

TELECOMMUNICATIONS LIBERALISATION IN AFRICA: PROBLEMS, PROGRESS AND PROSPECTS

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Africa Needs Liberalisation

- Improve services by eradicating misuse of monopoly powers and inefficient use of public resources.
- Remove policies that fostered and encourage the dominance of the public sector in national economies in order to attract modern industries and businesses.
- Attract foreign investment.

Progress so far

Statistics show that:

- South Africa's network has increased by over 4 million lines since the inception of the two major GSM operators
- In Uganda, the number of mobile subscribers have overtaken that of the fixed networks – wireless lines installed by the second network operator matched fixed line subscribers base of the incumbent. The country moved from 55,000 lines in October 1998 (20% mobile) to 155,000 (75% mobile) in 20 months.

- In Botswana two mobile operators jointly have subscribers in number equals to that of the fixed networks
- Nigeria is currently working on licencing four (4) digital mobile communications operators.
- Ghana telecommunications is privatised and the country has recently set up an independent regulatory agency.

Problems

- Civil unrest and Political instability.
- Weak financial base
 - Low capitalisation of banks
 - Inexperience in structuring major fund requirements for telecoms and IT
 - Lack of long term funds
 - High interest rates for short term lending
- Poverty.
- Low population density in some countries.
- Debt burden.

- Challenge of how to extend services to rural and dispersed communities within a liberalised environment
- Lack of research institutions
- Inconsistency in planning
- Weak Infrastructure and Regulatory Structures.
- Reluctance of incumbent/dominant PTTs to open up to competition leading to interconnect agreement being lopsided.
- Weak manufacturing base.

Prospects

- Rapid and unprecedented growth in telecommunications and information technology elsewhere in the world, which is now reaching saturation point, has shifted attention to Africa as one of the last major markets for telecommunications.
- International organisations have initiated projects, supported and, or are supporting local initiatives.

The Nigeria Scenario - Progress

- Regulatory body was established in 1993
- Commenced market liberalisation in 1994
- Licenced undertakings in areas of Fixed telephony services, VSAT, paging, payphones, Internet services and other value added services.
- A democratic government is place
- Nigeria is at the point of processing four (4) licences for digital Mobile telecommunications
- Incumbent operator is progressively being more receptive to competition

- The regulatory body is being strengthened and is receiving a lot of support from the government to be able to perform its roles.
- Several Internet Providers have been licenced to encourage fast growth of Internet nationwide.
- Incumbent monopoly PTT is slated for privatisation within the next 18 months.

The Nigeria Scenario - Problems

- Political and economic isolation of Nigeria during the past military era which affected investment confidence
- Spectrum Management.
- Local Banks not sufficiently capitalised to fund major telecommunications projects.
- Poor supporting infrastructure in terms of reliable electric power supply Nation wide.
- Limited manpower as a result of brain drain.
- Interconnect Agreement lopsided

The Nigeria Scenario - Prospect

- Nigeria remains the most populous country in Africa.
- Lack of digital mobile networks represent tremendous opportunity for prospective mobile and cellular operators.
- Major market for long distance network operators.
- Potential position as telecommunications hub for West African Region.
- Possess ingredients that could support local manufacturing.
- Potential market for broadband networks.

Recommendations

- Give attention to appropriate technologies to help leapfrog into the global world
- Right Policies
- Affirmative policy action to increase the continent's tele-density substantially
- Infrastructure
- Encourage private sector investment, both local and foreign

- Ensure fair competition
- Banks and financial institution to be more involved
- Market Structure

Conclusion

Thank you.