




# Achieving economic growth and fiscal stability in Niger through supporting affordability and enhancing digitalisation

The mobile sector is a key contributor to Niger's economy. Mobile unique subscriber penetration has grown from 3% in 2006 to 24% in 2016. There are around 5 million Nigeriens with access to mobile telephony now. Despite over 81% of Nigeriens living in rural areas, at least 80% of the population are covered by a 2G mobile network.

It is recognised that the mobile industry in Niger has had a transformative effect on the social and economic development of the country. **Mobile promotes digital and social inclusion. With higher penetration, many more Nigeriens could benefit from innovative services, increased productivity, and improved access to information.** This has been supported by continued investment by the mobile sector, against the backdrop of the Government's national plan which aims to promote private sector development alongside other strategic goals. Further, the government has commendably set out the target for 100% national coverage and 70% penetration rate by 2021.

To support these ambitious goals, GSMA's recent report by Deloitte - "**Digital inclusion and mobile sector taxation in Niger**", examines the role of tax policy in stimulating mobile uptake, digital inclusion, infrastructure investment, employment and broader economic growth.



The vast majority of the  
**5 million**  
 mobile subscribers in Niger use 2G services

Mobile broadband penetration is among the lowest in the world, at 1 percent in 2016



The limited fixed infrastructure and relatively low take-up of mobile broadband in Niger is reflected in overall internet usage, which was less than

**2%**  
 of the population in 2015

**Affordability is a concern for Nigeriens, particularly those at the bottom of the pyramid**



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

For the poorest 20% of the population, the estimated cost of voice and SMS services amounts to **96%** OF AVERAGE MONTHLY INCOME

Taxes and regulatory fees may increase the barrier to mobile ownership and usage. The tax and fees contribution of the mobile sector was among the highest in the region.

HANDBET TAXES ACCOUNTS FOR AROUND **29%** of the cost of a handset.



Taxes and regulatory fee payments per subscriber amount to 19% of average annual income for the poorest 20% of Nigeriens.

Mobile operators pay a range of sector-specific taxes and fees, which negatively affect incentives to invest –

- The tax on incoming international calls at XOF 88 per minute has been increased three times in the last three years;
- The combined rate of regulatory fees, at 6.5% of revenues in 2015, is among the highest in the region;
- The TURTEL tax levied at 3% on revenue may further increase the prices of mobile services already subject to general taxes such as VAT, causing double taxation on the same services.

**An alternative approach to mobile sector taxation could extend the benefit of mobile and support the government's digital agenda, aligning infrastructure investment and mobile access with the ICT objectives laid out by the government, and supporting economic growth.** It is estimated that for developing countries like Niger, increasing mobile penetration by 10 percent could raise GDP per capita growth by between 1.4 and 2.8 percentage points.<sup>2</sup>

Based on the best practice principles and on evidences from numerous mobile taxation country studies world-wide, a number of potential areas for tax reform could be considered:

	Total mobile connections/ Mobile broadband connections	New Sites / upgraded Sites	GDP	Economy-wide Employment	Total investment
Removing the TATTIE on mobile usage	+ 820 000 + 140 000	+ 260	+ US\$ 540 million (XOF 340 billion)	+ 6100	+ US\$ 200 million (XOF 120 billion)
Reducing the variable component of the TURTEL from 3% to 1.5%	+ 150 000 + 30 000	+ 22	+ US\$ 100 million (XOF 60 billion)	+ 500	+ US\$ 35 million (XOF 21 billion)
Reducing the regulatory licence fee from 2% to 1%	+ 130 000 + 20 000	+ 40	+ US\$ 90 million (XOF 50 billion)	+ 950	+ US\$ 31 million (XOF 18 billion)

Source: Deloitte analysis of GSMA, World Bank and operators' data; Note: Additional cumulative effect over 2017-2021

1. This figure does not include the cost of purchasing a handset; A basic mobile phone priced around US\$ 20 (around XOF 12,000) may represent almost 100% monthly income.  
 2. GSMA/Deloitte (2012), 'The impact of mobile telephony on economic growth'



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