

Digital Inclusion in Nigeria:

The contribution of mobile to economic and social development

Mobile services connect over 45% of Nigeria's population and deliver widespread social and economic benefits. With fixed line penetration only at 0.2%, mobile is best placed to extend access to connectivity in the future.

In **2014**
the mobile ecosystem
contributed USD

8.3 billion
in value add to the Nigerian economy.

This includes the direct impacts generated by mobile operators, the indirect impacts from the ecosystem enabled by mobile within Nigeria and the induced effect created by direct and indirect spending across the economy as a result.

 The overall estimated impact generated by the mobile ecosystem in 2014 represented

1.4% of
Gross Domestic Product.

Key findings



Mobile operators paid USD **850 million** directly to the government in tax payments.

This includes general taxes like VAT, customs duties and corporation tax, as well as a number of sector-specific regulatory fees and several local taxes and fees levied by different government bodies.

Additionally, the mobile ecosystem contributes an estimated USD **810 million** in payments to the government.

Further tax payments as a result of induced impacts in the wider economy amounted to USD **660 million** in 2014.

The mobile ecosystem supported the creation of **164,000 jobs across Nigeria in 2014.**

It is estimated that in 2014, mobile operators directly employed over 13,000 Full Time Equivalent employees ("FTEs") in Nigeria, with a further 151,000 FTEs generated in the wider mobile ecosystem as a result of the interactions with mobile operators.

Of these, over **118,000**  are airtime dealers and retailers operating from supermarkets, technology stores and smaller independent points of sale.

Doubling the 3G mobile broadband penetration rate from **17% to 34%** has the potential to increase the growth rate of annual GDP per capita by **2.4 percentage points** in the medium term.



Mobile promotes digital inclusion, enabling 83 million Nigerians to benefit from the exchange of information for business and social purposes, increased productivity, and improved access to information.

Mobile technology is an enabler for growth across all sectors of the economy, from agricultural production and distribution to banking.

Mobile services provide users with access to essential information such as health advice, educational tools, and government services. Continued investment in the sector by mobile operators has spurred the growth of a diverse and growing local ecosystem that includes equipment providers, app developers and value added service providers, and handset and airtime dealers, enabling many Nigerians to enjoy the benefits of connectivity.

The mobile sector could help deliver even greater growth and support the government's development strategy by addressing the barriers to mobile internet access and usage:

- Affordability is a concern for many Nigerians, particularly those with lower incomes. The cost of using a mobile phone represents around 5% of personal income in Nigeria, which significantly exceeds the cost in many other developing countries.
- 3G coverage is available for 51% of the population, while 2G coverage is available for 87%. Access and coverage gaps are especially significant for rural populations, and this threatens to worsen Nigeria's socio-economic divide.
- Further investment is needed to improve quality of service and to introduce innovative services to consumers. Industry investment is constrained by a number of policy and environmental issues, such as the high costs of rights of way, delays in obtaining permits, disruptions to the electricity supply, underdeveloped road infrastructure, frequent damage to networks, and a complex tax structure.

Supported by a transparent and efficient policy environment, the mobile sector has the potential to further contribute to economic and social prosperity and the advancement of the knowledge economy in Nigeria. Therefore, the mobile industry calls on the newly elected government and the Nigerian Communications Commission to:

- **Reduce inefficiencies in the tax structure:** this represents an opportunity to improve affordability for consumers and incentivise operators to invest in networks and services. Local and regional authorities target taxes and fees specifically to the mobile sector. In addition, due to mobile operators' national footprint, they must engage with – and frequently pay – authorities and regulatory bodies in every jurisdiction.
- **Allocate low frequency spectrum to mobile operators:** this will be key to ensure better quality of service and expand network coverage. A clear roadmap outlining the timing and the award process for licensing additional spectrum is critical for investment certainty.
- **Encourage higher quality of service:** the Nigerian Communications Commission has identified a number of factors that impact the quality of service, including inadequate power supply, multiple taxation and regulation, vandalism of telecom infrastructure, right of way challenges, and infrastructure deficit. These need to be addressed to support service quality.

