

National Policy on Telecommunications



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PREFACE

In 1998 the Ministry of Communications published the maiden edition of the National Policy on Telecommunications. The Policy was approved and published three years after its production in 1995, and a year after it was supposed to have been reviewed. This is an indication of the difficulties the country was witnessing and the prevailing socio-economic and political environment 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Consequently, at the time of the publication, certain prescriptions contained in the Policy were outdated, overtaken by events or required further modification, in order to be consistent with new developments and emerging industry trends both locally and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. Thus, barely a week into his administration the President of the Federal Republic of Nigeria, and Commander-in-Chief of the Armed Forces, Chief Olusegun Obasanjo, inaugurated a committee on telecommunications policy for Nigeria and personally presided over its inaugural sitting. The presidential committee with the Vice President as chairman then continued further deliberations over a period of time.

In keeping with the tenets of democracy and to promote transparency, openness, and stakeholder consultation, an international workshop on the new policy was organized to allow for expression of views and sentiments and articulation of interests and opinions by members of the public. The report of the workshop formed the working papers of the committee. Following extensive deliberations, the committee produced a draft policy that was approved by the President. This approved National Policy on Telecommunications was launched in October 1999. The policy was generally well-received, but government observed that certain prescriptions needed fine-tuning during the course of implementation.

In order to promote the policy goals of total liberalization, competition and the private sector-led growth of the telecommunications sector, the chairman of the National Council on Privatization (NCP), Vice President Atiku Abubakar, inaugurated a 22 member Telecommunications Sector Reform Implementation Committee (TSRIC) on 1st February 2000 under the chairmanship of my humble self. The TSRIC's membership includes all stakeholders in the sector, including organized labour, consumer protection and regulatory agencies.

To enhance domestic and universal acceptability in the anticipated new environment, the steering committee was encouraged by the National Council on Privatization to review the existing policy and fine-tune it. This document, therefore, is the product of deliberations of the steering committee.

The public may ask what is the difference between this initiative and previous policy statements by government? The answers to this genuine and legitimate question are:

- The political environment is different with a democratic Government in place and therefore arbitrariness and inexplicable inconsistency are deemed to belong to the past.
- To be part of the current trend of globalization and convergence in the telecommunications industry, Nigeria needs a more proactive policy that recognizes international best practices.
- A strong political will as reflected in the personal involvement of the President and the Vice President in this initiative underscores the importance our current leadership attaches to telecommunications development.
- The wide and open consultation on the issues and details of the policy has resulted in a future-oriented and universally-acceptable road map for telecommunications sector reform.
- The policy strongly prescribes clear delineation of institutional roles and functions, review of existing laws and above all the establishment of an open, transparent, future-oriented and proactive regulatory framework, processes and procedures.

It is the hope of this administration that this policy will provide Nigeria the basic framework and primary building blocks for the much desired telecommunications revolution in our country. On behalf of the Federal Government of Nigeria, I hereby invite Nigerian and foreign investors and the friends and supporters of Nigeria to join us in implementing this policy.

ALHAJI MOHAMMED ARZIKA, OFR
HONOURABLE MINISTER OF COMMUNICATIONS
MAY, 2000

CHAPTER ONE

INTRODUCTION

The availability of an efficient, reliable and affordable telecommunications system is a key ingredient for promoting rapid socio-economic and political development of any nation. Such a system must be universally accessible and cost effective.

Telecommunications is a vital engine of any economy; it is an essential infrastructure that promotes the development of other sectors such as agriculture, education, industry, health, banking, defence, transportation and tourism. It is indispensable in times of national emergency or natural disasters. It considerably reduces the risks and rigours of travel and rural-urban migration.

Developing countries like Nigeria that want to participate effectively and become equal partners in the emerging global market need to have in place a functional and efficient telecommunications system. In order to be relevant in this new millennium and beyond, Nigeria must join the international telecommunications network as a step towards improving and positioning itself to compete in the economy. Global telecommunications provides the opportunity for a country to share in the wave of science and technology developments, and the general economy in positive ways that account for the remarkable economic growth in advanced countries and the newly industrialised countries.

Historical Development of Telecommunications in Nigeria.

Telecommunications facilities in Nigeria were first established in 1886 by the colonial administration. These were geared towards discharging administrative functions rather than the provision of socio-economic development of the country. Accordingly, the introduction of public telegraph services linking Lagos by submarine cable along the west coast of Africa to Ghana, Sierra-Leone, Gambia and on to England was a greater priority than a robust telecommunications network.

The total number of telephone lines at independence in 1960 was only 18,724 for a population estimated at about 40 million people. This translated to a teledensity of about 0.5 telephone lines per 1,000 people. The telephone network consisted of 121 exchanges of which 116 were of the manual (magneto) type and only 5 were automatic. Since independence, there have been a number of development plans for the expansion and modernisation of the telecommunications networks and services. Most of these plans were not fully implemented.

Between 1960 and 1985, the telecommunications sector consisted of the Department of Posts and Telecommunications (P&T) in charge of the internal network and a limited liability company, the Nigerian External Telecommunications (NET) Limited, responsible for the external telecommunications services. NET provided the gateway to the outside world. Telecommunications development during this period was characterized by serious short-falls between planned targets and their realization, principally because of

poor management, lack of accountability and transparency and low level of executive capacity.

The installed switching capacity at the end of 1985 was about 200,000 lines as against the planned target of about 460,000. All the exchanges were analogue. Telephone penetration remained poor equal to telephone line to 440 inhabitants, well below the target of telephone line to 100 inhabitants recommended by ITU for developing countries. The quality of service was largely unsatisfactory. The telephone was unreliable, congested, expensive and customer unfriendly.

Arising from the foregoing, in January 1985, the erstwhile Posts and Telecommunications Department was split into Postal and Telecommunications Divisions. The latter was merged with NET to form Nigerian Telecommunications Limited (NITEL), a limited liability company, while the Postal Division was reconstituted into another organisation called the Nigerian Postal Service (NIPOST). The main objective of establishing NITEL was to harmonize the planning and co-ordination of the internal and external telecommunications services, rationalize investments in telecommunications development and provide accessible, efficient and affordable services.

Present Status of the Telecommunications Industry

There has been a modest development in the telecommunications industry since the inception of NITEL in 1985. Today, Nigeria has a public network of about 700,000 Lines capacity out of which 400,000 lines are connected. Nigeria therefore lags behind comparable and even less endowed African countries, let alone advanced countries. The process of deregulating the industry was initiated to tackle these observed shortcomings. This began with the establishment of the Nigerian Communications Commission (NCC) by Decree 75 of 1992 whose main objectives include:

- Creating a regulatory environment to facilitate the supply of telecommunications services and facilities;
- Facilitating the entry of private entrepreneurs into the telecommunications market; and
- Promoting fair competition and efficient market conduct among all players in the industry.

Since the inauguration of NCC in July 1993, it has set out guidelines for private sector participation and issued licenses to a number of companies for the following telecommunications undertakings:

- Installation and operation of public switched telephony;
- Installation of terminal or other equipment;
- Provision and operation of public payphones;
- Provision and operation of private network links employing cable, radio communications, or satellite within Nigeria;

- Provision and operation of public mobile communications;
- Provision and operation of telephones;
- Provision and operation of value-added network services;
- Repair and maintenance of telecommunications facilities; and
- Cabling

Telecommunications Services offered in Nigeria

A wide range of services, as listed below, are now available:

- Telephony
- Telex
- Cellular Mobile Telephony
- Facsimile
- Radio/Television Carrier
- Gentex (Extension of Telex Terminals to rural areas)
- Voice Cast/Press Receipt
- Private Leased Circuit
- Alternate Leased Circuit
- Maritime Mobile Service, INMARSAT, Ship Shore, etc.
- Global Mobile Personal Communications Services [GMPCS]
- Data Communications
- High Speed Data Transmission
- Telegraphy (xv) Public Payphones
- Value Added Services
- Business Network Services
- Computer Networking
- Internet Service
- Telecommunications Consultancy Services
- Paging Services
- Mobile Radio Trunking Services

Nigerian Telecommunications Ltd (NITEL)

NITEL was the national operator and monopoly service provider for domestic and international services. This had serious repercussions in terms of inefficiency, high cost of service, and lack of universal access.

NITEL's Public Network

The national switching network mainly consists of three parallel networks for telephone, telex switching and cellular services. Integrated Services Digital Network (ISDN) services have been introduced in the new digital exchanges. The nodal points of such networks are interconnected through a national transmission system comprising terrestrial radio-relay systems (analogue/digital), optical fibre, cable and satellite communication

links. The Common Channel Signaling System No. 7 (SS7/ISUP) has been adopted for all digital and new exchanges while other exchanges continue to operate the older signaling system.

Telephone Network

The telephone network is hierarchically structured in three levels, namely:

- Top level, comprising secondary centers in 6 locations,
- Intermediate level, represented by 45 primary centers; and
- Low level, represented by local exchanges.
- A fully meshed network interconnects the nodes at the top network level while the other two levels form a star shaped network. Relevant statistics are as follows:

Local Exchanges	233 (56 digital and 177 analogue)
Trunk/Transit Exchanges	45 Primary Centers (21 digital and 24 analogue) and 6 Secondary Centers (all-digital)
International Exchanges	3 (all digital)
Installed Capacity	700, 000 lines
Connected Lines	400,000

Telex/Gentex Network

The Telex/Gentex Network consists of a system of telex exchanges and gentex stations, which are linked together at the local, national and international levels to provide telex telegraph services for national subscribers and the outside world.

Relevant statistics are as follows:

Telex Terminal Exchanges	16
Telex Transit Exchanges	3
Voice/Telegraph Terminals	21
Installed Capacity	14,916
Connected Lines	6,483

Transmission Network

The transmission network consists of terrestrial microwave, optical fibre, cable, and satellite systems.

- ***Terrestrial Microwave Routes***

There are 152 routes with 312 repeater stations spread across the country. The main trunk routes have been digitalized and operate in the 140 to 155 Mb/s configuration. The digitalization of the terrestrial system is ongoing. Seventeen (17) trunk routes have been digitalized while ten are still outstanding.

- ***Optical Fibre Cable***

A large capacity submarine optical fibre cable has been installed to link Lagos, Warri, Bonny and Port Harcourt. The same fibre cable has been extended from Port Harcourt to Enugu and Calabar through Aba. This system operates in the 622Mb/s range. Another fibre cable to link Enugu to Abuja is under construction. Optical fibre ring networks have also been installed in Lagos, Ibadan, Enugu, Kaduna and Abuja.

NITEL is also participating in the planned South Atlantic Telecommunications/West African Submarine Cable (SAT 3/WASC/SAFE) project linking Africa with Europe and Asia. The project is to be financed by a consortium of international telecommunications operators in Africa, Europe and Asia.

The introduction of optical fibre cables, which facilitates increased traffic handling, will reduce operating costs and thereby, the service costs to the consuming public.

- ***Satellite Communications***

Five satellite earth stations are currently in operation in Nigeria and are located in Lagos (Victoria Island), Lanlate, Kujama, Kaduna and Enugu. The stations at Lagos, Enugu and Kaduna are digital and are used for international traffic, Kujama is used as a VSAT hub and Lanlate is used for data traffic.

There are also 19 Domestic Satellite earth stations (DOMSAT) located in some state capitals. These operate on three leased INTELSAT transponders for national TV coverage. There are 110 INMARSAT terminals in operation in the country.

Internet Services

The provision of an Internet backbone with an initial capacity of 5,500 ports has commenced with Lagos as the main point of presence (POP) with 3,000 ports. Abuja is another POP with 1,000 ports that has also been completed. In addition, Kaduna, Bauchi and Enugu with 500 ports each were completed in 1999. All POPs are interconnected by a 2Mb/s digital transmission link.

Cellular Mobile Network

There is one mobile cellular telephone network, provided by the Nigerian Mobile Telecommunications Ltd. (M-Tel). The cellular mobile network covers three areas of the country with a total capacity of 210,000 lines, out of which 26,500 lines are connected. There is only one Mobile Switching Center (MSC) in each area except in Area 3 (Abuja) where there are two (2) MSCs. This network is grossly inadequate.

A total of twelve other mobile cellular operators have been issued licenses but only a few have commenced limited operations while approvals have also been given for the issuance of licenses to 21 other operators.

Private Sector Participation

In 1992, Government initiated the liberalization of the telecommunications industry with the establishment of a regulatory body, the Nigerian Communications Commission (NCC). So far the NCC has issued various licenses to private telecommunications operators. This includes 7 fixed telephony providers that have activated 90,000 lines, 35 internet service providers with a customer base of about 17,000. There are also 9 payphone service providers who have installed 600 phones. Several VSAT service providers are in operation, and have improved financial intermediation by providing on-line banking services to most banks in Nigeria.

Frequency Monitoring System

The frequency monitoring system consists of:

- Fixed international monitoring stations in Lagos, Ogoja, Azare and Gusau;
- 12 mobile monitoring units deployed to the four monitoring stations.

Only the Azare fixed international monitoring station is fully operational. The Gusau and Ogoja stations are yet to be commissioned. Each of the fixed stations, when fully equipped, will contain radio receivers capable of receiving signals from low frequency to super high frequency.

CHAPTER TWO

POLICY OBJECTIVES

General

The overriding objective of the National Telecommunications Policy is to achieve the modernization and rapid expansion of the telecommunications network and services. This will enhance national economic and social development, and integrate Nigeria internally as well as into the global telecommunications environment. Telecommunications services should, accordingly, be efficient, affordable, reliable and available to all.

The rapidly changing nature of technology in telecommunications makes it difficult to set long term policy objectives; therefore, it may be more appropriate to set short to medium term policy objectives with the following time frames: short term (3 years) and medium term (5 years).

Short-Term Objectives

- To implement network development projects which shall ensure that the country meets and exceeds the ITU recommended minimum teledensity of 1 telephone to 100 inhabitants. This means that a minimum of 2 million fixed lines and 1,200,000 mobile lines should be provided within 2 years;
- To promote widespread access to advanced communications technologies and services, in particular the Internet and related capabilities;
- To develop and enhance indigenous capacity in telecommunications technology;
- To participate effectively in international telecommunications activities in order to promote telecommunications development in Nigeria, meet the country's international obligations and derive maximum benefit from international cooperation in these areas;
- To establish a National Frequency Management Council (NFMC) within the Ministry of Communications with the responsibility for the planning, coordination and bulk allocation of the radio spectrum in the interest of efficiency, transparency and accountability;
- To ensure that the government divests its interest in the state owned telecommunications entities;
- To promote competition to meet growing demand through the full liberalization of the telecommunications market;
- To review and update telecommunications laws in order to bring all telecommunications operators under the regulatory control of NCC.
- To resolve with dispatch all licensing problems that are existing in the most equitable and transparent manner.

Medium-Term Objectives

- To provide a new regulatory environment that is sufficiently flexible to take into account new technological development and the international trend towards convergence;
- To meet telecommunications service needs of the social, commercial and industrial sectors of the economy;
- To ensure that public telecommunications facilities are accessible to all communities in the country;
- To encourage domestic production of telecommunications equipment in Nigeria; and development of related software and services;
- To establish and meet aggressive targets for the installation of new fixed and mobile lines.
- To protect the integrity, defense and the security of the state and its citizens.
- To encourage Nigerian telecommunications operating companies to become global leaders in the industry.
- To encourage the development of information super-highway that will enable Nigerians enjoy the benefits of globalization and convergence.
- To create the enabling environment, including the provision of incentives, that will attract investors and resources to achieve the objectives earlier stated.

CHAPTER THREE

INDUSTRY STRUCTURE

General

The trend worldwide is towards liberalization and privatization in the telecommunications industry. Nigeria has taken an initial step in deregulating the industry by establishing the Nigerian Communications Commission (NCC) as the sector regulator.

Components

Nigeria's telecommunications industry structure shall consist of the following Components:

- Government;
- Ministry of Communications;
- Nigerian Communications Commission; and
- Telecommunications Service Providers.

Government

The role of Government in the telecommunications sector includes:

- + Giving overall direction for telecommunications development;
- + Ensuring policy consistency of telecommunications with other national policies; and
- + Enacting necessary laws and taking other measures promptly in support of the National Telecommunications Policy.

Ministry of Communications

The Ministry formulates broad telecommunications policy. Among its specific functions are:

- + Proposing policy options and recommending to Government such measures as legislation, fiscal incentives, etc;
- + Monitoring the implementation of government policy in the industry
- + Establishing policies for promoting universal access to communications in Nigeria as outlined in this policy
- + Representing Government on matters pertaining to regional and international organizations;
- + Overall monitoring of the radio spectrum allocation in the country, and
- + Liaising with National Assembly on telecommunications matters.

National Frequency Management Council (NFMC)

The Council

The National Frequency Management Council (NFMC) shall be established in the Ministry of Communications under the chairmanship of the Honorable Minister. It shall be responsible for the planning, co-ordination and bulk allocation of the radio frequency spectrum in the country. The Council shall liaise with the Nigerian Communications Commission (NCC) and the Nigerian Broadcasting Commission (NBC) on the assignment of frequencies.

Composition

The Council shall comprise a representative each of the Ministry of Communications, NCC, NBC, Security Agencies, Ministry of Aviation, Ministry of Transport, as well as a representative of the licensed operators and such other bodies as may be determined from time to time.

Functions

The functions of the NFMC shall be as follows:

- ✚ enforcing rules and regulations for the effective utilisation of the frequency spectrum on the basis of National priorities
- ✚ identifying the spectrum requirements to satisfy the needs of the country
- ✚ producing a national frequency plan and allocating of bulk frequency ranges to regulatory bodies (NCC and NBC) and relevant government agencies. The National Frequency Plan shall identify ranges of frequencies to be made available for telecommunications and broadcast services. However, the actual assignment of specific frequencies within these ranges to licensed operators shall be the responsibility of the NCC and the NBC.
- ✚ coordinating frequency allocations nationally and with the administrations of other countries;
- ✚ promoting and safeguarding national interests, safety and security relating to the use of the radio frequency spectrum;
- ✚ publishing an up-to-date national table of frequency allocations and radio regulations; and
- ✚ promoting research into and investigating radio propagation problems with a view to achieving interference-free operation of radio systems.

Review of Relevant Laws on Frequency Management

To facilitate the operations of the Council, the relevant legislation relating to the radio frequency spectrum management shall be reviewed so as to streamline and harmonize frequency planning and resolve any areas of conflict. In particular, this process shall clarify that it is the responsibility of NCC to assign specific frequencies from among allocated spectrum ranges to operators obtaining licenses.

- Nigerian Communications Commission (NCC)

The Nigerian Communications Commission (NCC) shall be the independent regulator of the telecommunications industry. It shall be empowered to issue licenses, assign frequencies and regulate all telecommunications licensees and service providers. It shall design and maintain a national numbering plan, and perform such other regulatory functions as may be consistent with its mandate to promote the development of Nigerian communications.

Independence and Impartiality of the NCC

The NCC shall make its decisions regarding licensing, tariff regulation, interconnection disputes, and any other matters directly affecting industry operators, in an impartial and independent manner. It shall be guided by the overriding objectives of the National Telecommunications Policy, and considerations of fairness, equity, and transparency. Such rulings shall not be directly influenced by Government or private industry. All deliberations of the Commission shall be undertaken in a transparent manner, subject to the rights of operators to non-disclosure of proprietary and competitively sensitive information. Parties affected by regulatory decisions, including operators, customers, and competitors, shall be afforded access to the Commission's proceedings and the right to submit opinions in support of their interests. Parties shall have the right to appeal such decisions through transparent administrative and legal channels.

The enabling law establishing NCC shall be reformed to ensure the autonomy of the Commission. It shall provide for secured tenure for NCC's board members.

Functions of the NCC

The functions of the Nigerian Communications Commission (NCC) shall include the following:

- Licensing 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;
- Promoting and enforcing a fair competitive environment for all operators, as outlined in this policy;
- Defining standards for economic regulation of dominant operators, including tariff regulation as outlined in this policy.
- Establishing mechanisms for promoting universal access to telecommunications services in Nigeria, as outlined in this policy;
- Establishing and enforcing technical operational standards and practices for all operators including the imposition of penalties for violations.
- Ensuring that the public interest is protected.

- ***Access Provider***

Cellular Mobile Service Providers

A Cellular Mobile Service Provider (CMSP) shall be permitted to provide mobile services including the capability to carry its own long distance traffic within the area it operates.

A CMSP will be required to interconnect with other service providers including other CMSPs. A CMSP shall be free to provide, in its service area, all types of mobile service including voice and non-voice messages, and using equipment compliant with relevant ITU standards.

Local, Area, Regional and National licenses for Cellular Mobile Service Providers will be permitted and regulated by the NCC. An issued specific license can be upgraded to a wider area status by NCC based on appropriate criteria.

Fixed Service Providers

The Fixed Service Providers (FSP) shall be permitted to establish the “last mile” linkages and switched services to provide end-user access services and carry local and long distance traffic within their service area without additional licensing. The FSP shall be free to provide, in their respective service areas, all types of fixed services including voice and non-voice messages, utilizing equipment compliant with relevant ITU standards.

Local, Area, Regional and National licenses will be permitted and regulated by the NCC. An issued specific license can be upgraded to a wider area status by NCC based on appropriate criteria.

Cable Service Providers

The Cable Service Provider (CSP) shall be permitted under relevant NBC/NCC legislation to provide cable-related services. CSPs shall be permitted to provide the “last mile” linkages and switched services within their service areas. They shall operate media services, which are essentially one-way entertainment-related services and may also be licensed to provide two way communication services, as local access providers. Direct interconnectivity between CSPs and other type of service providers in their areas of operation shall be required.

Local, Area, Regional and National Licenses will be permitted and regulated by the NCC. An issued specific license can be upgraded to a wider area status by NCC based on appropriate criteria.

- ***National Long Distance Operators (NLDOs)***

National long distance services will be opened up for competition as soon as possible within the provisions of this policy. This is to promote expansion of bandwidth capacity and consumer choice. All NLDOs should be able to access each other's

subscribers. It shall be mandatory for all access providers to provide interconnection to the NLDOs .

The consumer therefore, will have a choice to make long distance calls through any long distance operator. The terms, conditions and other imperatives will decide the number of long distance operators. Holders of licenses in this class can be considered for international long distance services if they meet the terms and conditions for that category.

Long distance operators may obtain licenses to construct and operate local access facilities, subject to full interconnection obligations, and all other requirements imposed upon Local Access providers. They may also be licensed to provide cellular mobile services.

- ***International Long Distance Operators (ILDOS)***

International long distance services shall be opened up for competition consistent with the time table for the privatization of NITEL and M-Tel. The NLDOs, Fixed Service Providers, and Cellular Service Providers, may seek a license to offer international long distance services and provide interconnectivity to access providers. The services shall include voice and non-voice. This is to promote expansion of international bandwidth, consumer choice and lower the prices of international communications. All ILDOs should be able to access each other's subscribers. It shall be mandatory for all ILDOs to provide access on request, to all access providers.

- ***Multi-Service Access Operators (MSAOs)***

There shall be other categories of operators that may be licensed to provide both fixed and mobile services. This policy envisions that these various types of operators shall operate networks and offer services that will in many instances be in direct competition with each other, and with the domestic services of the national long distance operators, as well as of the Access Service Providers.

It is recognized that NITEL is already providing most of the categories of services indicated above, and M-TEL is providing mobile services. NITEL and M-TEL will be issued licenses to validate the situation, and ensure compliance with this policy.

- ***Other Services and Operators***

Other types of telecommunications service operators may provide service within Nigeria, subject to NCC rules and regulations on licensing (if any), service and technical standards, interconnection, and reporting obligations. These operators may include providers of non-basic, value-added, and specialised services, such as paging, private voice and data networks, public pay telephones and call offices, phonestops and telecentres, Internet access, and such other services as may be identified and proposed to NCC by industry participants. The NCC shall encourage

entrepreneurial and innovative market entry in these service markets by the private sector to the greatest extent possible. The NCC shall minimise regulatory and economic barriers to entry into the markets, while ensuring that they meet appropriate standards of quality, availability, affordability and fair competition.

- ***Global Mobile Personal Communication Services***

The GMPCS shall be permitted and services shall be issued in this regard. The terms of the license shall be published by NCC.

- ***Schedule of Telecommunications Services***

In implementing the market structure outlined in this policy, the Government and the NCC shall encourage the provision of telecommunications services listed in 1.2.1, as well as other services and technologies that may prove valuable to the public.

Convergence

The global trend is to evolve telecommunications policies that integrate the advantages of rapid technological developments in telecommunications, broadcasting, and the global information super-highway. Consequently, Nigerian communications laws will be reviewed and made more all encompassing in line with the international best practices, towards convergence of technological and market forces in the communications and information technology.

CHAPTER FOUR

COMPETITION POLICY

Imperative of Competition

The Federal Government of Nigeria will actively liberalize the telecommunications market and encourage the participation of the private sector at all levels. Accordingly, the Nigerian Communications Commission (NCC) will be charged with the responsibility of issuing licenses to all telecommunications operators, assignment of frequencies and numbering, and establishing and enforcing regulations that ensure fair and equitable competitive practices among all telecommunications operators.

Licensing

The NCC shall be authorized to issue operating licenses to all telecommunications service-providers to participate in all market segments, subject to the objectives of the National Telecommunications Policy. Licenses may be issued according to any of the following processes, or such other processes, as the NCC may deem appropriate:

- **Public tender invitation:** The NCC defines the parameters of new licenses and service markets to be opened, and invites via international and national advertising, qualified companies to submit tenders to offer such services, according to specified technical and regulatory standards.
- **Competitive bidding:** The NCC identifies specific market segments or services for which licenses will be awarded through a competitive process. This would potentially include bids for license fees, and the terms and conditions of competitive bids, including financial contributions if any. Firms will then be invited via international and national advertising to compete for the licenses.
- **Open application:** The NCC identifies services or markets which prospective operators may enter with minimum pre-qualification or bidding requirements, and invites open applications from all interested parties. This is done with a presumption that licenses will be issued to all legitimate applicants. The Commission may issue “class licenses” for all prospective operators in a market segment, such as non-facilities based re-sellers.
- **Unregulated entry:** The NCC determines that certain non-basic or value-added services and markets do not require any licensing or direct regulatory oversight of entry, and explicitly informs the general public of the opportunity to offer these services.

Each competitive licensing process shall be conducted in a public, transparent, and unbiased manner, with all criteria for application, award, and denial of license requests clearly disclosed to all parties and published for the enlightenment of Nigerians.

The Commission shall make the establishment of transparent licensing processes a priority among its revised functions, with the goal of awarding new licenses within the shortest possible time-frame.

Criteria for all license awards shall be based on the technical, financial, and managerial qualifications of the bidders, including their plans to roll out service and the appropriateness of their operational and organizational strategies.

Interconnection

The achievement of the goals of market-based competition in telecommunications requires that every operator has mandatory access to technically adequate and economically efficient interconnection with all other operators, especially those operating long distance and local access facilities. It is the responsibility of the NCC to ensure that such interconnection is available on a non-discriminatory and cost-oriented basis to all licensed operators. The Commission shall therefore establish a transparent set of Interconnection Rules, which shall encompass at least the following requirements:

- Every operator must allow all other operators full interconnection to its network at technically feasible and convenient points of interconnection, such that traffic may originate on one network and terminate on another, or otherwise pass across networks, without interference, signal deterioration, delay, or restriction.
- Any payments for interconnection or access services between operators should be based on the actual costs of such interconnection, and must be applied in a non-discriminatory and competitively neutral manner.

To the extent possible, the Commission shall mandate the voluntary negotiation of interconnection agreements among operators, in keeping with the above principles. The Commission shall nevertheless review all existing interconnection agreements to ensure that they meet these conditions, international best practices and consistent with other interconnect agreements in the industry.

For those situations where negotiated agreements are unduly protracted, the Commission shall serve as arbitrator of interconnection terms and conditions.

It shall establish a standard set of default interconnection terms that shall serve as the basis for defining operator relationships, subject to modification in the course of negotiations. The NCC shall also publish clear and appropriate studies and standards for any cost analyses required to support the development of equitable interconnection charges. Where adequate cost information is not readily available, the Commission may examine comparable interconnection pricing policies and price levels from international experience to establish fair benchmarks for operator interconnection charges in Nigeria.

Assignment of Frequencies and other Scarce Resources

The NCC shall have primary responsibility for the assignment and oversight of scarce resources required for the operation of certain telecommunications systems. These include the frequency spectrum, the national numbering plan, and access to common infrastructure such as telephone poles and underground ducts. In administering these resources, the Commission shall ensure that they are equitably distributed and available for utilisation by all operators in the market on a transparent, and non-discriminatory basis.

The NCC shall administer frequency assignments associated with the licensing of telecommunications operators. These assignments shall be made within the parameters of bulk spectrum allocations determined by the National Frequency Management Council.

The NCC shall develop a coherent national numbering plan to assign blocks of end user telephone numbers to competing operators. The numbering plan shall not discriminate among types of media or technologies, and shall ensure to the extent possible that Nigerians can choose among alternative service providers without confronting undue burdens in terms of dialing requirements or number portability.

Physical infrastructure resources, including poles and conduit, should be shared among all operators in a given geographic region to the greatest extent possible. Operators that own such resources must make access to them available for other, competing operators on a cost-oriented, non-discriminatory basis

Preventive of Anti-competitive Practices and Ownership

The NCC shall establish reporting and monitoring procedures for all operators in the market to ensure that no operator engages in anti-competitive practices relative to any other operator. The Commission shall investigate all complaints of such practices in a timely and impartial manner, and shall devise remedies for any violations that are consistent with the principles of fair competition, transparency, and regulatory efficiency.

The NCC shall also establish a compliance, reporting and monitoring system for the telecommunications sector to ensure that the ownership and control of services-providers neither impedes competition nor promote undue market dominance. The Commission shall investigate all complaints of such allegations in a timely and impartial manner, and make recommendations to Government for necessary action.

CHAPTER FIVE

RESTRUCTURING AND PRIVARISATION

Existing Public Enterprises

Consistent with the philosophy that the private sector will lead the future development of the Nigerian telecommunications sector to the greatest extent possible, controlling ownership interest in NITEL and M-TEL shall be transferred from Government to private investors. The privatized companies are expected to be restructured by the new owners to implement modern operational and management practices. Both companies will be issued new licenses by NCC, designating their role and responsibilities in the liberalized market. The restructuring and privatization of the sector shall be of the highest priority, and shall not delay or preclude other steps to open the telecommunications market to attract private investment and intensify competition, as outlined in this policy.

Corporate Restructuring

As part of the process of privatization, the Boards of Directors of NITEL and M-TEL shall be granted the authority to reform their organizational, management, and operational structure towards more efficient and market-oriented business practices. Specific decisions concerning these restructuring initiatives shall be at the discretion of the new management teams, subject to approval of the companies' shareholders, and applicable Nigerian company and commercial laws.

Privatisation

It is the intention of the Government that controlling interest in both NITEL and M-TEL shall be transferred to the private sector. The Government may retain minority, non-controlling ownership interest in the short run, although the Government's shares shall be under the control of an agency that is independent of both the Ministry of Communications and the Nigerian Communications Commission.

The process and timetable for the privatisation of these companies has been published by the National Council on Privatisation (www.bpeng.org). The privatisation programme is guided by the primary objective of expanding access to communications for all Nigerians, and ensuring that services are as affordable and technically advanced as possible.

NITEL and M-Tel Staff

Government will have due regards for the interest of the staff of the companies to be privatized within the provisions of their conditions of service.

CHAPTER SIX

ECONOMIC REGULATION

General

The objective of this policy is ultimately to establish a long-term telecommunications market structure in Nigeria in which multiple operators provide services on a competitive basis to the broadest range of customers. Under such a regime, competitive market forces would be the best determinant of the appropriate and sustainable levels of prices charged by various carriers for their services.

However, it is likely that for some interim period active competition will not fully develop throughout the market, leaving one or more dominant operators with the power to control pricing. In these circumstances, it is appropriate for the Nigerian Communications Commission to establish tariff regulation requirements for such dominant operators, which will ensure that service prices are cost-oriented, that consumers' and competitors' interests are protected, and that the industry develops in the most efficient manner possible.

Tariff Regulation

The NCC shall establish tariff regulation rules for dominant operators providing basic and essential services to the public and to other, non-dominant operators. In this regard, the Commission shall determine appropriate definitions and criteria for identifying an operator's dominance in a service market, and the essential nature of the services provided.

The tariff regulations that will apply to each operator shall be established at the time a license is issued. Similar tariff rules and requirements shall apply to operators in similar markets on a non-discriminatory basis.

In determining a tariff regulation regime, the Commission shall be guided by the following principles:

- Telecommunications service tariffs shall in all cases be cost-oriented, reflecting the actual cost required by operators to provide the services in question;
- Tariff setting rules must be transparent to both operators and their customers, with stable, predictable, and understandable standards for current prices and for changes to those prices over time;
- Telecommunications service tariffs shall generate sufficient revenues for regulated operators to compensate for their investments, while also seeking to be as affordable as possible to the broadest range of potential service customers;
- In general, cross-subsidies between services or service categories shall be prohibited. In certain cases, limited cross-subsidies may be permitted, only in connection with an explicit public purpose such as the promotion of universal access, and where such subsidies can be effectively targeted to accomplish that purpose at minimum cost.

To the extent that the present tariff levels of NITEL and M-TEL are found to be inconsistent with these principles, the NCC shall undertake a tariff review and re-balancing process, in coordination with the privatization and restructuring of the companies.

CHAPTER SEVEN

THE INTERNET

Importance of Internet

Government realizes the immense opportunities that the Internet offers today and the future prospects it promises. Government shall make all efforts to promote the rapid development of Internet infrastructure, services and content.

Strategies

- Government shall encourage the provision of the elaborate infrastructure required to have fast and reliable Internet access through institutional and private sector participation.
- Government shall encourage the development of Internet content that will promote the social, economic and political development of Nigeria.
- Government shall continue to closely monitor the emerging applications of the Internet in areas such as banking, telephony as well as e-commerce and enact appropriate legislation and incentives that will encourage their use to promote rapid socio-economic development.
- Government shall promote the use of the Internet in health, agriculture, education and research, and encourage private sector participation in this project.

CHAPTER EIGHT

SATELLITE COMMUNICATIONS

Satellite Systems

Government recognizes the cost effectiveness of communications satellites for achieving national coverage and provision of international links in the telecommunications and broadcasting sectors. Government shall continue to support and utilize satellite systems, including VSAT and encourage institutions and private organizations to do so, in order to realize the foregoing objectives.

Strategies

- Government shall support and encourage institutional and private sector participation in all satellite systems including RASCOM,
- Government shall ensure the execution of all instruments related to GMPCS (ITU- GMPCS MOU) for Nigerians to derive full benefit from this technology,
- Government shall encourage the development and launching of a Nigerian communications satellite system by the private sector within this decade
- Government shall encourage the deployment of V-SAT systems to improve the delivery of telecommunications services throughout the country.

CHAPTER NINE

UNIVERSAL ACCESS

Universal Service Obligation

The long term objective of this policy is to enable all Nigerians have access to all forms of modern information and communications technologies and services. This would support the economic, social, and political development of the country and its integration into the global information society. Government will encourage the development of telecommunications services in the rural areas to promote rapid socio-economic development. Furthermore, our educational institutions will be afforded access to basic and advanced telecommunications services in order to enhance and sustain educational standards nationwide.

Toward these ends, the Government, the Ministry, the Nigerian Communications Commission and other public agencies, as well as all private operators and market participants, would collaborate on the development and implementation of policies and strategies to achieve these goals as rapidly and effectively as possible.

Universal Access Initiatives

The Ministry of Communications shall formulate policies on universal access, including specific targets to be achieved over a given period of time. The NCC is responsible for promoting specific regulatory and market initiatives, including defining development targets and other interim and long term goals for national communications access. Such initiatives may include the following types of strategies:

- Open market entry in unserved areas
- Establishment of Universal Service Fund
- Competitive license bidding based on investment commitments
- Franchise minimum rollout obligations
- Community Telecenter development projects
- Public-private financing of infrastructure construction projects
- Cross-sector investment and development projects

The NCC shall design and promote mechanisms for defining policy options and programs to achieve universal access, with the participation of industry, community representatives and other stakeholders.

Funding Universal Access

The most effective and sustainable means for realising universal access is directly from the revenues generated by services provided to customers. In the event that revenues are insufficient to support needed investment or operating expenses, additional financial support may be sought from one or more of the following sources:

- Contributions from licensed operators

- Government funding sources
- Outside donor agencies
- Commercial lending programs (with government guarantees)

Any obligatory contributions to financing universal access by regulated telecommunications operators shall be administered in a transparent, non-discriminatory, and competitively neutral manner, and shall be applicable to, and imposed on all participants in the relevant market segment

CHAPTER TEN

FINANCE AND FUNDING

General

Improving the availability, efficiency and affordability of telecommunications services in Nigeria requires considerable financial, human and technological resources. With the focus of Government on investing in the social sectors, the private sector is expected to be the primary promoter of telecommunications development.

The liberalization policy of Government shall be pursued vigorously to attract private sector participation in the telecommunications sector. The tariff structure shall be market-driven, enabling service providers and operators to recover their investments over a reasonable period of time in an open and competitive manner.

Strategies for Finance and Funding

- Government shall provide incentives to investors to enable them grow rapidly and efficiently. Such incentives shall include:
 - Taxes and import duties shall be no less attractive than those for essential electrical and electronic goods; Fiscal incentives shall be provided to encourage the local manufacture of telecommunications equipment and development of related software;
 - Simplification of procedures and requirements for the importation of telecommunications equipment.
 - Granting of pioneer status to qualified investors in the telecommunications sectors.
- Government will ensure that licenses granted for operation in profitable areas may include obligations for provision of telecommunications services in rural or less profitable locations; and
- Government shall ensure that the NCC simplifies licensing and regulation procedure to encourage rapid inflow of private investment.

CHAPTER ELEVEN

HUMAN RESOURCES DEVELOPMENT

General

Continuous education and training of personnel for the telecommunications industry is necessary to keep up with rapid technological changes. Government shall therefore support the establishment of suitable training facilities and encourage the provision of appropriate courses in tertiary institutions.

Strategies

- Government shall support the establishment of a national institute of telecommunications (NIT) for the training and development of requisite human resources.
- Telecommunications companies shall be encouraged to train indigenous personnel and support the NIT., universities and polytechnics; and
- Universities, polytechnics and technical colleges shall be encouraged to offer courses in telecommunications engineering and management. The National Universities Commission (NUC) and the National Board for Technical Education (NBTE) shall ensure compliance with this policy objective.

CHAPTER TWELVE

RESEARCH AND DEVELOPMENT

Research

Research is necessary for the technological development of the nation. Government shall promote research and development (R&D) in telecommunications and encourage the operating companies and the NCC to support such efforts in relevant institutions.

Strategies

- The National Institute of Telecommunications shall have a research center to carry out R&D in telematics and telecommunications infrastructure development.
- Government shall promote collaborated R&D efforts amongst NCC, the operators, educational institutions and international agencies.

CHAPTER THIRTEEN

DOMESTIC HARDWARE/SOFTWARE DEVELOPMENT

General

The domestic production of telecommunications hardware and software is desirable for national development and, in particular, the telecommunications industry.

Government shall therefore encourage domestic production of telecommunications equipment, components and software to meet local and export demands.

Strategies

- Government shall actively encourage the establishment and expansion of domestic capacity to produce hardware and software for the telecommunications industry.
- The Nigerian Communications Commission shall ensure that the domestic production of hardware and software complies with international technical standards and quality;
- Government shall encourage joint ventures between Nigerian and foreign entrepreneurs towards the production of telecommunications equipment and software;
- Government shall promote the development of the telecommunications sector as an integral part of the National Industrial Policy of Nigeria; and
- Government shall encourage the patronage of locally manufactured products.

CHAPTER FOURTEEN

SAFETY AND NATIONAL SECURITY

General

The protection of life and property rights as well as the promotion of national security are vital for overall economic development. Accordingly, Government shall ensure that telecommunications operators comply with generally accepted standards for provision of special services for safety, emergency and national security.

Strategies

- Government shall ensure the protection of life and property of all citizens and safeguard telecommunications infrastructure;
- Government shall ensure the provision of telecommunications services for emergency and distress situations in all parts of the country (on land, sea and air) and support international co-operation in this regard;
- Government shall ensure that laws relating to telecommunications offences are kept under constant review and enforced; and
- All telecommunications matters relating to the defense and security of the nation shall be restricted to Nigerians only.

CHAPTER FIFTEEN

INTERNATIONAL CO-OPERATION

General

International co-operation in telecommunications is essential for setting up standards in the operation of telecommunications systems and it also affords countries the opportunity of taking advantage of the experiences of other nations in telecommunications development. The ITU, its organs and other relevant international organizations provide suitable vehicles for the achievement of these objectives. Bilateral arrangements may, in addition, be explored for the same purpose.

The Government shall ensure that Nigeria meets its international obligations and participates actively in all international telecommunications activities whose objectives would promote telecommunications development in the country.

Strategies

Government shall:

- accord priority to the country's participation in the various projects aimed at rapid development of the African regional telecommunications network, particularly the Pan African Telecommunications networks (PANAFTTEL) and the SAT 3/WASC/SAFE Projects;
- ensure effective participation of Nigeria in the activities of various international organizations, in particular the ITU, Intelsat, INMARSAT, WTO and their organs;
- encourage NCC and all operators to take advantage of the opportunities available at international levels to promote the achievement of their set goals and objectives;
- support the effort of the Economic Community of West African States (ECOWAS) in harmonizing telecommunications development in the region;
- encourage and support the export of locally manufactured goods and services to other African countries.
- encourage and support other West African regional integration initiatives in telecommunications development, harmonization of the regulatory policy and promotion of direct communications links.

CHAPTER SIXTEEN

POLICY IMPLEMENTATION AND REVIEW

Policy Implementation

The National Telecommunications Policy shall be implemented through the following instruments:

- An implementation machinery shall be set in motion immediately after approval of the policy;
- A National Telecommunications Forum shall be organized by the Ministry of Communications with the participation of relevant organizations and stakeholders; and
- Annual reports on telecommunications development in Nigeria shall be prepared and published by the Ministry of Communications.

Policy Review

The policy shall be reviewed from time to time by government to take cognizance of changes in standards, technologies, markets, and any other matters that may arise from its implementation.

CHAPTER SEVENTEEN

CONCLUSION

The National Telecommunications Policy presents, inter alia, the policy objectives of the Federal Government of Nigeria in:

- promoting the deployment and utilization of telecommunications infrastructure and services;
- accelerating the socio-economic and political development of the nation; and
- enhancing the quality of life of the Nigerian citizenry.

The historical development and the present status of the telecommunications industry in the country are briefly described. The short and medium term objectives are clearly spelt out. The industry structure, competition policy and economic regulation that are required for the effective implementation of the policy are highlighted. The guidelines and strategies for the achievement of the objectives of the policy are also clearly described.

The Federal Government of Nigeria is confident that if the policy is implemented, its citizens will reap the benefits of improved and affordable telecommunications as the engine of growth of the national economy.