

Evaluation of Nigeria's Telecommunications Policy

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Abstract: The maiden edition of the National Policy on Telecommunications was approved in 1995 and was published in May 2000, which is the policy currently being adopted in Nigeria today. This study reports a research conducted to determine the level of implementation of the Nigerian telecommunication policy. In the study, secondary and primary sources of data gathering were adopted. Primary data were collected from South-Western Nigeria using questionnaires, direct observations and structured interviews. Findings from the research show that the National Telecommunications Policy has been implemented to an appreciable extent, as many of its objectives have been achieved. This is obvious as telecommunication services are now more efficient and available to Nigerians than ever before; national teledensity has increased beyond the ITU's minimum teledensity requirement; competition has been promoted between telecommunications' service providers through liberalization strategies (such as unified licensing); establishment of an effective regulatory body (NCC) has been put in place; the enhancement of national economic and social development and the gradual integration of the nation into the global telecommunications environment, however, much is still expected to be done to optimize the impact of the policy.

Key words: Telecommunications, policy, performance, implementation, teledensity, licensing

INTRODUCTION

Telecommunications is the transmission of signals over a distance for the purpose of sharing information. It is a vital engine of any economy and an essential infrastructure that promotes the development of other sectors such as agriculture, education, industry, health, banking, defense, transportation and tourism (Arzika, 2000). For any nation to have an efficient, reliable and affordable telecommunications system there is need for an effective telecommunications policy. A telecommunications policy is concerned with the changing roles of telecommunications on the economy and society. It provides a forum for research and debate amongst academics, policy makers, regulators, industry managers, consultants and other professionals (Pitt, 2006).

The Federal Government of Nigeria in the past years has made some commendable policies of which, one is the National Telecommunications Policy. The overriding objective of this policy; is to achieve the modernization and rapid expansion of the telecommunications network and services in Nigeria at large. This was expected not only to enhance socio-economic development in Nigeria but also to be integrated into the telecommunications

environment internally as well as globally. With the objective in mind, it is necessary to consider the evolution of telecommunications legislation in Nigeria and the manner in which, it has influenced the regulatory framework. We need to examine what has worked and what has not. To look at where, we stood in 2000 when the telecommunications policy was published, at where we stand now, at what has been accomplished and at what remains to be done (Canadian Telecommunications Policy Review, 2005).

The maiden edition of the National Policy on Telecommunications was approved in 1995; it was not published until 1998. The delay in the publishing of the policy resulted in the obsolescence of most of its contents, hence, a new Telecommunications Policy was published in May 2000, which is the policy currently being adopted in the nation today. This study reports a research, which objectives was to determine the level of implementation of the Nigerian telecommunication policy and to identify the aspects of the policy that has been poorly implemented or that has not been implemented at all.

Telecommunications policy in Nigeria: The maiden edition of the National Policy on Telecommunications was

published in 1998 by the ministry of communications. The policy was approved and published 3 years after its production in 1995, a year after it was supposed to have been reviewed. This delay was as a result of the prevailing socio-economic and political environment in the country at the time. Consequently, at the time of the publication, certain prescriptions contained in the policy were outdated, overtaken by events or required further modification (Arzika, 2000).

In order to be consistent with new developments and emerging industry trends both locally and internationally, the initiative for a new policy for the telecommunications sector in Nigeria therefore, became compelling. As a result, a new national telecommunications policy was launched in October 1999. The newly launched policy was reviewed by the Telecommunications Sector Reform Implementation Committee (TSRIC) in February 2000 after, which a final policy was published in May of the same year (2000). This is the national telecommunications policy that has been adopted in the country till date.

As a result of the rapidly changing nature of technology in telecommunications, long term policy objectives could be difficult to set; therefore, short to medium term policy objectives were set, with the following time frames: short term (3 years) and medium term (5 years). Both the short term and the medium term objectives of the policy are available at www.ncc.gov.ng.

Trends in the Nigerian telecommunications industry from 2001 till date: As a result of the implementation of the National Telecommunications Policy, the Nigerian Telecommunications Industry has experienced significant growth in the last 6 years, following the successful take-off of digital mobile telephone services in the country, using the Global System for Mobile communications (GSM) technology. From <500,000 active fixed telephone lines as at mid 2001, the total number of connected fixed and mobile telephone lines increased to about 22.9 million lines as at March, 2006. Up till the year 2001, Nigeria was classified as one of Africa’s most under-served telecommunications markets, but today, Nigeria is one of the world’s fastest growing telecommunications markets (NCC).

A summary of the growth of both fixed and mobile telephony in Nigeria, as well as the teledensity is presented in Table 1 and Fig. 1 and 2.

Unified licensing in the telecommunications industry: According to Ndukwe (2006), historically, different networks were used to deliver voice, video and data, as a result end-users use different equipment to receive these services. However, technological developments have

Table 1: Total connected lines and teledensity from December 2001 to March 2006

Operator	Fixed	Mobile	Total	Teledensity
Dec-01	600,321	266,461	866,782	0.73
Dec-02	702,000	1,569,050	2,271,050	1.89
Dec-03	872,473	3,149,472	4,021,945	3.35
Dec-04	1,027,519	9,174,209	10,201,728	8.50
Dec-05	1,223,258	18,587,000	19,810,258	15.72
Jan-06	1,242,549	19,888,772	21,131,321	16.77
Feb-06	1,315,141	20,277,732	21,892,873	17.38
Mar-06	1,395,786	21,517,131	22,912,917	18.18

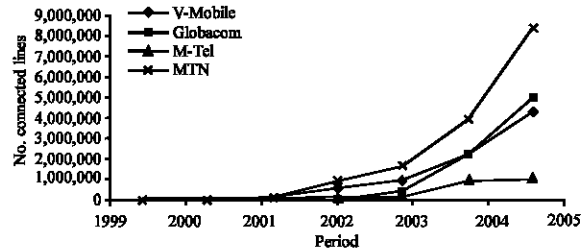


Fig. 1: Trends of mobile connected lines from 2001 to March 2006

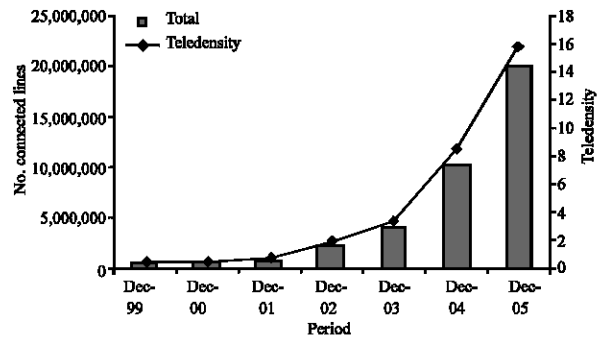


Fig. 2: Trends of total connected lines and teledensity from 2001 to March 2006

radically changed this scenario and have also bred multiplicity of ICT services and applications. Unified licensing is therefore, a tool enabling competing operators and service providers to rapidly deploy new services to meet market demand without having to seek new licenses. A unified license authorizes the operator to provide >1 service under the same license or authorization. Advances in technology are gradually dismantling the notion that different services must be obtained from different licensed providers.

The Nigerian Communications Commission (NCC) published a consultation document in February 2005 announcing its intention to transit to unified licensing. This was followed by series of seminars, follow-up consultations and responses from the industry, which culminated in the final consultation document published on the 30th of January 2006. In Feb 2006, the commission published the final unified licensing guidelines.

The Unified Licensing structure, which the Nigerian telecommunications industry currently adopts, will enable service providers to use the most cost effective technology to provide services to end users and enable operators and investors take advantage of the gains that convergence of technologies and services offered in the sector (Ndukwe, 2006).

MATERIALS AND METHODS

A comprehensive study of the current national policy on telecommunications was embarked upon. Secondary and primary sources of data gathering were adopted for the research. Secondary data were gotten from published reports, internet and journals, while primary data were collected using the instrument of questionnaires. Direct observations and structured interviews were also utilized to gather information from respondents. Questionnaires were administered to both telecommunication service providers and users of telecommunication services using both structured and unstructured set of questionnaires to obtain relevant information. The administered questionnaires was later analyzed (with the aid of SPSS application package) to determine the extent of implementation of telecommunications policy. The descriptive and inferential statistical tools were used to analyse the data for adequacy, accuracy and easy comprehension of the research work using simple frequency, percentages, tables, charts and graphs.

Based on available data as at the time of the survey, Wikipedia (2006), the population of South Western Nigerian' States were as follows: Lagos state- 10,601,345, Ogun state- 5,554,272, Oyo state -7,617,720, Osun state-4,637,627, Ondo state -5,111,407 and Ekiti state-2,737,186. Questionnaires (for the telecommunications service users) were administered in each state based on their population sizes. Hence, 150 questionnaires were administered in Lagos state, 75 questionnaires in Ogun state, 105 questionnaires in Oyo state, 65 questionnaires in Osun state, 70 questionnaires in Ondo state and 35 questionnaires in Ekiti state. While, 17 copies of the telecommunications service providers questionnaire were administered to the telecommunications service provider companies in the South Western states of Nigeria.

The simple random sampling technique was employed for the aim of this research. This sampling technique was used because the users of telecommunications services in the states are homogenous and everyone had an equal chance of being selected.

RESULTS AND DISCUSSION

Results from the research reveal that nearly every respondent has an access to at least one form of telecommunication facility, either for personal use or official purpose. It was also observed that out of all the available telecommunication services worldwide, only a few are predominant in Nigeria, which are; internet, computer networking, telephony and cellular mobile telephony. This study discusses some major findings on the interest area of this research. They are: policy and Agency Awareness, Government and Agency Performance, Level of Implementation and Policy Review/Modification.

Policy and agency awareness

Policy awareness: A 41.4% (4-10th of respondents) of the telecommunication users were aware of the national telecommunications policy while, all the telecommunication operators interviewed were aware of the policy (Table 2). Nevertheless, the information access point which in this case was the newspaper according to most of the respondents does not provide the full content of the policy. Hence, the need for a detailed dissemination of the policy contents especially, at the grassroots.

Agency awareness: The Nigerian Communication Commission (NCC) is the regulatory body charged with the responsibility of creating an enabling environment for all stakeholders in the telecommunications sector of the Nigerian economy. Very few users (34.2%) were aware that there is a regulatory body called NCC while, 47.4% stated that they were not aware that such an agency exists. The agency awareness level is low as compared to the impact of the telecommunications industry in Nigeria.

Policy adoption: Figure 3 shows that almost all (88.2%) the service providers have a good grasp of the National Telecommunications Policy while, only a few are yet to come to terms with the policy. This portends a strong positive perception the operators have of the policy. Furthermore, only 47.1% of the operators have successfully aligned their policies and operations in line with the overriding national telecommunications policy, while others (52.9%) are yet to do same. The NCC should watch out for this particular observation as it is indicative of the level of confidence that telecommunications operators have in its operations.

Government and agency performance

Government roles and performance: The role of the government in the implementation of the Telecommunications Policy cannot be over emphasized. Its

Table 2: Telecommunication policy awareness level

Respondent policy awareness	Frequency	(%)
Yes	207	41.4
No	234	46.8
Not applicable	20	4.0
No response	39	7.8
Total	500	100.0

Table 3: Rating of regulatory bodies by telecommunications users

Respondent rating of regulatory body	Frequency	(%)
Poor	50	10.0
Fair	102	20.4
Good	67	13.4
Very good	36	7.2
No response	150	30.0
Not applicable	95	19.0
Total	500	100.0

performances are judged and measured based on the realization of its set goals in the telecommunications policy. When these roles were placed on scales as shown in Fig. 4, 64.7% (11 of 18) thinks that the government role has been played well enough while, others, 29.4%, feel otherwise. This shows that the performance of the government has been pretty appreciable by all concerned. Though, more need be done, but its performance has been commendable over the period the policy has been enacted.

Agency performance: The Nigeria Communications Commission (NCC) is the sole regulator of the telecommunications industry in Nigeria. The NCC has played a major role in sensitizing and sanitizing the communication industry in Nigeria. Its performance has been judged by both the users and the telecommunications service providers. As shown in Table 3, 20.4% of the respondents (Telecommunications users) opined that the activities of the NCC in the regulation of the Telecommunications Policy have been fair. Another 13.4% think its activities have been good and just 7.2% think its role and performance has been very good. A few respondents of about 10% feel its performance has been poor.

Majority of the telecommunications providers feel that the NCC has played well its role, about 82.7% of the respondent shares this view. The other 17.3% feel there is more to be done. In all, the regulatory agency performance has been commendable according to both telecommunications users and service providers.

Level of implementation: The telecommunications policy seeks to achieve the following set of objectives within a 5 years period:

- Create competition in the telecommunications industry

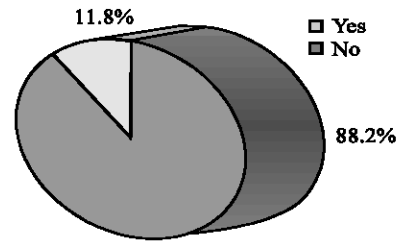


Fig. 3: Level of policy digestion

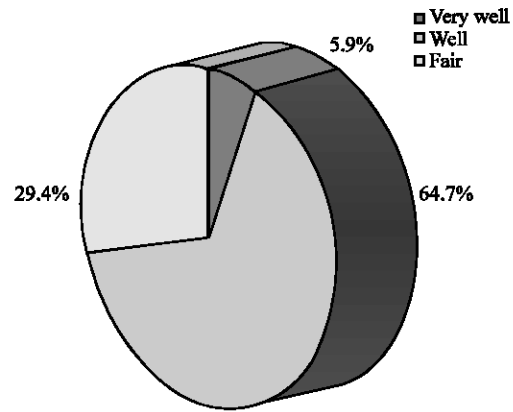


Fig. 4: Government performance level

- Privatization of government owned telecommunications entities
- Make telecommunications affordable to the ordinary Nigerian
- Increase accessibility to telecommunications services
- Achieve rural penetration in terms of communication
- Increase revenue generation for the government
- Create more employment opportunities in the country

The policy has been in existence for >6 years now. Based on what is stated in the policy document, it should be reviewed by now because a long term objective might not be feasible in a telecommunications sector driven by continuous technological innovations. However, the policy is ripe enough to be assessed especially in terms of its level of implementation so far.

Figure 5 shows the opinion of questionnaire respondents (both telecommunications users and providers), on the level of implementation of the policy.

Competition: The telecommunications market was opened up with the issuance of Global System for Mobile Communication (GSM) license in 2001. Also, there were lots of licenses issued for landlines covering some sections of the country. At this initial stage, the competition in the telecommunications industry was not

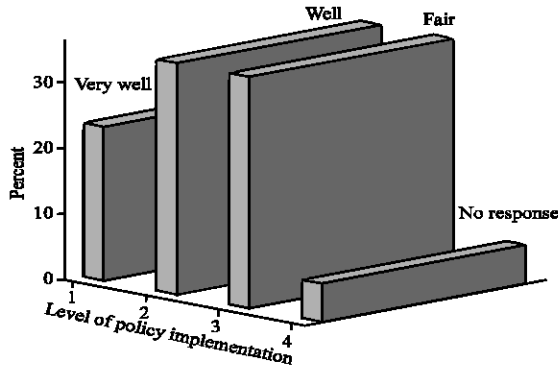


Fig. 5: Level of implementation

so stiff. However, as the mobile telecommunications operators expand their coverage, the competition becomes stiffer, which is invariably leading to a reduction in the cost of employing their services. This is obvious considering the following:

- Most of the telecommunications companies now have promotional packages to woo more subscribers to their network
- Increase in value added services like free text messaging, multimedia services and other benefit for subscribers
- Rapid expansion of network operators nationwide

However, the issuance of the unified license could further stiffen the competition in the industry. Nevertheless, from the information obtained in the administered questionnaire as displayed in Table 4, 70.6% of operators agreed that there is a stiff competition in the telecommunication industry, while 29.4% believe that there is not enough competition.

Privatisation: One of the objectives of the telecommunications policy is to divest government interest in the state owned telecommunications entities. This has been a futile attempt until recently. It is perhaps as a result of Nigerian Telecommunications Company (NITEL) being undervalued by interested buyers. Also, the government owned company has a huge backlog of unpaid salary arrears and pensions running into several billions. Most investors would not want to inherit a company with labour problems. Government on the other hand, appears to be in a haste to dispose NITEL since, it appears completely ruined by massive corruption and infrastructural decay. The preferred bidder in the most recent attempt to sell off the company i.e., transnational corporation has been unable to pay the initial \$500 million

Table 4: Level of competition

Existence of stiff competition	Frequency	(%)
Yes	12	66.7
No	05	27.8

in other to acquire 75% government share in NITEL. TransCorp only paid \$75 million and has asked for an extension of deadline. It is however, worthy of note that NITEL is up for \$789 million. This invariably implies that the privatisation of government interest in NITEL cannot be said to be successful so far hence, this objective in the policy is yet to be achieved.

Affordability: In a country of about 140 million people and rated among the poorest nations of the world, the question of the percentage of people in Nigeria that can afford most of the telecommunications facility now becomes imperative. Of the 500 questionnaires administered for telecommunications users, only 46.9% of the respondents agreed that the tariff is fair, 14.4% said it is very fair, while 21.5 and 11.1% said the tariff is unfair and very unfair, respectively. The direct implication of this statistic implies that the cost of telephone access still needs to be reduced to increase affordability. It is however, hoped that the prevailing competition would make these facility more affordable in the future (Fig. 6).

Accessibility and rural penetration: A key area of the policy objective is that the telecommunications industry should grow so rapidly as to ensure rural penetration thereby allowing access to remote areas of the country. It is hoped that this would increase economic and social activities in such areas. The GSM revolution has in a way helped increased access to some of these rural areas. However, based on oral interview and interaction with telecom users, rural penetration is still a far cry from what is expected after 5 years of the policy adoption. Many rural communities visited have network coverage of just one telecommunications provider, while some have no coverage at all. The unified license recently given to interested telecommunications service providers would enable them to operate both the fixed and mobile telephony services. Perhaps, through this, a greater level of rural penetration would be achieved.

From the analysis of the collected data from users of telecommunications services in the 6 western states of Nigeria, telephony has the largest patronage of 23.5%, which represents those who are aware, those to whom it is available and also those who utilize the service.

Revenue generation: Securing a GSM license in Nigeria cost about 285 million dollars and so far, we have 4 major GSM companies in Nigeria and more licenses are still

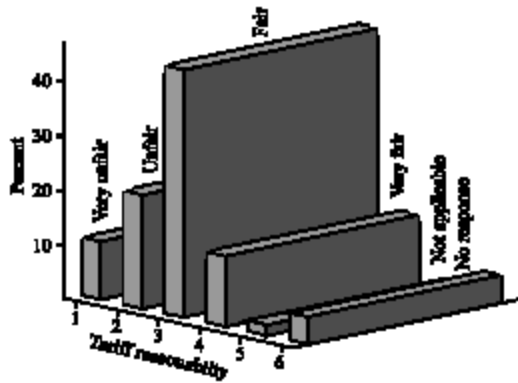


Fig. 6: Tariff reasonability

being issued (unified license). Apart from this, there are more fixed wireless lines in Nigeria than it was before the policy draft and adoption. Telecommunications services is an investment in the economy of the country as these companies not only purchase the license for operation, they also pay tax to government annually. Indeed, it has served as a source of revenue generation for the government.

Employment: Nigerian telecommunication market is said to be one of the fastest growing in the world with an investment level running into several billions of dollars. Already, over 10 million jobs have been created in the country between 2001 and now. A larger percentage of the employment boost came from the mobile telecommunications operators. The employment cuts across all levels of the society from key professionals and university graduates to ordinary artisans that render phone call services by the roadside. Phone accessories and other related devices are continually being imported into the country and are being sold by vendors as depicted in Fig. 7. This has significantly reduced the level of unemployment level in the country.

Policy modification: Among the telecommunications service providers that responded to the questionnaires, 76.5% of them are of the belief that the policy should be modified, while 17.7% of them do not consider it necessary. The call for modification is in different directions, but a larger percentage of them advocated that something should be done about interconnectivity in relation to tariff. Other areas of suggested modification include universal access, frequency spectrum allocation, double taxing optic fiber digging and a reduction in license fees. Some other telecommunications providers are also of the opinion that the power given to NCC should be reviewed to give room for some flexibilities and that there is need to align policies with technological trends.



Fig. 7: Phone kiosks and phone vendors

CONCLUSION

The entire research was aimed at determining the level of implementation of the current National Policy on Telecommunications. The 6 south-western states of the nation (Lagos, Oyo, Ogun, Oyo, Ondo and Ekiti states) were used as case studies for analyses. Based on the results of the analyses, possible suggestions for improvement of the policy are proffered.

Findings from the research show that the national telecommunications policy has been implemented to an appreciable extent as many of its objectives have been achieved. This is obvious as telecommunication services are now more efficient and available to Nigerians than ever before; national teledensity has increased beyond the ITU's minimum teledensity requirement; competition has been promoted between telecommunications service providers through liberalization strategies (such as unified licensing); establishment of an effective regulatory body (NCC); the enhancement of national economic and social development and the gradual integration of the nation into the global telecommunications environment. However, a lot is still left to be done in the implementation of the policy, hence the recommendations.

RECOMMENDATIONS

Based on the short-comings observed from the results of this research, some recommendations are hereby provided. These recommendations are directed at the four different bodies that comprise Nigeria's telecommunications industry structure -the government, ministry of communications, Nigerian communications commission and the telecommunications service providers.

The government: The research has shown that most telecommunications service providers believe that the cost of acquiring telecommunication licenses is too high; it is therefore, recommended that the government should reduce the cost of acquiring licenses to a more acceptable level. Also, the low level of awareness of the Nigerian people about the National Telecommunications Policy

was also revealed in the research. For the policy to be better implemented and better appreciated, Nigerians need to be fully aware of both its existence and its contents. As a result, it is recommended that the government should make the policy more accessible by publishing it periodically in the national dailies and sponsoring both radio and television programs related to telecommunications issues.

Ministry of communications: The ministry should ensure that the policy is reviewed more regularly taking note of some key aspects of the policy especially both the short and medium term objectives. It is obvious that the duration for achieving these objectives have already expired (short-term: 3 years and medium-term: 5 years), hence, immediate attention should be paid to them.

Nigerian communications commission: This research has shown that most telecommunication service users are ignorant of the existence and the functions of a regulatory body such as the NCC. As a result, it is recommended that the agency should properly and adequately sensitize the society of both its existence and functions.

The NCC needs to be more aggressive in enforcing the laws governing the operations of telecommunication service providers especially, in the area of inter connectivity and interconnectivity charges. This is necessary because many telecommunications operators

(especially, the fixed wireless operators) complain that it is still very difficult to connect from their own networks to others and that when they do, the costs are usually high.

Telecommunications service providers: Telecommunication service providers should expand their coverage beyond the urban areas into the rural areas as most rural areas of the country are still without any telecommunications network coverage. By doing so, the country will be better integrated both internally and nationally.

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