



SPEECH

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INTRODUCTION

Let me thank the organizers of this conference for inviting and providing me with the opportunity to share the aspirations of my country Nigeria in the field of telecommunications. Just about a decade ago nobody could give us such considerations, not to even think of a platform as enormous as this, as we groped in the dark in search of a befitting telecoms route. Now the story is changing and we can say with certainty that a robust telecommunication network is important for economic growth and competitiveness as it improves productivity, efficiency and effectiveness of a country. Telecommunication infrastructure and services are critical to the development of all aspects of a nation's economy, ranging from banking and education to agriculture and healthcare, etc. With all the stories told about the Nigerian telecom sector, I can speak from the point of view of a regulator that the sector remains very virgin waiting for more investment and real market push. I will explain that in a moment.

A LITTLE HISTORY AND INDUSTRY STATISTICS

The Nigerian Telecommunication industry has experienced exponential growth in the last ten years, going from active subscriber lines of 400,000 and teledensity of 0.04% to active subscriber lines of over 90 million and teledensity of 64.88% as of July 2011. The Country telecom market has been described as one of the fastest growing telecommunication markets in the world. The driving factor is government's robust policy which fully liberalized the sector about a decade ago when the story of progress and development in the sector really started to unfold.

Nigeria is located in West Africa on the Gulf of Guinea, and has a total land area of 923,768 square Kilometres (356,669 square Miles), making her the 32nd largest Country in the world. Nigeria is made up of 36 states and the Federal Capital Territory (Abuja) with a population of over 150 million people making her the most populous nation in Africa. This population comprises of 250 ethnic groups speaking more than 4000 dialects. Thus we are a happy Country that likes talking. Nigeria shares land borders with the Republic of Benin on the west, Chad Republic and Cameroon on the east, and Niger Republic on the north. Her Coast in the south lies on the Gulf of Guinea on the Atlantic Ocean. I have just tried to serve

you with these details so that you know who we are and what we are bringing to the table.

TELECOM DEVELOPMENT

There are usually two key factors that drive the development of telecommunications all over the world. These are:

- Technological advancement
- Deliberate government policy on liberalization

Let me say that in Nigeria, these two factors are at play and please, just give me a little time to explain how the interplay has thrown up something very interesting in my country. The Nigerian Communications Commission was established by law in 1992, but commenced full market liberalization and sector reform in 2000. The National Telecommunications Policy which came into force in the year 2000, apart from giving an overall direction for telecommunications development, also ensured that the policy would remain consistent with other national policies. The policy also guarantees the independence of the regulator in actions, transactions and decisions in promoting the development of the country's telecommunications industry. The policy ensured that the law establishing the NCC was reformed to give autonomy to the Commission and provide a secured tenure for NCC's board members. With these reforms we had the good luck to enjoy what most regulators don't have: full autonomy and near insulation from the daily grind of politics. This, in the main, is what is responsible for the growth globally acknowledged in the country's telecommunications industry and is also the reason I can stand to speak about the industry and have the audacity to invite you all to be part of the next growth phase of the industry.

I am aware that in this hall are industry people including technology providers. I want to say that with the autonomy enjoyed by the NCC from the Nigerian government, the Commission fully aware of its mandate and the importance of technology to the fulfillment of that mandate, has ensured that from day one of

full liberalization that it maintained technology neutrality which makes Nigeria a very attractive market to equipment vendors, equipment manufacturers and innovators.

Telecom market liberalization has impacted Nigeria greatly through increased investments, competition in the market, empowerment of the citizenry, creation of direct and indirect employment etc. Presently, about \$18bn has been invested in the Nigerian market and those responsible for this huge investment can bear testimony to the fertility of the Nigerian market by way of their bank balances at the end of the year. Initially, emphasis were placed on rolling out services, but with the licensing of a second national carrier in 2002 and national long distance operators, there was a deliberate effort to promote sustainable development of core infrastructure in the Country. However, things have not gone as planned. This has created a huge investment opportunity for potential investors.

MARKET CHALLENGES

I will be painting a utopian picture if I only see Nigeria as a country of big market, big opportunities, big investment and big market returns without any problems at all. There is no environment without market challenges and Nigeria indeed has its own challenges. Operators in Nigeria will complain of inadequate power supply, multiple taxation, vandalisation of facilities and some other issues. While I will want to say that the Nigerian government is taking very definite steps to address these challenges, such challenges are hardly strong enough to threaten the existence of industry operators, their operations or threaten their annual returns. It is also interesting to note that some of these challenges are being turned into attractive business opportunities by the present administration. For instance, government policy on power generation is attracting quite a number of foreign investors into the country. Solving the problem of energy will boost the activities of the telecom operators, reduce their headache and increase their returns.

INVESTMENT OPPORTUNITIES

Mobile penetration in Nigeria has been so well documented and applauded. The resonation of achievement in this area drowns our needs which present good

opportunities to the investing community. Our fixed sector is nearly comatose. Broadband penetration is low. And expectedly internet penetration in the country is also very low. Although the ITU acknowledges that fixed broadband was increasing in Africa, the penetration rate is still less than one percent. Nigeria's story is not very much different. But taking a holistic assessment of the entire sector, the Nigerian government recently created the Communication Technology Ministry which has been charged with the responsibility of bringing more life and development to the sector. In a major stakeholders meeting with the industry operators two weeks ago, the government through the Minister, Mrs. Omobola Johnson, declared its expectations of the industry to include the following, among others: 12% broadband penetration, 80% mobile penetration, 2% fixed line growth, 34% internet growth and PC penetration of 12%. My knowledge of the industry as a regulator tells me it will take very huge investment and the cooperation of the international community to achieve these goals by 2015, which is the government's timeline.

Even before the government came out with its position, as regulators, we had already chosen broadband as the technology that could help prime open the next face of growth in the telecommunications industry. Let me seize this opportunity to invite you to be part of the next phase of growth and partake in the licensing regime that will commence soon. True broadband services can only be attained in a Country when there is a robust backbone infrastructure within the Country. Today, Nigeria has a lot of bandwidth at her shores through submarine cable landings from SAT 3, MainOne and Glo 1 with more cable landings in the near future. However, backbone infrastructure within the Country is poor. The implication is that there is a huge gap as we need to move this bandwidth to the different regions and states of the Country through internet hubs and massive systematic fibre rollout.

Nigeria plans to operate an open access model for the development of her broadband ecosystem. This model seeks to separate the roles of the service provider from that of the network provider (infrastructure provider). Transmission services will be provided by the infrastructure providers on a fair and non-discriminatory basis to service providers. This will unlock the market as

small players in the service provision space will be able to compete favourably with the big players. This in itself will fuel innovation in the industry. We believe there will be explosion of demand for broadband usage in Nigeria. For this explosion to occur, we are convinced that the price of broadband services to the end user should be same irrespective of the location of the user in the Country. This means that the cost basis for transmission for a Service Provider must be fairly constant irrespective of which region of the Country it operates from. To this end, the Government/Commission will be willing to offer subsidies to some network (infrastructure) providers that will make it viable for them to roll out transmission services to regions of the Country that otherwise may not be economically attractive. Ladies and gentlemen, this unlocks a great investment opportunity for you in both the backbone infrastructure (Network Provision) and the Service Provision space.

Other areas that offer great investment opportunities are: National and Regional Internet Exchange Hubs, High Speed Data Services (video streaming, video conferencing, IPTV, CCTV etc), Value Added Services, Original Equipment Manufacturing (OEM), Long Distance Communication (LDC) Market, Metro Communication Links, Infrastructure Sharing and Collocation market, Electronic Tracking, Surveillance and Tracing, etc.

Here are some other developments to demonstrate that government is ready to match words with action. Speaking at the Nigeria Investment Summit in New York last week, the Nigerian President, Dr. Goodluck Jonathan unveiled a new visa policy that will grant investors 10-yr Visa into the country as against the present practice of two years. Another development is the One Spot Investment Centre established by the government but domiciled at the Nigerian Invest Promotions Council (NIPC). Members are drawn from the relevant government agencies involved in the investment process which include: NIPC, The Corporate Affairs Commission (CAC), the Immigrations Department, the Customs Services, Federal Inland Revenue Services (FIRS), National Food and Drugs Administration (NAFDAC), Standard Organisation of Nigeria (SON), National Office for Technology

Acquisition, and National Bureau of Statistics, among others. The result is that within hours of getting into Nigeria, an investor is able to complete his Company Registration Forms (CO2 and CO7), file his Application for Business Permit and Expatriate Quota. There is no need to move from Ministry to Ministry any more to get his business registered and running.

Ladies and gentlemen, you are welcome to share in the joy and growth of the Nigerian market and be partners as we prepare to unlock the next phase of the industry. Be very free to contact the Nigerian Communications Commission for more information on the Nigerian telecoms industry.

Thank you for listening.

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