

An Open Letter to the Nigeria Communications Commission

The Alliance for Affordable Internet ([A4AI](#)) Nigeria Coalition is a multi-stakeholder group of over 70 member organisations, drawn from the private sector, the public sector, and civil society. We are committed to working collaboratively to advance the aim of universal, affordable internet access in Nigeria.

In line with this mission, we have been closely following the Nigerian Communications Commission's (NCC's) actions concerning the possible introduction of a price floor for data services, and its recent attempt to introduce an interim price floor. We understand the NCC has pursued a price floor as a regulatory measure to protect market competition in the retail data segment. We also recognise the NCC's intention to promote a level playing field for all operators in the industry, and to encourage small operators and new entrants to acquire market share and operate profitably by being exempted from the interim price floor for data services. The issue is multifaceted and the decisions taken will have a significant impact on the lives and livelihoods of hundreds of millions of Nigerians.

We commend the NCC for the consultative position taken to date on the cost of internet data, its recent decision not to introduce the interim data price floor, and for its intent to take an evidence-based approach to sector regulation. A4AI looks forward to the completion of the study on "Determination of Cost-Based Pricing for Retail Broadband and Data Services in Nigeria" — a study we believe will give stakeholders the opportunity to understand the various complex factors involved in ensuring a level playing field for all operators, as well as the policies and practices that drive data costs higher than they need to be (*e.g.*, different incremental cost approaches, rates of return embedded in the model, investment pay back periods, etc).

As the NCC undertakes this study, the A4AI-Nigeria Coalition respectfully requests the following:

- **Broad participation:** A strong multi-stakeholder approach designed to capture a broad cross-section of views should be taken during and following the study, prior to any decision taken by the Commission. In particular, we believe that it is important to consider views beyond those of operators, especially consumers. This issue impacts all Nigerians and it is important to ensure that all Nigerians have equal access to the benefits of the digital age. With access to affordable internet considered a human right in many jurisdictions, it is necessary to incorporate the views of civil society, government, and consumer groups in order to achieve the common aim of ensuring affordability, uptake, and sustainability of the broadband and data markets in Nigeria. This broad consultation should be complemented with open dialogues to explain outcomes to stakeholders.
- **Clear focus on pricing transparency:** One of the key issues affecting stakeholders is pricing transparency, particularly concerning the cost elements that impact prices offered



by service providers of retail internet service. We wish to highlight the correlation between shared infrastructure and reduced operational costs leading to affordable rates, and advocate for a stronger infrastructure sharing enforcement within the industry. A lack of clarity on how prices are charged by service providers is a common complaint we hear from stakeholder groups – consumers in particular. We propose further dialogue on the collection of true costs of data delivery to consumers – especially those at the bottom of the pyramid. This includes dialogue around the removal of cross subsidy in data bundles being offered in the market, and particularly 'unlimited data offers' without agreement on a fair usage policy that balances consumer needs with the growth of the sector. We hope that an outcome from this process will be a stronger enforcement mechanism for pricing transparency.

- **Maintaining an open and competitive market:** A liberalised market that supports an open and competitive environment is at the heart of ensuring affordable internet access for all. We hope that the implementation of any price control measure by the NCC ultimately works to maintain and further nurture healthy market competition for all operators, whether big or small, established or new entrants. A4AI's set of Policy and Regulatory Good Practices have been agreed to by all Alliance members, and may offer further insight.

We also note that the provision of zero-rated mobile data service plans by operators to deepen affordable internet access is a key and emerging issue in this area. A4AI recently undertook a survey of mobile data users across eight countries, including Nigeria, to understand how these services impact internet uptake, use, and affordability. We would encourage the NCC to review the most recent report in this series, which outlines policy guidelines to address the regulation of these data services.

A4AI recognises that the processes to correct market distortions and potential value erosion are complex. However, ensuring affordable access to the internet for all Nigerians is consistent with the strategic goals of the Nigerian National Broadband Plan 2013 – 2018 and the Strategic Vision of the Commission (2015 – 2020). Full digital inclusion has the power to underpin growth in Nigeria and around the world, and we commend the NCC for its commitment towards this cause. We at A4AI remain open and dedicated to working with the NCC to develop the policy and regulatory framework needed to enable all Nigerians join the digital revolution.

Thank you.

Signed: A4AI Nigeria Coalition

12th December 2016