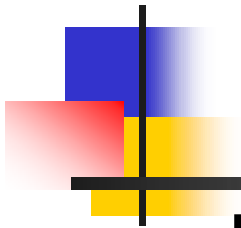


# TELECOMS REGULATORY ENVIRONMENT



## LEGISLATION, REGULATION AND LICENSING

By Engr Ernest C.A. Ndukwe  
Executive Vice Chairman/CEO  
Nigerian Communications Commission<sub>1</sub>



# Introduction

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- Communication is a vital aspect of human existence
- Effective communication enhances value of Information
- Information has, today, become a critical factor of production vis-à-vis land, labour, capital and entrepreneurship
- Thus communications and the technologies that support it, occupy a strategic position now more than ever



# Introduction

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- Robust telecommunications infrastructure is important for economic growth
  - Constitutes significant portion of world economy
    - Revenue from Telecom services alone was estimated at USD1.26 trillion as at 2002.
  - Improves productivity and efficiency in other sectors



# Introduction

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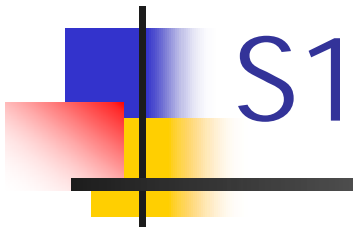
- Increased adoption of ICTs in both developing and advanced countries confirms the benefits and importance of ICTs to economic development
- African countries have realised the need to adopt ICTs or become less competitive



# Introduction

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- Revolution is now taking place in telecoms in Nigeria
  - Nigeria has recently become one of the fastest growing markets in the world for mobile communications.



# CHARACTER OF TRADITIONAL TELECOM INDUSTRY



# CHARACTER OF TRADITIONAL TELECOM INDUSTRY

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- A Government Ministry Charged with Telecommunications Services.
- Government ownership of a monopoly telecommunications company.
- Government funding of telecom infrastructure development.



# CHARACTER OF TRADITIONAL TELECOM INDUSTRY - CONTD.

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- Slow pace of Network Rollout
- Non-competitive equipment procurement procedures.
- Sub-optimal quality of service delivery.

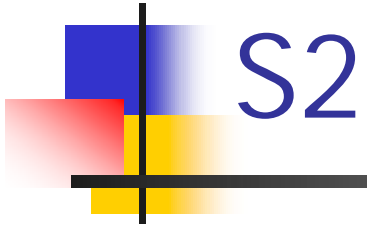


# CHARACTER OF TRADITIONAL TELECOM INDUSTRY - CONTD.



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- Weak Infrastructure base
- Huge unmet demand
- Lines concentrated mostly in selected urban centres
- Slow growth of Subscriber base
- Limited investment into the Sector



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# SECTOR REFORM



# Need For Sector Reform

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- Several countries have identified the need for considerable investment in this sector.
- Liberalisation of Telecom market is essential for Network Growth.
- Private Sector participation is essential for attracting financial resources, innovation and new technology.
- **Nigeria thus embraced Market Liberalisation to prosper.**

# BENEFITS OF SECTOR REFORM



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## Sector Reform Will

- 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

# BENEFITS OF SECTOR REFORM – Cont'd



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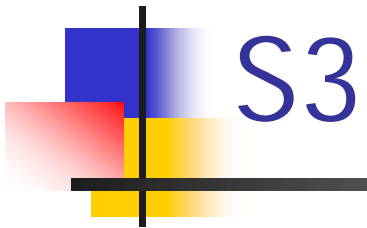
- Enhance value to consumers through improved range and pricing of services
- Extend services to underserved and unserved areas



## ESSENTIALS FOR SUCCESSFUL SECTOR REFORM - Cont'd

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- 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



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## **CHARACTER OF MODERN TELECOM SECTOR**



# CHARACTER OF MODERN TELECOM SECTOR

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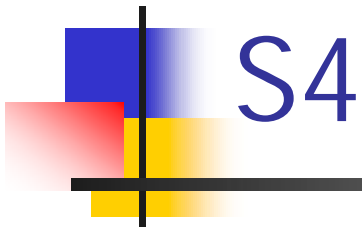
- Fully liberalised telecom market
- Government role restricted to policy formulation and sector regulation
- A strong, independent Regulatory Authority
- Existence of competition in all segments of the market



# CHARACTER OF MODERN TELECOM SECTOR – CONTD.



- Minimal Government funding of telecom infrastructure allowing resources to be available for other sectors.
- Massive Private sector investment to the sector.
- Improved availability and quality of service.
- Continuously innovating telecom environment with introduction of new services on a continuous basis.



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# **ROLE AND IMPORTANCE OF THE REGULATORY AUTHORITY**



# ROLE OF THE NATIONAL REGULATORY AGENCY (NRA) IN SECTOR REFORM

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- 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
  - Speedy and equitable dispute settlement

# Need For Telecommunications Regulations



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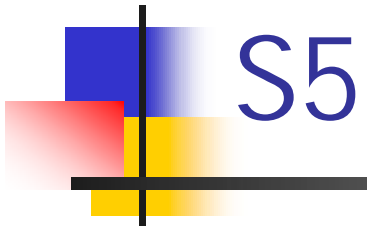
- Market Liberation must come with strong Regulatory Framework.
- The industry must be governed by sensible set of rules that encourage investment and protect the consumer
- To be effective, regulators must be skilled, well trained and sufficiently empowered to enforce rules.
- A good regulatory environment is essential to attract private investment.

# Key Success Factors For a Regulatory Authority



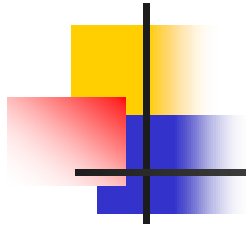
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- Good enabling Laws
- Government Support
- Independence
- Adequate Manpower
- Adequate Funding
- Wide Consultations
- Positive, Bold and timely Regulatory Decisions.



# THE NIGERIAN EXPERIENCE

# 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 and Sector Reform in 2000.



## **POWERS OF THE NCC**

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- **Giving written directions to licensees**
- **Consulting with Consumers, commercial and industrial organizations**
- **Delegating its functions to a Committee constituted by it**





## **POWERS OF THE NCC – CONTD.**

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- **Summoning persons to appear before the Commission**
- **Entering into contracts with any company, firm or persons**
- **Establishing and maintaining subsidiaries to enable the discharge of its functions**



## **POWERS OF THE NCC – CONTD.**

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With regard to licensing, the NCC has been granted powers

including the following:

- With Issuance of licences and imposition of terms and conditions on licences
- Variation or revocation of a Condition of licence
- Consulting with affected licensees before bringing into force an obligation which may be onerous on the licensee



## **POWERS OF THE NCC – CONTD.**

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- Approving guidelines for keeping of accounts and cost allocation formula of licensees
- Inspection of licensees' books of accounts
- Granting or revoking of permits for connection of customer equipment



## POWERS OF THE NCC – CONTD.

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- Determination of principles to guide interconnection arrangements between operators
- Determination of services and new undertakings eligible for licensing from time to time

# The Nigerian Scenario – Contd.



- 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).
  - ✓ Licensing of Fixed Wireless Access (FWA) Operators in 2002, (both national & regional licenses issued).
  - ✓ Licencing a Second National Carrier in 2002.
  - ✓ Preparation of the Incumbent Operator for privatisation.

# The Nigerian Scenario – Contd.



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- 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.
- Enactment of a new Communications Law – the Nigerian Communications Act (NCA) 2003.
- Enactment of Several Subsidiary Regulations enacted.

# The National Telecom Policy.



- The NTP provides for the strengthening of the NCC, and lists the functions of the NCC to include:
  - ✓ Licencing of telecommunications Operators
  - ✓ Assignment and Registration of Frequency to duly Licensed Operators.
  - ✓ Administration of National Numbering Plan
  - ✓ Facilitating Private Sector participation and investment in the Telecommunications Sector of the Nigerian economy

# The National Telecom Policy- Contd.



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- ✓ Promoting and enforcing a fair and competitive environment for all operators
- ✓ Defining standards for economic regulation of Dominant Operators, including tariff regulation
- ✓ Establishing mechanisms for promoting Universal Access to Telecommunications Services in Nigeria
- ✓ Establishing and enforcing technical and commercial standards and practices for all operators.



# The Nigerian Market- Score Card

	<b>December 1999</b>	<b>December 2002</b>	<b>December 2003</b>	<b>December 2004</b>
<b>Number of Connected Fixed Lines</b>	450,000	702,000	850,000	1,120,00
<b>Number of Connected Digital Mobile Lines</b>	None	1,594,179	3,100,000	9,200,000
<b>Number of National Carriers</b>	1	2	2	2
<b>Number of Operating ISPs</b>	18	30	35	40
<b>Number of Active Licensed Fixed Line Operators</b>	9	16	30	17
<b>Number of Licensed Mobile Operators</b>	1	4	4	4
<b>Private Investment</b>	\$50m USD	\$2,100m USD	\$4,000m USD (est.)	\$6,000m USD (est.)

# The Nigerian Market



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- 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

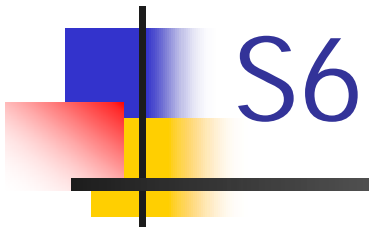
# The Nigerian Market Contd.



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- **FOUR 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



# NIGERIA'S CHALLENGES



# CHALLENGES

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## ■ LEGACY ISSUES

- Weak Infrastructure base
- Unusually huge demand for services after market liberalisation due to inefficiencies of the past
- Unreliable Electric power supply

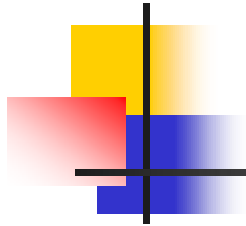


# CHALLENGES – CONT'D

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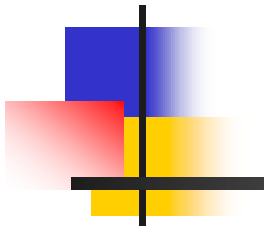
- **REGULATORY CURRENT ISSUES**

- Interconnectivity
- Effective Competition in all service segments
- Monitoring Compliance & Enforcement
- Managing Consumer Expectation
- Consumer Education
- Institutional Strengthening



- Working together we can overcome current and future challenges as they arise
- The Judiciary and indeed the legal profession in general have a crucial role to play in ensuring harmony and order in the fast evolving ICT industry

# THE END



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I Thank You  
all.