Despite a good supply of spectrum and increasingly transparent award processes, high reserve prices remain a challenge.
Benefits from the policy

The 2021 spectrum auction provided transparency and was designed to prevent further spectrum fragmentation and promote efficient spectrum use:

- The available spectrum was split into only two lots that each provided the recommended 100 MHz per operator of contiguous 3500 MHz spectrum.

- Moreover, to ensure an efficient use of spectrum, winning bidders were required to deploy a 5G network within 12 months of the auction.

- Finally, the auction provided round-by-round information and was observed by industry body representatives to ensure procedural transparency.

- Increased auction transparency
- Strong spectrum supply
- Spectrum usage obligations

Ongoing challenges and final impact

The 2021 auction enabled MTN to build 127 5G sites and launch commercial services in Lagos in September 2022, making Nigeria one of the first Western African nations to see 5G deployments. MTN plans to cover six further major cities in the short term, with full coverage achieved by 2025.

Whilst the 2021 auction provided MTN with the required 5G assets, the reserve prices proved prohibitive for some bidders to participate, and this again proved problematic in the 2022 auction. Future awards must ensure that reserve prices are set at levels that maintain wider market interest.

In addition, more work is required to reduce spectrum fragmentation and promote efficient spectrum usage. Mafab’s successful bid in the 2021 auction saw Airtel, unsuccessful in the 2021 auction, wait for its 5G spectrum for a further year. However, Mafab subsequently requested an extension to the deadline for deploying its network and may potentially add to the list of spectrum holders without networks – increasing concerns about the efficiency of spectrum use.

The NCC’s National Broadband Plan 2020-2025 recognises and aims to address these issues by:

- adopting a more innovative pricing framework to lower reserve prices
- assigning spectrum through transparent processes
- removing broadcasting services from the 700 MHz and 2600 MHz bands to clear the spectrum for mobile use
- implementing policies such as forfeiture for non-utilisation of spectrum (‘use-it-or-lose-it’ clauses)
- developing a 3-5 year spectrum roadmap.

Achieving these aims should further improve spectrum licencing in Nigeria and help pave the way for continued 4G and 5G deployments.