

NIGERIA: Towards Enhancing Affordable Broadband Access

Background

Nigeria has recorded a 200% growth in Internet users between 2009 and 2013, overtaken South Africa to become Africa's largest economy and its population is expected to surpass that of the US by 2050. In numbers, this translated as 55 million Internet users in 2012, same with the number of Internet users in the UK. By 2013, Nigeria Internet users had grown by 14%, to make up about 62.4 million users with the UK seating at about 57 million (DigitXplus, 2014). This seats Nigeria at the top of the ladder in terms of growth in number of Internet Users in Africa. The World Bank and the International Telecommunications Union (2013) report on Internet Access details how Nigeria, with a population of 173.6 million has 33% Internet users, 10% Mobile Broadband subscribers and a Gross Domestic Product per capita of \$3,010.

Top 10 Internet Service Providers in Nigeria (October 2012)

Rank	Internet Service Provider (ISP)	Broadband Speed(s)
1.	Netcom Africa Limited	21.63 Mbps
2.	Mainone Cable Company	9.47 Mbps
3.	Globacom Ltd	7.72 Mbps
4.	Provider LIR	5.38 Mbps
5.	Visafone Communications Ltd	3.01 Mbps
6.	Swift Networks Ltd	2.12 Mbps
7.	EMTS Limited/ Etisalat Nigeria	2.02 Mbps
8.	GS Telecom Nigeria	1.63 Mbps
9.	MTN Nigeria	1.36 Mbps
10.	ipNX Nigeria Limited	1.32 Mbps

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Data as at November 13, 2012
Source: NetIndex by Ookla

Limiting Factors for Nigerian Broadband Access

Cost: The high cost of internet access remains one of the fundamental reasons why internet access is not present in most homes in the country; while some homes in cities like Lagos, Port Harcourt, Abuja among others have internet services at home, a high number of internet users still seek refuge in cybercafes for internet access while others rely on their offices for access.

Broadband remains unaffordable for the vast majority of Nigerians. A fixed broadband plan costs about ₦9,000, or 50% of national minimum wage of ₦18,000 (\$110), per month. A mobile broadband plan cost ₦3,000 or 17% of the national minimum wage. The International Telecommunications Union (2013) puts cost of fixed broadband and mobile broadband at 39% and 13% of average monthly income respectively.

The Alliance for Affordable Internet (A4AI), the Federal Government, and ICT stakeholders in the country continue to deliberate on ways to bring down the cost of Internet in Nigeria.

Despite having broadband service providers like MainOne, Glo 1, SAT3 and WACS, the cost of Internet access in Nigeria is still high compared to other parts of the world, and even some African countries. Recently, the Minister of Communication Technology indicated that the cost of 3G packages, per year, of broadband Internet access has reduced. An average Internet user in Nigeria would likely dispute this.

Political buy-in: The large size of the country and getting state governments from different political parties to implement the national policy on broadband are some of the major challenges facing the implementing stakeholders as far as the National Broadband Plan is concerned.

Infrastructure: It is no news that some African countries like Kenya are ahead of Nigeria in terms of internet penetration and access on the notion that their governments built nationwide infrastructure backbone, allowing private sector to run it at a determined low cost and making sure that every Internet Service Provider (ISP) has equal access to available broadband capacities.

Policy ecosystem: The high cost of Internet access in Nigeria cannot be divorced from government policies. Multiple taxation, no doubt, contributes to the cost of access, as the telecommunication operators have no one else to pass the burden to than the subscribers in the form of high cost of services. Right of Way and yearly charges for telecommunication infrastructure by agencies of government also contribute to the high cost of Internet access.

The regulator of the telecommunications industry, other than compel operators to abide by the law and improve on quality of service, have been known to fine for poor service delivery.

Efforts to Improve Broadband Access

Access to the Internet through the Global Systems for Mobile communications networks has risen by 96.3 per cent in the past year in Nigeria, according to DigitXplus, the digital unit of MediareachOMD Nigeria. With a majority of Internet-savvy Nigerians now accessing the Internet via mobile devices, there are strong indications that the Federal Government is looking at deepening Internet penetration by leveraging mobile phones. Experts in the ICT sector believe that more growth potential still abounds in the segment.

The Nigerian Communications Commission (NCC) is working on an Open Access model to achieve 80% Internet penetration in Nigeria by 2017. The telecommunications regulator aims to enable the setting up of the needed infrastructure and a framework for broadband access nationwide.

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The Minister of Communication Technology has also urged the private sector to come up with plans on how to manufacture low cost devices that would enable more Nigerians have access to the Internet. Currently, RLG Communications has established a \$50m plant situated in Osun State focussed on building localised handsets, with another already in an advanced stage of entry into the country.

In 2013, the Federal Government expressed worries over the 100 per cent dominance of the mobile phone production and assembly market by foreign companies. The development, which was confirmed in a recent review of the sector by the Ministry of Communication Technology, informed the putting together of a stronger local content guideline by the Federal Government. To reverse the foreign dominance, the government is currently working towards creating enabling environment for innovation, lower market-entry barriers and increase participation by Nigerian companies, while also encouraging the offshoot of new technology businesses.

The Way Forward

Broadband penetration is a core driver of economic development, driving innovation, directly impacting on all sectors of the economy/businesses, enabling the establishment of more SMEs, and creating social advancement. It also directly empowers young entrepreneurs by increasing their access to information and eliminating frustrations associated with Internet access.

There is therefore an increasing need for all players to actively address the issues of cost, speed, reliability, and quality of service, affordable devices and competition in the country.

The Federal Government has a national framework tagged **Nigeria National Broadband Plan (2013 – 2018)**, and a Broadband Council responsible for its implementation. At the core of this plan is the goal to increase broadband penetration five-fold within the next 5 years, from 6% in 2013 to 30% in 2018.

As part of the Broadband Plan, the NCC recently auctioned the 2.3GHz spectrum to Bitflux Communications to deliver high speed internet to Nigerians. It also announced its plans to license six geo-political Infrastructure companies (InfraCos) that will improve provision of broadband services through the use of critical Information and Communications Technology infrastructure across the country. Nevertheless, it is imperative that there is the political will supporting the National Broadband Plan's assertion that "For Nigeria to become one of the world's leading economies by year 2020, high-speed broadband networks that will provide every Nigerian with fast, reliable and affordable Internet access, is a fundamental requirement."

The Industry Working Group (IWG) on Multiple Taxations has also sought the discontinuance of illegal taxes/multiple regulations on telecommunication infrastructure as a strategy to deepen ICT penetration and improve the Quality of Service (QoS), National Security and overall socio-economic development of the country, as well as facilitate the designation of such infrastructure as Critical National Infrastructure (CNI).

The government, at all levels and their agencies, need to see telecommunications operators as partners in progress, and the National Assembly should also pay attention to stakeholders' call for telecommunications infrastructures to be declared critical national infrastructure.

It is very important that broadband becomes a universal service at very low cost to the people because of its impact on education and health. Cheaper Internet access will reduce the cost of doing business in Nigeria, thereby giving Nigerian entrepreneurs a competitive edge. Government should implement policies that will promote innovation, discourage monopoly and improve affordability.

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Internet Population and Penetration

