

As Nigeria continues to grow in population and wealth, the infrastructure base of the country will need to grow proportionately. GPS and other satellite-derived data can be exploited to aid infrastructure planning, development and deployment. Topographical surveys and resource studies can be used to coordinate infrastructure development.

### **5. Conclusion**

A hall of fame is unarguably reserved for telecoms in particular, and ICT in general, for driving Nigeria's economy towards sustainable growth and development since 2001 when licenses were issued to the pioneer telcos. One of the secrets of the success achieved in the sector in the quest to grow and diversify our economy is the consultative and collaborative regulatory mechanism institutionalized by the NCC wherein stakeholders are in partnership with her to fashion out rules, guidelines and regulations that govern the sector; akin to the foregoing are the transparent, fair, firm and forthright regulatory regime that is in place. In pursuit of the National Broadband Plan, the Commission has equally instituted partnership and strategic collaborations to realize the noble objectives it has set for the country. The task to grow and diversify the nation's economy rests with all Nigerians both at home and in Diaspora, including foreign investors. To effectively incorporate Nigeria into the mainstream of the digital economy, we must attain very high level of digital literacy, underpinned by robust broadband infrastructure. All these require time and huge investments which government cannot singlehandedly fund. It is therefore expected that all stakeholders must join hands to make it happen, hence we call on all of you at this Summit to assist in building requisite human capacity in ICT through award of scholarships to deserving youths to pursue studies in ICT - related disciplines, adopt schools and endow chairs in Technology and Engineering faculties and schools in the country to make ICT contribute no less than 35% to the GDP by 2035 AD.

In order to sustain the primacy of telecoms in the orderly growth and development of our economy, it is imperative that a legislation on Telecoms

Infrastructure as Critical National Infrastructure be promulgated without delay while the spectre of multiple regulation, vandalisation of infrastructure as well as multiple taxation must be overcome to realize the full potentials of the sector as key driver of the economy of the Giant of Africa!

Thank you.