

Connectivity Scorecard 2011

Nigeria



Nigeria
1.09

	Score	Weight
Consumer Infrastructure	0.08 (0.88)*	0.16
Consumer Usage and Skills	0.30 (0.70)*	0.16
Business Infrastructure	0.05 (0.64)*	0.50
Business Usage and Skills	0.15 (0.71)*	0.16
Public sector Infrastructure	0.03 (0.83)*	0.02
Public sector Usage and Skills	0.01 (0.68)*	0.01

*The score of the leading performer for this component

Table 1: Component Scores & Weights 2011

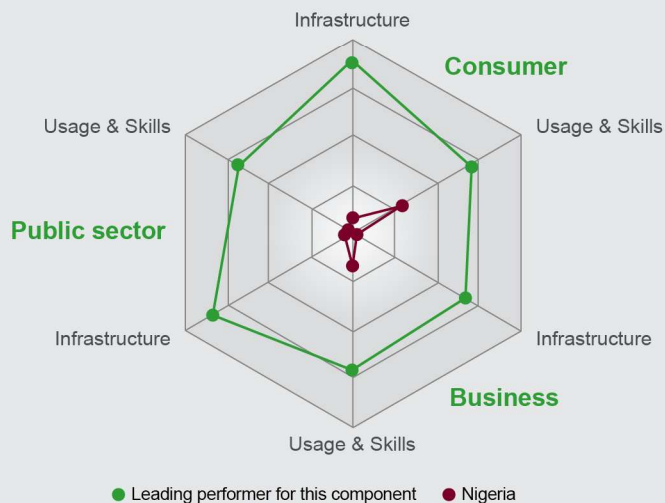


Fig 1: Component Scores 2011

Overview

Nigeria scores 1.09 and retains the 23rd position among the resource and efficiency-driven¹ economies on the Connectivity Scorecard 2011 index.

With this score, Nigeria continues to rank among the bottom five countries along with India, Pakistan, Kenya and Bangladesh. However, the country posts a relatively better performance in the consumer segment, led by a high mobile phone penetration rate. Its performance on the business and public sector components is very poor, indicating significant room for improvement.

Strengths

Nigeria demonstrates its greatest relative strengths in the consumer components with scores of 0.08 in consumer infrastructure and 0.30 in consumer usage and skills. The country's mobile phone penetration rate stands close to 60 per cent, which is very impressive in light of its fixed-line penetration rate of around 1 per cent.

An interesting point to note is that Nigeria is the most competitive fixed-line market in Africa, featuring a Second National Operator (SNO) and over 50 other companies licensed to provide fixed telephony services. The alternative carriers combined now provide more than twice the number of fixed lines than the incumbent telecom company, Nitel, which was finally privatized in July 2006. Strong demand for internet services and broadband capabilities is aiding the development of the fixed-line sector, which has enormous growth potential. The majority of new lines are provided by fixed-wireless systems, and a new unified licensing regime introduced in 2006 will intensify the competition between fixed and mobile operators.

¹ As defined by The World Economic Forum www.weforum.org

The internet usage and subscription pattern is similar to that in India and Indonesia. However, until now, less than 0.1 per cent households in Nigeria have been estimated to actually have broadband service. The chokepoint for the internet in Nigeria has historically been access to international bandwidth. The introduction of new submarine cables (in addition to SAT-3 and Main One, which were launched on 1 July 2010, GLO-1 in October 2010, WACS from 2011, and ACE from 2012) will increase the supply of international capacity. Also, the national long-distance and other operators are building fibre-optic backbones around the country to deliver international bandwidth beyond Lagos.

Weaknesses

Nigeria's performance on business-related metrics is very poor. As the most heavily weighted component on the Connectivity Scorecard, low scores of 0.05 and 0.15 in business infrastructure and business usage and skills respectively result in lowering the country's overall score and ranking. Nigeria therefore needs to make substantial efforts in utilizing ICT in the economically critical business domain.

The public sector is another area where Nigeria exhibits poor performance, featuring in the bottom-five of the resource and efficiency-driven economies. Though the infrastructure component is relatively higher, indicating that there may be online services available, Nigeria suffers from gross inefficient utilization. This can be attributed to either a lack of resources or unaffordability that most Nigerians face, thus bringing down its score on this metric. The country also posts a relatively lower literacy rate of around 70 per cent.

Conclusions

Nigeria continues with its poor performance across all components. This could also be a result of a significantly low Human Development Index² of 0.423 that has larger ramifications on the challenges that Nigeria faces.

The country, on the other hand shows immense potential for future growth. It is one of the biggest and fastest growing telecom markets in Africa, attracting huge amounts of foreign investment, and is yet standing at very low levels of market penetration. The mobile sector, shared by four operators, has seen triple-digit growth rates every year since competition has been introduced. A second national operator and four national long-distance

Rank [n]	Country	Connectivity Score
1 [1]	Malaysia	6.61
2 [3]	Chile	6.21
3 [5]	Russia	5.68
4 [7]	Turkey	5.51
5 [4]	Argentina	5.46
6 [6]	Brazil	5.14
7 [8]	Mexico	4.87
8 [10]	Ukraine	4.81
9 [2]	South Africa	4.68
10 [9]	Colombia	4.06
11 [12]	Thailand	3.68
12 [13]	Tunisia	2.79
13 [15]	Vietnam	2.73
14 [17]	China	2.72
15 [14]	Iran	2.41
16 [19]	Philippines	2.15
17 [n/a]	Syria	2.11
18 [20]	Indonesia	2.01
19 [16]	Sri Lanka	2.01
20 [18]	Egypt	1.89
21 [21]	India	1.25
22 [25]	Pakistan	1.14
23 [23]	Nigeria	1.09
24 [22]	Kenya	0.95
25 [24]	Bangladesh	0.90

*last year's rank in parenthesis

Table 2: Connectivity Scorecard 2011 Results – Resource & Efficiency-driven Economies

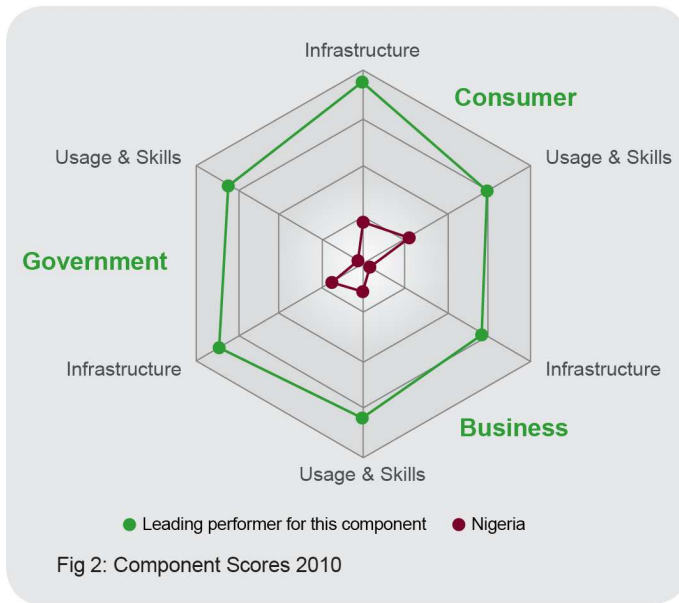
operators have been licensed and the country has over 200 other companies providing virtually all kinds of telecom and value-added services.

It is expected that Nigeria's recently privatized incumbent, Nitel, will compete more aggressively and effectively in the future. Also, a new unified licensing regime that allows all operators to provide both fixed and mobile services will accelerate market growth in future. Thus, both fixed and mobile service providers will benefit from the increasing demand for internet access and broadband capabilities.

It is interesting though, that mobile TCO³ in Nigeria is over 10 USD per subscriber per month. That is three times more than in Kenya and more than most countries in the region. However, despite the high rates, the mobile sector is very strong in Nigeria.

² <http://hdrstats.undp.org/en/countries/profiles/NGA.html>

³ Nokia TCO (Total Cost of Ownership) study 2011



2011 vs. 2010

Nigeria scores 1.09 and ranks 23rd on this year's Connectivity Scorecard compared to a score of 1.78 and with the same ranking in 2010. For the resource and efficiency economies, two major differences drive the difference in scores and rankings this year⁴. First, there is the use of new weights that have a particular effect on the split between "infrastructure" and "usage and skills" in the business and public sector components of the Scorecard. Using Conference Board data, it is possible to obtain weights specifically for the relative contributions of ICT capital and labour force improvements to economic growth, from which the split between infrastructure (capital) and usage and skills is derived. In general, this change has resulted in more weight put on the "business infrastructure" component than in previous Scorecards. Further, the inclusion of new indicators has made a significant difference to countries' relative performance on the business components of the Scorecard, as discussed in detail above.

The Connectivity Scorecard is based on comparative scores between countries, and, therefore, each country's performance is measured in relation to the best performing nation in each segment at a given point of time. As with other indices of relative rankings, it is

difficult to interpret the Scorecard in terms of absolute "improvements" or "deteriorations" and to make comparisons of scores over time.

About Connectivity Scorecard

The Connectivity Scorecard is a global ICT index which, unlike other available research, is the first of its kind to rank countries in terms of "useful connectivity". That is, not only on the deployment of ICT infrastructure but also to measure the extent to which consumers, businesses and the public sector "make use" of connectivity technologies to enhance social and economic prosperity. This "useful connectivity" is defined as the bundle of infrastructure, complementary skills, software and informed usage that makes ICT the key driver of productivity and economic growth.

Commissioned by Nokia Siemens Networks, the study was created by Professor Leonard Waverman, Dean, Haskayne School of Business, University of Calgary, and Fellow, London Business School. The study was conducted by the consulting firms Berkeley Research Group and Communicea.

For more information on the Connectivity Scorecard, visit www.connectivityscorecard.org

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⁴ For more information download the Connectivity Scorecard 2011 Report from www.connectivityscorecard.org