



Ministry of Communication Technology

***The Information and Communication  
Technology (ICT) Industry in Nigeria: A Roadmap***  
 presentation at: “Roundtable on Creation  
 of a Digital Economy and Information Society in Nigeria”

THE HONOURABLE MINISTER OF COMMUNICATION TECHNOLOGY  
 MRS OMOBOLA JOHNSON

22 September, 2011

## Outline



- The Mandate of the Ministry
- The Nigerian ICT Industry: Key statistics
- The Nigerian ICT Industry: Structure and characteristics
- The Nigerian ICT Industry (As-Is)
  - Growth potential
  - Opportunities for job creation
  - Challenges and opportunities
  - Priority areas for intervention
- Policy Direction and Intervention (2011 – 2015)
- The Nigerian Digital Economy (c2015)
- The Nigerian Digital Economy (c2015): Key statistics
- Policy Direction and Intervention: Immediate priorities
- What Role for the Private Sector?

## The Mandate of the Ministry



ICT Sectoral Superintendence through evolution and administration of forward looking policies developed in partnership with all sector stakeholders and designed to create an increasingly vibrant ICT industry capable of enabling Nigeria to bridge the digital divide and appropriate the full benefits of ICTs.

Creation of a focused, effective and integrated Regulatory Framework for the implementation of Government ICT Policies in order to meet the goals and objectives contained therein.

Advise and Consult for Government on necessary ICT developmental and support mechanisms that will enable the achievement of universal access to ICT services, thus generate wide usage of ICTs and leverage this access and usage to accelerate national development.

## The Mandate of the Ministry



Support the Government's ICT Legislative agenda that will serve as a legal structure for implementing government policies and achievement of its goals and objectives in general and for the ICT sector in particular.

Lead and coordinate, with the support of the public and private sector, Nigeria's engagement of the international community on the area and subject matter of ICTs

Oversight of use and management of scarce national and public resources that are crucial for the development and functioning of the ICT sector.

Support the use of ICTs for the facilitation of efficient, effective and transparent governance in Nigeria.

## The Nigerian ICT Industry: Key Statistics (2010)



Contribution of ICT Industry to GDP	3.5%	Broadband Penetration	6.1%
Mobile Penetration (per 100 people)	58.50	PC Penetration (Number of PCs per 100 people)	4.7
Fixed Penetration (per 100 people)	0.70	Computers Assembled in Nigeria	<500,000
Internet Penetration (per 100 people)	22.1	Number of registered ICT companies	350
Internet Users ('000)	33,576	ICT Professionals	NA

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5

## The Nigerian ICT Industry: Structure



### Telecommunications

- Mobile Network Operators
- Satellite Operators
- Fixed-wireless Operators
- Fixed-wireline Operators
- Internet Service Providers
- Network infrastructure Providers

### Value Added Services

- Technology Consulting
- Shared Services
- Content Development
- Content Providers
- Training and Educational Services
- Transaction Services/Switching

### Infrastructure Services

- Disaster Recovery / Business Continuity
- Infrastructure Outsourcing
- Application Hosting
- Data Center

### Equipment Suppliers

- Assembly
- Sale and Distribution
- Maintenance and Repairs

### Devices

- Assembly
- Sales and Distribution
- Maintenance and Repairs

### Support Services

- Distribution Channel Operators
- Sale and Distribution of consumables

### Software

- Development
- Sale and Distribution
- Installation and Customisation
- Support & Maintenance

### Business Process Outsourcing

- HR
- Finance
- etc

### Call Center Operations

- Outsourced

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6

## The Nigerian ICT Industry: Characteristics



- The Nigerian ICT industry is a predominantly service-based industry that is characterised by:
  - Dominance of basic voice and data communication services provided by telecom companies, in particular mobile (GSM) operators
  - Limited manufacturing and assembly capabilities for ICT equipment and devices
    - These are predominantly sold by companies that have established channel partnership with global manufacturers
    - There is also an increasing 'grey market' of ICT equipment, devices and peripherals
  - Delivery of content is mainly through conventional media such as television, radio and newspapers. Content delivery via the Internet is limited but increasing
    - Internet penetration is low, predominantly via mobile phones, and whilst international bandwidth capacity has improved terrestrial national capacity is lagging behind

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7

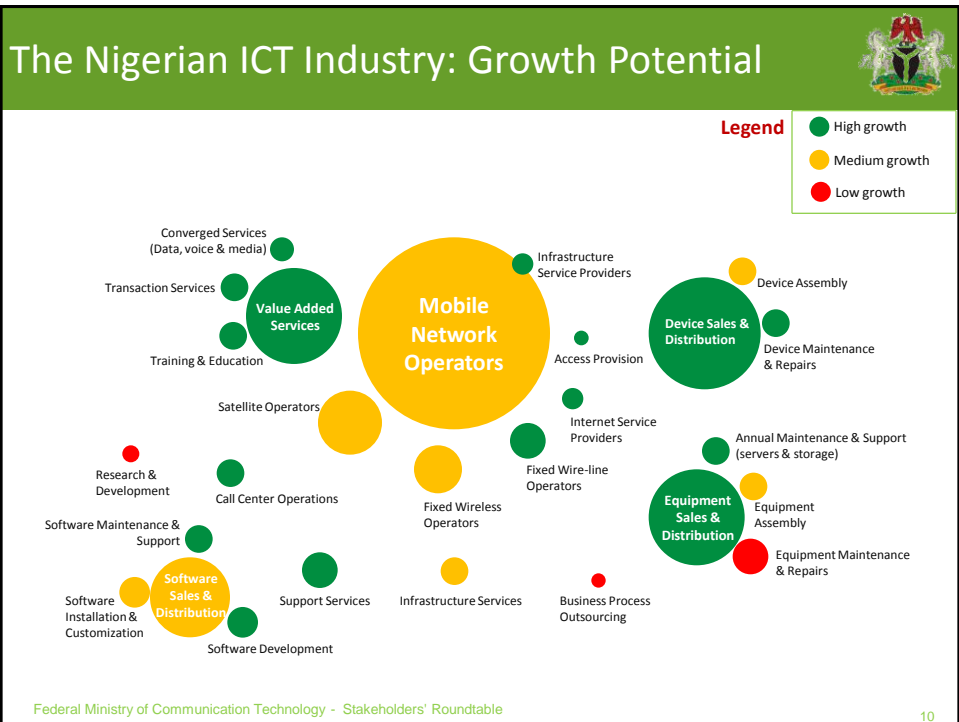
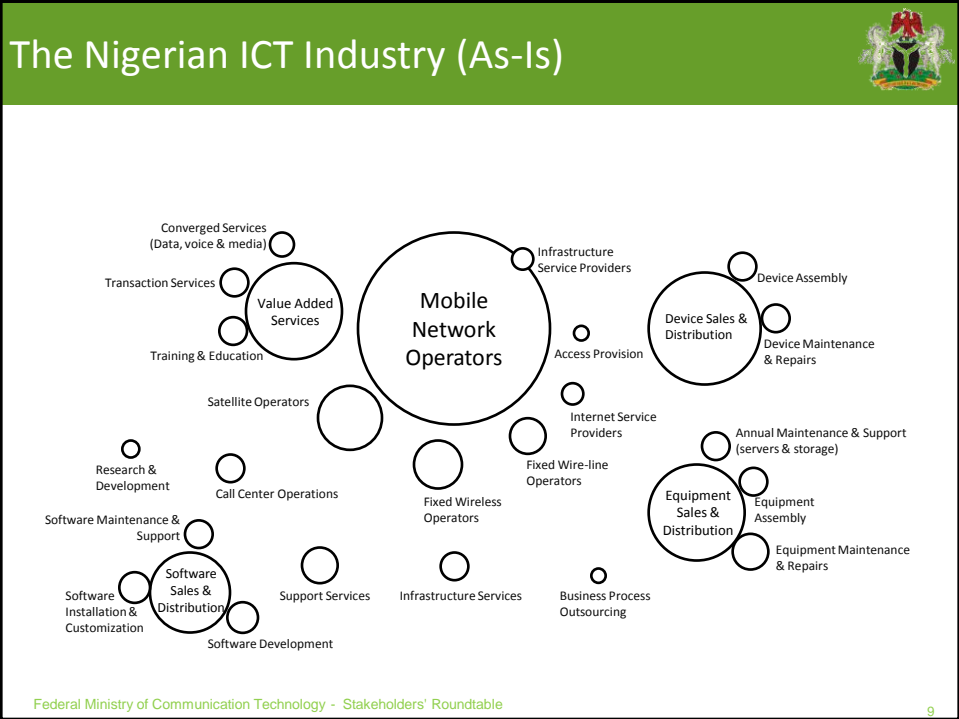
## The Nigerian ICT Industry: Characteristics



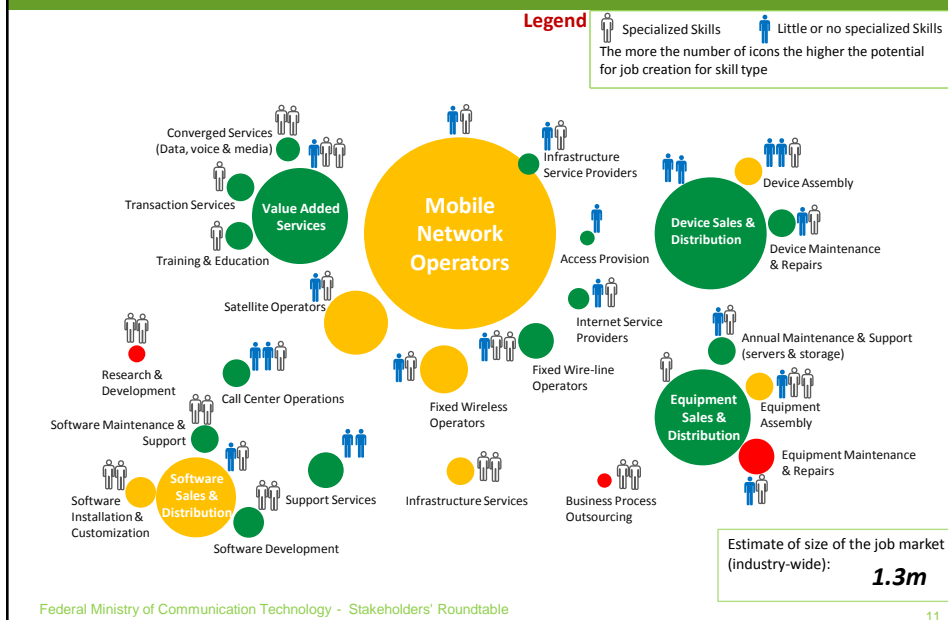
- The Nigerian ICT industry is a predominantly service-based industry that is characterised by:
  - Highly fragmented markets; exemplified by proliferation of small players with low-value offerings
    - Delivery of value-added services such as network and systems integration is mostly for corporate customers (that are comparatively few in number)
  - Manufacturing/Assembly of hardware exhibits very low growth due to lack of essential support infrastructures which limit opportunities and raise entry barriers
  - Software development, and the software industry in general, is underdeveloped due to paucity of skill despite a ready and untapped market

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8



## The Nigerian ICT Industry: Job Creation Potential



11

## The Nigerian ICT Industry: Challenges and Constraints

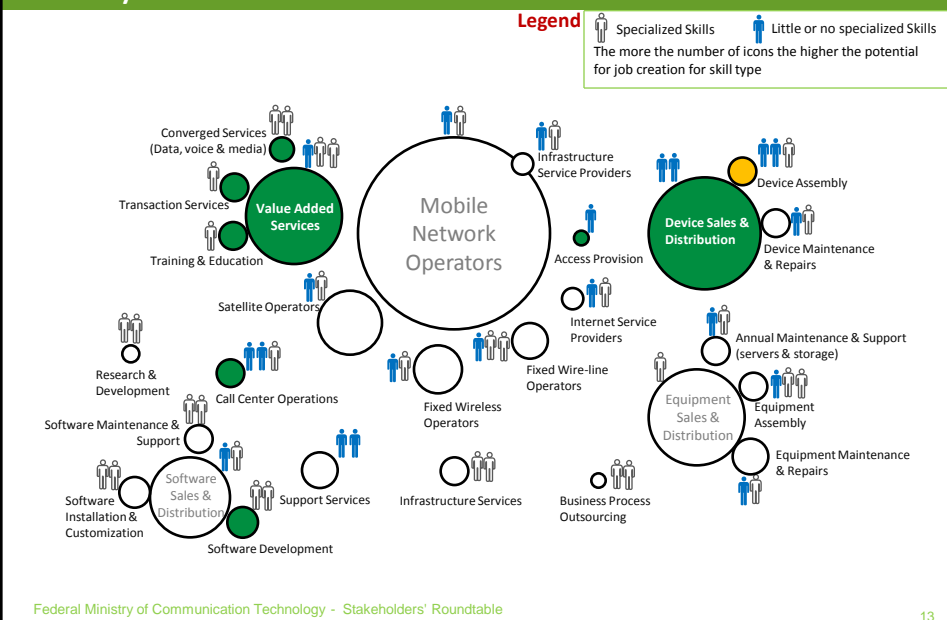


- Fragmented IT industry (increases cost to businesses and results in weak interorganisational linkages that are key to a robust national ICT industry and economic productivity)
- Perceived success of the Telecoms industry (and the tendency for it to be viewed as a source of revenue generation by different tiers of government and their agencies)
- Vulnerability and insufficient management of critical resources and essential facilities (important prerequisite for efficient infrastructure development)
- Disparate availability, and un-coordinated development of ICT skills and capacity

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12

## The Nigerian ICT Industry: Priority Areas for Intervention



## Policy Direction and Interventions (2011-2015)



- **Software Development:**
  - Raising awareness and strengthening implementation of intellectual property laws;
  - Setting up ICT Parks/ Digital Havens (equipped with physical/service infrastructure; proximity and access to skilled human capital etc.)
  - Promoting local software innovation
  - Promoting market research and R&D initiatives
  - Promoting investment in skills required to drive the industry
  - Articulating and publicising eGovernment and mGovernment requirements and encouraging industry to proffer solutions
- **Call Centre Operations:**
  - Stimulating the broadening and deepening of ICT infrastructure
    - Broadband backbone infrastructure
    - Access (at business and household levels)
    - Shared access infrastructure leveraging physical structures
  - Facilitate the scale and scope of the domestic call centre market by:
    - Initiating the creation of an out-sourced call centre that manages government information services.
    - Expanding services to include transactions in the medium term

## Policy Direction and Interventions (2011-2015)



- **Device Assembly, Sales and Distribution:**
  - Advocating for local assembly of devices (in circumstances where demand can be pooled and consolidated into a significant market)
  - Promoting markets for locally produced devices (whilst avoiding protectionism)
  - Strengthening the implementation of quality assurance processes so as to improve credibility
  - Facilitating the ease of importing components and exporting devices
- **Value-added Services:**
  - Stimulating the broadening and deepening of ICT infrastructure
  - Advocating for enactment of legal framework to facilitate e-Government & e-Commerce initiatives
  - Implementing e-Government initiatives and promoting the utilisation of shared services amongst government institutions
  - Promoting delivery of training and capacity building
  - Deploying ICT Cadre in all Ministries to improve quality and value delivery in government ICT

## Policy Direction and Interventions (2011-2015)



- **Access Provision:**

Growth in this area is predicated on improvements in other sub-sectors and requires a two-prong approach:

  - a. Increase access to ICTs in rural areas and amongst marginalised groups/ segments of the population
    - Increase penetration of network services in rural areas
    - Phased subsidisation of provision of bandwidth to rural areas through differential pricing
    - Upgrade physical and ICT infrastructure of post offices and postal agencies – equip as ICT access points, and support other forms of public access venues
  - b. Increase adoption of ICTs by the Nigerian population
    - Initiating programmes that allow businesses and citizens to access government information via ICTs
    - Support initiatives that increase presence of government, businesses, and individuals online

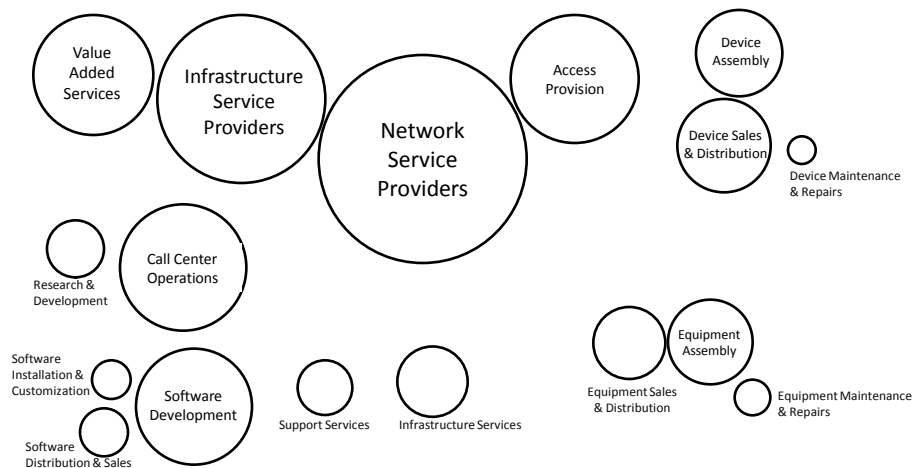


## Policy Direction and Interventions (2011-2015)



- The Ministry will also contribute towards creating an enabling environment by:
  - Collaborating with other MDAs to create an investor- and business-friendly environment including the acceleration of provision of enabling infrastructure (e.g. power)
  - Promoting regulation to increase competitiveness in the market and achieve level playing fields in a broad range of sub-sectors
  - Promoting legislation that facilitates/supports the digital economy and information society (cybersecurity, electronic transactions, privacy, intellectual property etc.)
  - Creating and implementing frameworks to guide the establishment and governance of collaboration and partnerships between Nigeria and countries with developed IT industries
    - Emphasising “partnerships of equals and/or peers” and optimising the matching of skills with (Nigerian) markets
  - Supporting open and interoperable standards

## The Nigerian Digital Economy (c2015)



## The Nigerian Digital Economy: Key Statistics (c2015)



Contribution of ICT Industry to GDP	5%	Broadband Penetration	12%
Mobile Penetration (per 100 people)	80.0	PC Penetration (Number of PCs per 100 people)	12
Fixed Penetration (per 100 people)	2.0	Computers Assembled in Nigeria	1m
Internet Penetration (per 100 people)	34.0	Number of registered ICT companies	350
Internet Users ('000)	70,000	ICT Professionals	260,000

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19

## Policy Direction and Interventions: Immediate Priorities



- Harmonize the various disparate policies that currently govern the ICT sector and development of a National ICT Policy
- Accelerate the roll-out of broadband infrastructure (inc. securing critical resources and essential facilities)
- Increase online presence of Nigerian businesses and institutions through collaborations/partnerships
- Articulate eGovernment and mGovernment requirements
- Create an ICT Cadre in all Ministries to ensure quality and value driven ICT services
- Refocus and strengthen agencies and parastatals under the supervision of the Ministry

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20

## Policy Direction and Interventions: Immediate Priorities



NCC	ICT industry regulation
NITDA	IT industry support and development
NIPOST	Postal service delivery and access infrastructure
Galaxy Backbone	ICT infrastructure provision for Federal Government and its agencies
NIGCOMSAT	Commercialisation of Government's satellite resources
USPF NITDF	Managed fund to incentivise universal access
NFMC	Prudent and co-ordinated allocation of frequency resources
Ministry of Communication Technology	Policy formulation Policy impact assessment Supervision and oversight of all MDA ICT related projects and initiatives

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21

## What Role for the Private Sector?



- Increasing the participation of Nigerian companies in the ICT Industry
  - (for multinationals) Increasing the priority of the Nigerian market within the organisation and deepening the expertise of Nigerian subsidiaries
  - Engaging in more collaborations/partnerships with Nigerian businesses (“partnerships of equals and/or peers”)
- Investing in the ICT industry
  - engaging in sustainable investments that provide long-term value
- Developing local talent in line with the vision of the Government to build a digital economy and information society

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22



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