



## **STRATEGIC PLAN 2007-2011**

ICT Access to All

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## **PART A**

### **1 EXECUTIVE SUMMARY**

The present administration at its inception in 1999 recognised the role of ICT in socio-economic development of the Country. This led to the formulation of the National Policy on Telecommunications (NTP) in 2000 with the thrust to extend modern ICTs to all Nigerians.

The main objective of the NTP 2000 as it relates to Universal Access is to enable all Nigerians have access to all forms of modern information and communications technologies and services to support the economic, social and political development of the country and its integration into the global information society; encourage the development of telecommunications services in the rural areas to promote the rapid socio-economic development; and afford educational institutions access to basic and advance telecommunication services in order to enhance and sustain educational standards nationwide.

The Universal Service Provision Fund (USPF) will facilitate the widespread availability and usage of network services and applications services throughout Nigeria by providing funding through subsidies and grants for the provision of network facilities and network services and application services to rural, unserved and underserved areas or to underserved groups within an institution or a community

To achieve its mandate, a five-year Strategic Plan has been formulated with inputs from both the stakeholders' consultative forum and industry expert strategic session which were held to set the direction for the Secretariat. The Strategic Plan will guide the activities of the USPF from 2007 to 2011 and provides the foundation for the annual USPF Operating Plans.

This strategic plan document has defined five goals that will guide the activities of the USPF. For each goal, a set of objectives underpinning the goal are presented along with the strategies that will be used to achieve the objectives..

The vision of the USPF is carefully crafted to reflect the broader Government policy objective as: "ICT Access to all". The mission is: "To achieve universal access, universal coverage and universal service through a public-private partnership framework that stimulates economic and social development, private sector investment and market-based provision of basic affordable and quality ICT infrastructure and services to unserved and underserved areas, communities and populations." The core values are: Professionalism, Integrity, Innovation, Service Quality and Team Work.

A set of principles have been developed to guide the work of the USPF. These are to: ensure broad geographic coverage, promote private sector investment in unserved and underserved areas, encourage competition, promote consumer interest, ensure sustainability, foster economic and social development, instill

the values of consultation, transparency and accountability, quality of service, and promote technology neutrality.

A summary of the Goals and Programmes are presented below

Goal 1: To Facilitate An Enabling Environment for ICTs.

This goal aims at reducing the market efficiency gap through incentives that would cause roll out in unserved and underserved areas attractive to private and community investors as well as service providers. The programmes under this goal are as follows;

- 1.1 Research Studies and Survey Programme;
- 1.2 Consultation and Awareness Creation Programme;
- 1.3 Institutional Support Programme.

Goal 2: Promote Universal Access and Universal Service.

Goal 2 will drive increasing access to community based voice and data services on shared basis through bottom-up and top-down initiated projects. It also involves the design incentives that will spur network and service providers to extend service to households in unserved and underserved areas when the shared access have been reasonably achieved. The following are programmes designed to achieve the goal;

- 2.1 Facilitate community access to basic telephony, internet and broadband services
- 2.2 Facilitate minimum cost of entry (MCE).
- 2.3 Promote voice service to household.
- 2.4 Facilitate increased internet usage.

Additional Universal Service Programmes will be defined in 2009

Goal 3: Promote Universal Coverage.

This goal will facilitate the availability of transmission infrastructure and connection to the national transmission backbone in all LGA in Nigeria. It is also aimed at ensuring that all LGA headquarters are covered by an access network that provides both data and voice services. Two programmes that have been defined to achieve this are listed below;

- 3.1 Connection to the national transmission backbone infrastructure programme.
- 3.2 Broadband network roll out programme

Goal 4: Facilitate Connectivity for Development (C4D).

The aim of this goal is to encourage and facilitate the building of an e-society in Nigeria and promote digital life style among the citizenry. The goal will facilitate connectivity for key e-services to institutions such as schools, hospitals, centres for the challenged groups, etc. It will also encourage the use of ICT for government and governance and collaborate on alternative energy sources to power ICT connectivity. Four programmes that will drive the actualisation of this goal are listed below.

- 4.1 Schools, Universities Access Programme to Digital Lifestyle (SUAP2DLS) programme.
- 4.2 ICT to all Nigerians (ICtAN) programme
- 4.3 ICT for government and governance programme
- 4.4 Energy to ICT (E2ICT) programme

Goal 5: Institutional Development.

This goal refers to building a USPF Administration capable of meeting its challenges and effective in delivering on its mandate. It has one programme defined for now.

- 5.1 Sustainability programme.

All programmes listed above, will be implemented through projects that will be defined by the USPF annually based on priorities and thrust for that year.

The Strategic Plan 2007 – 2011 is presented in four (4) parts;

Part A: Executive Summary

Part B: Provides background information on the Strategic Plan, the Digital Divide Challenges in Nigeria, the Universal Service Provision Fund, as well as key definitions.

Part C: Deals with the Goals, Objectives and Strategies as well as programmes and targets set out for the period 2007 - 2011.

Part D: Provides a brief description of the projects to be funded, project categories and eligibility for USPF financing.

Finally, based on information obtained from surveys and implementation experience, the Strategic Plan would be reviewed to incorporate significant findings.

## **PART B**

### **2 BACKGROUND**

Pursuant to Chapter VII, Part IV, of the Nigerian Communications Act 2003, the Federal Government of Nigeria established a Universal Service Provision Fund (USPF) to facilitate rapid achievement of national policy goals for universal access, coverage and service to telecommunications, information and communication technologies (ICTs). The USPF seeks to contribute to national economic and social development by enhancing the universal accessibility and availability of telecommunications and ICT infrastructure and services to all, particularly to rural residents, and socially and physically challenged populations. The USPF will also promote technological innovation and competition in ICT service delivery in unserved and underserved areas; support the establishment of efficient, self-sustaining, market-oriented businesses, including cooperatives, which will continue to expand access to ICTs on their own initiative, requiring the minimum amount of USPF financing, as well as ensure effective utilisation of USPF financing to leverage investments in rural communications.

#### **2.1 THE STRATEGIC PLAN**

The Strategic Plan for 2007-2011 provides the general framework for the USPF activities that will be undertaken for a five-year period and provides the foundation for the annual USPF Operating Plans. The plan will compliment the broader Federal Government of Nigeria's policy on national development. The Strategic Plan contains the goals and priorities for the USPF, while the USPF Annual Operating Plans that will be adopted by the USP Board for each year will contain more details regarding each of the projects that the USPF will launch for the particular year. The Strategic Plan will be launched in 2007 and will address ICT needs based on international best practices, existing information and feedback provided during the USPF consultative process.

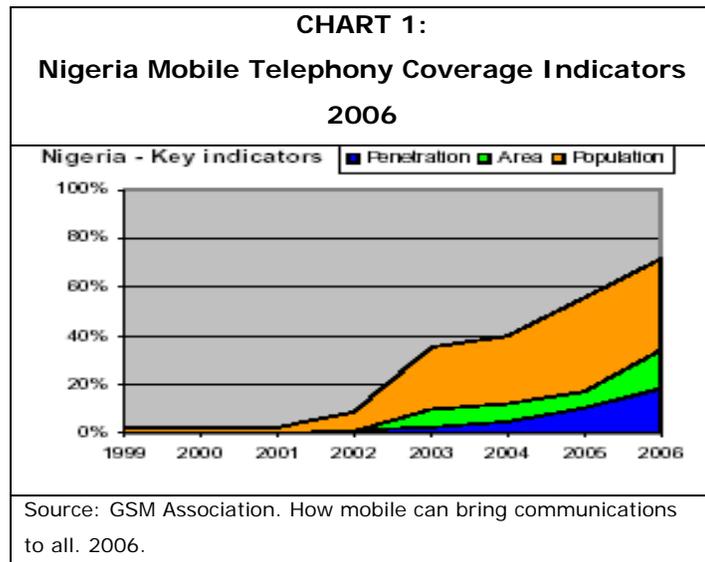
The 2007-2011 Strategic Plan takes into account feedback provided by stakeholders during a public consultative meeting that was held on October 31,

2006 and on written feedback provided to a non-binding USPF consultative paper.<sup>1</sup> This Strategic Plan and the 2007 Operating Plan, may be modified and updated during the first half of 2007 in order to take into account findings of several studies or activities that are underway or will soon be launched.<sup>2</sup>

## 2.2 DIGITAL DIVIDE CHALLENGE IN NIGERIA

Nigeria has made great strides since 2000 and now has more than 30 million subscribers that enjoy access to mobile and fixed networks. As illustrated in Charts 1 and 2, teledensity is estimated at about 21.43 percent nationally based on a population figure of 140 million and mobile telephone networks provide signals to 72 percent of the population and 34 percent of Nigeria’s land mass. Studies performed by the NCC and by operators estimate that by 2010, teledensity will double and that 95% of Nigeria’s population will be covered by a mobile telephone signal.<sup>3</sup>

However, the Nigerian government, realises the benefits of an all-inclusive access to telecommunications services, and has taken notice of the fact that most of the 30 million connected lines in the country are in



urban or semi-urban centres. The National Telecommunications Policy clearly states the government objective as that of providing necessary infrastructure to enable all Nigerians have access to modern information and communications technology (ICT) and services. It has been universally accepted that extending

<sup>1</sup> For details regarding the USPF consultative process and for a copy of the consultative paper see information placed on the USPF and NCC websites at [www.uspf.gov.ng](http://www.uspf.gov.ng) and [www.ncc.gov.ng](http://www.ncc.gov.ng).

<sup>2</sup> See description of research activities to be undertaken under the USPF Enabling Environment Programme as described in this document. Key studies that may modify sections of the Strategic Plan and 2007 Operating Plan will be the USPF’s Universal Access Gap and Subsidy Estimate Study.

<sup>3</sup> **NCC Expanded National Demand Study (2005)**, GSM Association: How mobile can bring communications to all (2006).

telecommunications services to unserved and underserved areas, many of them rural and semi-urban areas, require focus and urgent attention.

Nigeria's "ICT Divide" can be viewed from different perspectives:

- A geographic ICT divide that results in unequal access among and between states and their urban commercial and cultural centers, between urban and rural areas (the most pronounced of the geographic ICT divides), and between and among different rural areas.
- A service/technology ICT divide that distinguishes Nigerians by the types of ICT services available to them; only a small percentage of the population enjoy access to advanced services like broadband Internet access, VOIP and internet-based e-commerce services.
- A usage and usage quality divide which discriminates on the level of ICT adoption; usage and application; and knowledge building.

In Nigeria today, inadequate backbone access and capacity are major impediments to network growth, quality of service, and availability of services. Another critical factor affecting network expansion and quality is access to reliable energy source. These infrastructure challenges must be addressed in order to bridge the Nigerian "ICT Divide".

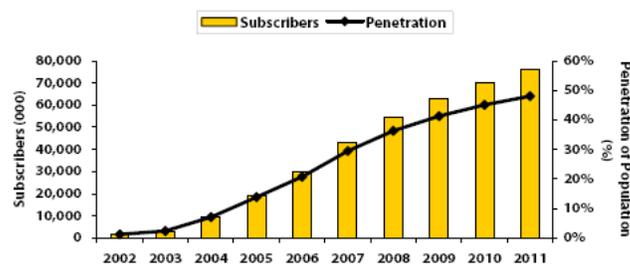
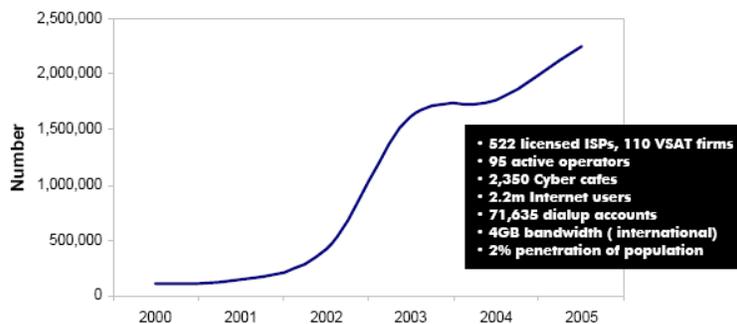


Chart 2

Though on the increase, Nigeria's Internet penetration – a key performance indicator for measuring economic competitiveness – is hampered by lack of broadband Internet access networks arising mainly as a result of its infrastructure access deficits and the widespread use of VSAT access to overcome them. Bandwidth costs are very high, often exceeding USD

5,000/Mbps (100 times the price of bandwidth in the US or Western Europe<sup>4</sup>), a major factor affecting availability and use of ICTs by businesses and consumers. Public access through cybercafés remains the method of Internet access available to most Nigerians, and like mobile telephony, the private-sector has been far more successful than public sector and NGO-driven efforts at replicating successful business models for this low-margin business. The use of ICTs by businesses, led by private-sector initiatives aimed at using ICTs to deliver financial services still lags behind benchmarks for developing economies.



Source: E-Shekels – Nationwide Survey of Internet Users,

Chart 3

Two additional, significant factors characterise the Nigerian ICT Divide:

- There is significant need and demand for training and content development, particularly software development and Internet content in local languages.
- Many Nigerian government agencies, public institutions, schools and universities remain unconnected or underserved, and for the most part they lack or do not utilise ICTs to improve service delivery and efficiency of operations.

<sup>4</sup> Middle East & Africa Market Perspective: Pyramid Research Vol. 6, Issue 15, December 2006.

As part of efforts to design and promote mechanisms for defining policy options and programmes to achieve universal access, the Nigerian Communications Commission undertook a demand study in 2005 which showed that lack of demand does not appear to be a major factor behind Nigeria's remaining coverage and access gaps. The study which included a national survey of more than 5,000 households documented that there is broad awareness of benefits of ICTs among urban and rural households, and that ICT services are needed. The study further disclosed that the communities can (a) distinguish between types of services, (b) desire high quality of service, and (c) possess the ability to pay for ICT services when available.<sup>5</sup>

This information from the national demand survey and other, related studies have led to the following conclusions, which underlie the strategies outlined in the pages that follow:

- There is significant unmet demand for telecommunications and related ICT services in unserved and underserved areas of Nigeria;
- That telecommunications entrepreneurs will deploy services to many more unserved areas if necessary infrastructures were close to those areas; and,
- That there exists a large market efficiency gap, particularly with respect to broadband services, and that the access gap occasioned by affordability is minimal in most areas of the Federation.

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<sup>5</sup> NCC Expanded National Demand Study (2005).

### **3 THE UNIVERSAL SERVICE PROVISION FUND**

#### **3.1 THE USPF MANDATE**

In general terms, the USPF will facilitate the widespread availability and usage of network services and applications services throughout Nigeria by providing funding through subsidies and grants for the provision of network facilities and network services and application services to rural, unserved and underserved areas or to underserved groups within an institution or a community.

In specific terms, the USPF will:

- Provide strategic direction for extending universal access to unserved and underserved areas of Nigeria.
- Develop programmes and projects that will facilitate the achievement of USPF mandate
- Receive applications for loans and grants from eligible persons such as community-based communications operators and funding qualified programmes;
- Provide loan recipients and grantees with technical and managerial assistance;
- Evaluate project performance and effecting such actions as may be necessary to ensure that loan recipients and grantees meet the objectives of the USPF;
- Enforce standards for quality of service in rural and underserved areas set by the USP Board;
- Facilitate collaboration between activities that are funded by the USP Fund and other infrastructure and development efforts;
- Develop strategies and action plans that complement other developmental programmes by Federal, State and Local Governments; and
- Consult with NCC in the implementation of its functions.

## 3.2 VISION, MISSION AND VALUES

### ***Vision:***

*ICT access for all.*

### ***Mission:***

To achieve universal access, universal coverage and universal service through a public-private partnership framework that stimulates economic and social development, private sector investment and market-based provision of basic affordable and quality ICT infrastructure and services to unserved and underserved areas, communities and populations.

### ***Core Values:***

- *Professionalism:* A commitment to attract and retain knowledgeable, effective and competent personnel that are capable of rendering efficient services.
- *Integrity:* A commitment to serve our clients with uprightness, transparency and accountability.
- *Innovation:* A commitment to continuously seek and adopt creative and proactive ways to improve our teams and our work in order to be better positioned to address the challenges in unserved and underserved areas.
- *Service quality:* A commitment to relentlessly exceed the expectations of the beneficiaries of our intervention programmes.
- *Team-effort:* A commitment to build a human-centric work environment that will foster strong interpersonal relationships, mutual respect and team spirit.

### **3.3 USPF PRINCIPLES**

The following principles have been formulated to provide focus and guidance in implementation of USPF Programmes and Projects:

1.1.1. GEOGRAPHIC COVERAGE: USPF Programmes and Projects will be developed for states of the federation, and will provide service to unserved and underserved areas and communities

1.1.2. PROMOTE PRIVATE SECTOR INVESTMENT: USPF Programmes and Projects will stimulate increased private sector investment in unserved and underserved areas.

1.1.3. ENCOURAGE COMPETITION: USPF Programmes and Projects will encourage competition, as much as possible, between operators and by using transparent and competitive mechanisms to allocate USPF financing and subsidies.

1.1.4. PROMOTE CONSUMER INTEREST: USPF Programmes and Projects will promote consumer interest by facilitating access to affordable, readily available and reliable ICT services.

1.1.5. SUSTAINABILITY: The USPF will give priority to Programmes and Projects that are self-sustaining and do not require subsidies on continuous basis.

1.1.6. FOSTER ECONOMIC AND SOCIAL DEVELOPMENT: USPF Programmes and Projects will stimulate productive use of ICTs for economic, social and cultural development.

1.1.7. CONSULTATION, TRANSPARENCY AND ACCOUNTABILITY: The USPF will develop and periodically update its Programmes and Projects through public consultations with all key public, private and civil society stakeholders.

1.1.8. **QUALITY OF SERVICE:** The USPF will enforce compliance with quality of service standards with respect to its projects.

1.1.9. **TECHNOLOGY NEUTRALITY:** USPF Programmes and Projects will be guided by the principle of technology neutrality and allow the market place to define the best technological solutions.

1.1.10. **PROMOTE AN ENABLING ENVIRONMENT:** The USPF will facilitate an enabling environment that promotes universal access, universal coverage and universal service in unserved and underserved areas.

## 4 KEY DEFINITIONS

The development of effective universal access programmes requires clear definitions of key terms. The following are proposed definitions of some of the key terms:

1.1. **Universal Access:** “Universal access” means that 100% of a designated population can obtain, at a minimum, public access to a particular service at a specified quality, through reasonably available and affordable public or community services. “Particular service” with respect to universal access means: (a) the ability to place a telephone call through a shared telephone that is within reasonable distance of a designated population at reasonable rate; and, (b) the ability to use the Internet through a shared Internet access point that is within a reasonable distance of a designated population.

1.2. **Universal Coverage:** “Universal coverage” means that 100% of a designated population are: (a) covered by a usable cellular, mobile or fixed telephone signal, (b) reside within the coverage areas of a broadband network, and (c) they are within a reasonable distance of a backbone interconnection point.

- 1.3. **Universal Service:** “Universal service” means that 100% of a designated population can privately subscribe to and use a particular service at a reasonable minimum quality of service at an affordable rate on an individual, household or institutional basis.<sup>6</sup>
- 1.4. **Basic ICT Infrastructure and/or Services:** Are defined as such types of ICTs that may be approved by the USP Board for inclusion under universal access, universal coverage and universal service programmes.
- 1.5. **Reasonable Distance:** USPF Operational Plans and other USPF Project Documents may define minimum average distance for Basic ICT Infrastructure and/or Services.
- 1.6. **USPF Programmes:** Are the general framework initiatives aimed at achieving one or more USPF objectives, typically over the course of several years. USPF Programmes will define specific targets in terms of specific ICT infrastructure and/or services to be implemented in stages over a five-year period of time.
- 1.7. **USPF Projects:** Are the specific implementation activities carried out under USPF Programmes. One or more USPF Projects may be implemented at the same time under a given USPF Programme.
- 1.8. **Smart Subsidies:** Are defined as one-time subsidies that are allocated using competitive tender procedures and that are provided to operators and that are targeted to enable commercially unviable projects to become commercially viable projects.
- 1.9. **Geographic Targeting -- Classification/Variables:** The USPF will use the following variables to identify which geographic areas will be targeted and prioritised for each Programme and Project.

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<sup>6</sup> Unlike Universal Access, Universal Service is primarily focused on making basic ICT Services affordable to individual low income consumers.

1.9.1. Service Level Variable: All geographic areas in Nigeria will be classified as being either **served, unserved or underserved areas** for each of the basic ICT services (see definition above).

- **Served Areas** are geographic areas where universal coverage for a particular basic USPF service can be obtained on demand.
- **Underserved Areas** are those geographic areas where there is some coverage for a particular basic service but it cannot be obtained universally or where the quality of the service (such as signal strength) is very low or uneven.
- **Unserved Areas**: are defined as the geographic areas where universal coverage for a particular basic service cannot be obtained on demand.

1.9.2. Commercial Viability Variable: All geographic areas in Nigeria will be classified as being **commercially viable, commercially unviable or unprofitable areas** for each of the basic ICT services (see definition above).

- **Commercially Profitable Projects/Areas**: Projects that the USPF estimates to be commercially profitable on a sustainable basis and will not attract any USPF subsidy.
- **Commercially Unprofitable Projects/Areas**: Projects that serve a designated population or area that the USPF estimates to be commercially profitable on a sustainable basis if the USPF provides a subsidy in a range to be defined by the USPF.
- **Commercially Unviable Projects/Areas**: A designated population or area that the USPF estimates to be commercially viable on a sustainable basis only if: (a) the USPF needs to provide a subsidy above the threshold range to be defined by the Fund, or (b) the project requires ongoing and long-term USPF subsidies. The USPF will initially not finance commercially unviable projects, except in limited cases when the USP Board agrees such project is a national priority.

1.9.3. Rural/Urban/Semi-Urban Variable: All geographic areas will also be classified as rural, urban or semi-urban. USPF Secretariat will adopt the definitions of urban, semi-urban and rural areas that are contained in the Final Report of the NCC Delineation Project that was carried out in 2005.

1.10. **USPF Goals**: Overall objectives set for the USPF Programmes.

1.11. **USP Targets**: Means specific goals for the achievement of universal access, universal coverage or universal service for one or more of the USPF target areas and populations. Such goals may be expressed in number of years or other quantitative or qualitative basis for each USPF Programme.

1.12. **Market Efficiency Gap**: The market efficiency gap refers to those areas where private operators could provide service to on a commercially sustainable basis without public sector subsidies but are yet to invest in or do not have plans to invest in within a reasonable period of time because of company plans/priorities or because of policy, legal, regulatory or institutional barriers.

1.13. **Access Gap**: The access gap refers to remote and rural areas where private operators will not invest in or provide service without public sector subsidies because they are not commercially sustainable, due to high capital investment costs, high recurring operating costs and/or insufficient demand or ability to pay.

## **PART C**

### **5 GOALS, OBJECTIVES AND STRATEGIES**

The USPF has established six primary goals:

(1) **Goal #1:** *Facilitate an enabling environment.*

**Objectives:**

- a) To reduce the market efficiency gap;
- b) To make unserved and underserved areas more attractive to private and community investors and service providers;
- c) To increase the pool of resources available for universal service programmes by creating partnerships with other local and international funding agencies.

**Strategies:**

- a) Constantly working very closely with the Nigerian Communications Commission to ensure that the needs peculiar to service providers in unserved and underserved areas are catered for.
- b) Collaborate with other key stakeholders such as financial institutions, multi-lateral agencies, Non Governmental Organisations (NGOs), etc. to co-sponsor programmes.
- c) Develop creative mechanisms that allow maximum leverage on the funds being invested on USPF programmes.

(2) **Goal #2:** *Promote Universal Access and Universal Service*

**Objectives:**

- a) To increase access on a shared basis to voice and data services through bottom-up and or top-down USPF Projects.
- b) To create and co-sponsor programmes that will increase the number of institutions, in unserved and underserved areas, that have access to network and application services.

- c) To set the stage for a full-fledged universal service programme in 2009 after universal access and universal coverage goals have been reasonably achieved.
- d) To promote incentives that will encourage existing service providers to extend their services and applications to unserved and underserved areas.

**Strategies:**

- a) Facilitate the establishment of ICT facilities and network infrastructures that will facilitate access on shared basis.
- b) Encourage local entrepreneurs and cooperatives to form and operate businesses that will benefit from USPF funding to provide universal access programmes in their respective communities.
- c) To collaborate with service providers, manufacturers, NGOs, civil society etc., to facilitate access provision programmes in unserved and underserved areas.
- d) Form and develop long term partnerships with existing telecom and other service providers with the goal of providing incentives that will allow them to extend their services to unserved and underserved areas.

(3) **Goal #3:** *Promote Universal Coverage*

**Objectives:**

- a) To promote linking of all the Local Government Areas in the federation to the national backbone infrastructure.
- b) To promote the provision of local access network for voice, data and multimedia services in all the Local Government headquarters in the federation.

**Strategies:**

- a) Form and develop long term collaboration with existing telecom providers with the goal of providing incentives that will allow them to extend backbone infrastructure to all unserved Local Government Areas.

- b) Encourage local entrepreneurs to form and operate telecommunication businesses that will collaborate with the USPF to provide coverage in their respective communities.

(5) **Goal #4:** *Facilitate Connectivity for Development (C4D)*

**Objectives:**

- a) To facilitate connectivity for key e-service programmes, especially those targeted at institutions such as schools, hospitals, NGOs, etc.
- b) To support connectivity for development programmes and initiatives of other government agencies.

**Strategies:**

- a) Working closely with the stakeholders in the design and implementation of development programmes at the Federal, State and Local Government levels.
- b) Provide support for approved ICT programmes developed by stakeholders.

(6) **Goal #5:** *Institutional Development*

**Objectives:**

- a) To strengthen the USPF to achieve its mandate;
- b) To establish performance measurement systems, processes and partnerships that allow the USP Secretariat to successfully monitor, evaluate and assess the impact of USPF programmes;

**Strategies:**

- a) To identify, engage and work with world class organisations and individuals as strategic partners.
- b) Benchmark best practices in project implementation mechanism.
- c) Implement Capacity Building Initiatives to update the knowledge and skills of the Board and staff of USPF.

## **6 PROGRAMMES AND PROJECTS**

### **6.1 THE FRAMEWORK**

There has been a deliberate attempt to develop the USPF programmes using a framework that is based on global best practices for ICT for development. First, the goals to be met by the interventions of the USPF must be aimed at promoting macro-economic growth but with a specific bias to unserved and underserved areas in our communities. Second, for each goal, a set of objectives are developed. These objectives are high level but are typically measurable thus enabling us to track our achievement of the related goals. For each set of objectives, strategies and a portfolio of programmes are developed. Thirdly, specific projects tied to a programme are then designed. For each project a set of Key Performance Indicators (KPI) are developed. These KPIs allow the development of a score card that will in turn be used to measure and track the performance of the USPF. It is hoped that the outcome of the measurements and tracking will further be used to inform future planning and decision-making at the macro level.

### **6.2 PROGRAMME OVERVIEW AND TARGETS**

A description of each goal and an identification of the possible USPF projects are summarised in the following table.

GOALS	PROGRAMMES	TARGETS	KEY PERFORMANCE INDICATORS (KPIs)	POSSIBLE PROJECTS TYPES
<b>1 Facilitate an Enabling Environment for ICTs</b>	1. RESEARCH STUDIES/ SURVEYS:  2. CONSULTATION & AWARENESS CREATION:	<ul style="list-style-type: none"> <li>• At least two studies/survey annually</li> <li>• At least two Consultative fora annually</li> <li>• At least one consultation with other Government agencies annually</li> </ul>	<ul style="list-style-type: none"> <li>• Number of topical studies completed and published</li> <li>• Number of successful consultative meetings held</li> <li>• Number of consultations held.</li> <li>• Number of novel / innovative ideas developed</li> <li>• Number of studies completed and published</li> </ul>	<ul style="list-style-type: none"> <li>▪ Research on infrastructure gap in Nigeria through GIS mapping of ICT infrastructure.</li> <li>▪ Universal access gap and subsidy estimate study</li> <li>▪ ICT penetration analysis using the recently released census figures</li> <li>▪ Regional Consultative Stakeholders fora</li> <li>▪ Focused Industry Strategic Sessions</li> <li>▪ Consultation with other Government agencies on constraints to ICT roll-out.</li> </ul>
<b>2. Promote Universal Access &amp; Universal Services</b>	1. COMMUNITY ACCESS TO BASIC TELEPHONY, INTERNET & BROADBAND SERVICES	<ul style="list-style-type: none"> <li>• Nigerians will on the average be within 5 km of a shared community telephone</li> <li>• Nigerians will on the average be within 10 km of shared cybercafé / telecentre</li> <li>• 60% of town / villages spread across 774 LGA will have at least one shared community phone</li> <li>• 60% of communitie with a population of more than 5,000 will have a shared community internet access</li> <li>• Set up ICT microfinance scheme for unserved and</li> </ul>	<ul style="list-style-type: none"> <li>• Average distance covered to access a share community phone.</li> <li>• Average distance covered to access cybercafe</li> <li>• Number of towns and villages with at least one shared community telephone</li> <li>• Number of town / villages with shared community internet access</li> <li>• Number of ICT related microfinance institutions operational</li> </ul>	<ul style="list-style-type: none"> <li>• Community Communications Centres (CCCs) Project (broadband and telecentres)</li> <li>• Accelerated Mobile Phone Expansion (AMPE) Project.</li> <li>• Micro-Lending: Facilitate access provision by providing funds to Micro-finance institutions for onward lending to small scale ICT entrepreneurs.</li> </ul>

GOALS	PROGRAMMES	TARGETS	KEY PERFORMANCE INDICATORS (KPIs)	POSSIBLE PROJECTS TYPES
	2. FACILITATE MINIMUM COST OF ENTRY (MCE)  3. PROMOTE VOICE SERVICE TO HOUSEHOLD  4. FACILITATE INCREASED INTERNET USAGE	underserved areas  <ul style="list-style-type: none"> <li>• Reduction in the price of basic mobile phone by ensuring the minimum cost of entry (MCE) indicator is below NGN 2,500</li> <li>• Teledensity increased to 60 telephones per 100 persons.</li> <li>• Increase internet usage to 30 percent</li> <li>• Compu-density increased to 10 computers per 100 persons.</li> </ul>	<ul style="list-style-type: none"> <li>• Number of people empowered through the ICT microfinance institution</li> <li>• Number of ICT projects financed.</li> <li>• Availability of low cost basic mobile phone</li> <li>• Number of households with telephone service</li> <li>• Number of internet users per 1000 persons</li> <li>• Percentage increase in the number of persons who own &amp; use computer</li> </ul>	<ul style="list-style-type: none"> <li>• Mobile Phone and Tariff Plan Project: Collaborate with the private sector, NGOs and international development organisations to make more affordable/cheaper mobile phone handsets and tariff plans in areas where USPF projects are implemented.</li> <li>• ICT Devices/Laptop Project: Collaborate with the private sector, NGOs and international development organisations to develop low cost / affordable devices</li> </ul>
<b>3. Promote Universal Coverage</b>	1. CONNECTION TO THE NATIONAL TRANSMISSION BACKBONE INFRASTRUCTURE  2. BROADBAND NETWORK ROLL OUT	<ul style="list-style-type: none"> <li>• 90% of Nigeria's 774 local government headquarters will have backbone connectivity</li> <li>• 90% of Nigeria's 774 LGA headquarters will have at least one operating broadband network that enables end users within a 10 KM radius to access the Internet.</li> </ul>	<ul style="list-style-type: none"> <li>• Number of LGA headquarters with backbone connectivity</li> <li>• Number of LGA headquarters with broadband network</li> </ul>	<ul style="list-style-type: none"> <li>• Backbone infrastructure project</li> <li>• Broadband network deployment</li> <li>• Accelerated Mobile Phone Expansion (AMPE) Project.</li> <li>• Voice &amp; Data coverage project</li> </ul>

GOALS	PROGRAMMES	TARGETS	KEY PERFORMANCE INDICATORS (KPIs)	POSSIBLE PROJECTS TYPES
	3. VOICE & DATA COVERAGE FOR ALL NIGERIAN	<ul style="list-style-type: none"> <li>80% of all population centres greater than 2,000 will be covered by the signal of an operating wireless or wire line network.</li> </ul>	<ul style="list-style-type: none"> <li>Number of population centres with more than 2000 people covered with telephone network signal</li> </ul>	
4. Connectivity For Development (C4D)	<p>1. SCHOOLS, UNIVERSITIES ACCESS PROGRAMME TO DIGITAL LIFESTYL (SUAP2DLS)</p> <p>2. ICT TO ALL NIGERIANS (ICtAN)</p>	<ul style="list-style-type: none"> <li>85% of tertiary educational institutions will have a broadband connection to the Internet.</li> <li>30% of secondary level educational institutions in communities with populations greater than 2,500 will have broadband connections to the Internet.</li> <li>20% of primary level educational institutions in communities with populations greater than 3,000 will have broadband connections to the Internet.</li> <li>Fund at least one research and development effort annually</li> <li>Establish at least six ICT development and incubation centres.</li> <li>Finance at least two bottom up project annually</li> </ul>	<ul style="list-style-type: none"> <li>Number of tertiary institutions with broadband connection</li> <li>Number of secondary institutions with broadband connection</li> <li>Number of primary institutions with broadband connection</li> <li>Number of research effort assisted</li> <li>Number of ICT development and incubation centres established</li> <li>Number of bottom up project received, evaluated and financed</li> </ul>	<ul style="list-style-type: none"> <li>ICTs for All Nigerians (ICtAN) Initiative Project.</li> <li>School &amp; universities access project to digital lifestyle (SUAP2DLS)</li> <li>Energy to ICTs (E2ICT) Project</li> <li>Collaborate with private sectors, NGOs and international organisations to produce cheap ICT devices for schools.</li> <li>Tropically adaptable and innovative solutions project</li> </ul>

GOALS	PROGRAMMES	TARGETS	KEY PERFORMANCE INDICATORS (KPIs)	POSSIBLE PROJECTS TYPES
	3. ICT FOR TEACHING AND SPECIALIST HOSPITALS  4. ENERGY TO ICT (E2ICT)	<ul style="list-style-type: none"> <li>• Provide connectivity to at least two challenged group annually</li> <li>• 50% of Teaching and Specialist Hospitals to be connected to broadband internet.</li> <li>• At least one collaborative venture on alternative / innovative energy sources for ICT</li> </ul>	<ul style="list-style-type: none"> <li>• Number of challenged groups connected</li> <li>• Number of hospitals connected</li> <li>• Number of collaborative ventures</li> </ul>	
<b>5. Institutional Development</b>	1. SUSTAINABILTY OF USPF ADMINISTRATION	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Number of manual developed and published as against actual required</li> <li>• Number of report published on due date</li> <li>• Infrastructure in place by end 2008</li> <li>• Fund Manager in place by 2<sup>nd</sup> quarter 2007.</li> <li>• Monitoring and Evaluation system in place by end 2008</li> </ul>	<ul style="list-style-type: none"> <li>• Manual Development</li> <li>• Corporate Governance Strategy</li> <li>• Fund Management</li> <li>• System monitoring and Evaluation</li> </ul>

## **PART C**

### **7 PROJECT CATEGORIES AND SIZES**

USPF Projects will be categorised in the following manner:

- *Category A:* Projects that require less than NGN 50 million in USPF Subsidies.
- *Category B:* Projects that require between NGN 50 million and NGN 200 million in USPF Subsidies.
- *Category C:* Projects that require between NGN 200 million and NGN 500million in USPF Subsidies.
- *Category D:* Projects that require more than NGN 500 million in USPF subsidies.
- *Pilot Projects:* Pilots will be executed for projects that test out new models, approaches or technologies.

### **8 TARGET TIMELINES**

The targets set for 2011 will be achieved on a phased plan based on the annual target timelines.

### **9 PROGRAMME PRIORITIES**

In 2007 Programmes that seek to improve the enabling environment and financing of bottom-up projects will be given high priority. The allocation of Fund finances to Programmes and Projects will be determined by the following initial prioritisation matrix. One axis of the matrix corresponds to geographical targets and whether they are currently not-served or under-served. The other axis corresponds to the USPF Goals. The matrix classifies priorities as being high priority (H), mid-level priority (M) or low priority (L).

	Universal Access	Universal Coverage	Connectivity for Development (C4D)	Enabling Environment	Universal Service
Rural Not Served	H	H	H	H	M
Rural Under-Served	H	H	H	H	M
Semi-Urban Not Served	M	M	M	H	M
Semi-Urban Underserved	L	L	L	H	M
Urban Not Served	L	L	L	L	L
Urban Underserved	L	L	L	L	L

## 10 TYPES OF PROJECTS ELIGIBLE FOR USPF FINANCING

### 10.1 LARGE SCALE ICT PROJECTS (LSIP)

Large Scale Infrastructure Projects (LSIP) are projects that seek to utilise USPF financing in order to build infrastructure in more than one state and/or that seek NGN 1 billion or more in Fund financing.<sup>7</sup> These projects must provide ICT infrastructure (i.e. telephones, backbone or transmission networks, broadband networks, towers, base stations or VSATs) whose main goal is to link and provide service to communities that are currently not served and not in the

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<sup>7</sup> The minimum amount will be 65 million Naira.

expansion plans of the major operators within a two-year time-frame.<sup>8</sup> LSIP will be developed by the Secretariat or proposed by any entity. Where proposed by an entity, the projects must be presented to the Fund following an USPF-LSIP application form that requires the applicant to provide detailed technical and financial description of the project. The Fund will prioritise projects that directly benefit more population size and the minimum number of direct beneficiaries of a LSIP project must be at least 5,000 people if its main purpose is to provide service to individuals or households or 20,000 people if its main purpose is to provide community access to ICTs.<sup>9</sup>

The Fund will review each proposal and if it determines a proposal is an effective and efficient use of USPF Funds, the Fund will carry out a public tender to implement the project. In order to create incentives for entities to prepare proposals, if the entity that proposed and designed the project does not win the tender, the entity will be paid by the entity that wins the tender for the cost of preparing and designing the project.<sup>10</sup> The Fund will prepare detailed rules and a standard application form for LSIP proposals.

## **10.2 COMMUNITY COMMUNICATIONS CENTRES (CCC) PROJECT**

The Fund will finance Community Communications Centres (CCCs) that would enable the rapid deployment, on a pilot basis, of CCCs in each of Nigeria's six geopolitical zones. Each CCC will extend voice, Internet, ICT training and other services to unserved communities. The CCCs will provide a public calling center, cybercafé emergency calls and ICT training courses, as well as serve as a platform from which to wirelessly extend Internet access to the surrounding communities. The CCCs will be carried out first as pilots using the following approach:

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<sup>8</sup> In 2007 and 2008 LSIP projects must be infrastructure projects in order to address Nigeria's large infrastructure gap.

<sup>9</sup> Direct beneficiaries must be people who become individual subscribers or users of the ICT infrastructure within 12 months of the award of the project.

<sup>10</sup> The LSIP application form will detail what project preparation expenses are subject to reimbursement.

- o Rapid roll-out of a limited number of pilot CCCs (at least one per geo-political zone) through open solicitation.

Specifically, each CCC will:

- o (a) Enable private operators to install and run on commercial basis a wireless broadband Internet point of presence in each targeted community. Each CCC will provide broadband connectivity to the surrounding communities within a 5-15 km radius. This will enable individuals, businesses, government offices, schools, hospitals, police and rescue services, and other community organisations to connect and use the Internet at their offices or homes. Most subscribers will pay a fee for the Internet access though some specially targeted subscribers (such as schools and challenged communities and groups) may pay a lower subsidised rate for 12 months subject to the arrangements to be developed by the USPF prior to the tender.
- o (b) The operator that installs the CCC will also be responsible for establishing one community cybercafé with 10-40 computers that are connected to the Internet. VOIP calling, remittances (money transfers), ICT training, and wireless ISP services will also be provided by these centers.

### **10.3 ICTS FOR ALL NIGERIANS (ICTAN) PROJECT**

The goal of this project would be to stimulate small-scale bottom-up initiatives from Nigerian small businesses and entrepreneurs, community organisations, educational centres and non-governmental organisations to present proposals aimed at providing ICT infrastructure, services and/or software applications to all Nigerians.

The USPF will evaluate these proposals and provide a monetary award or grant to the applications that score the highest based on criteria described below. The grant or award funds must be used to implement the winning proposals. If successful, the USPF will make this an annual or semi-annual event. This project seeks to tap into and stimulate the entrepreneurial spirit of Nigerians and will create incentives for local ICT entrepreneurs to develop business plans aimed at

USPF areas and populations. This project will also provide valuable information that may be used by the USPF to develop new programmes or projects.

#### **10.4 ACCELERATED MOBILE PHONE EXPANSION (AMPE) PROJECT**

The goal of this nationwide project is to accelerate the expansion of mobile or cellular phone infrastructure and services into more unserved rural communities and to ensure that there are minimum numbers of community call centres or payphones within each community covered by the signal of the mobile or cellular phone network. This project will initially only target communities that do not currently have mobile or cellular phone infrastructure and where the USPF estimates service can be provided on a commercially sustainable basis with a USPF subsidy level of less than 50 percent of the total capital costs. The USPF will provide smart subsidies for one of the following two approaches:

- (a) Traditional Mobile Phone Expansion Approach: The USPF will provide a smart subsidy to the company that requests the lowest subsidy amount in order to provide mobile or cellular phone service in defined unserved areas. The operator will be required to provide the infrastructure and offer mobile phone service to any customer that is willing and able to become a pre-paid or post-paid subscriber using commercially reasonable tariffs proposed by the operators but that are subject to review and approval by the NCC and USPF.
  
- (b)** Shared and Active Infrastructure Approach: This approach would consist of the following two separate, though complementary tenders: (a) Construction and operation of “passive infrastructure” for mobile or cellular networks in rural areas which is comprised of shareable components such as land, tower, electricity, power backup, boundary wall and security cabin that can be used by at least three operators on a leased basis to provide wireless data and/or cellular phone service; (b) the provision and operation of “active infrastructure” that is comprised of non-shareable components such as Base Transceiver Stations (BTS)

equipment and associated antennae and part of the backhaul; and (c) loan to rural dweller (mostly women) to provide access using wireless phones.

## **10.5 BACKBONE INFRASTRUCTURE PROJECT**

This project aim at accelerating the build-out of backbone transmission infrastructure to LGAs where the construction of backbones will either be severely delayed (e.g. by two to five years) or will not be built-out without a smart subsidy. This project will be implemented in several phases, with priority given to LGAs that will be served by the AMPE and CCC projects as well as any ICtAN projects.

The USPF will structure this project in a manner to minimise market distortion (i.e. it will target routes that commercial operators are not serving or will not serve for two to five years) and to ensure that the backbones that are constructed with USPF subsidies are commercially viable operations without long-term ongoing USPF subsidies. The USPF will require the company that wins the tender for this project to comply with open access requirements to enable other operators to lease service and facilities from the company that owns and operates the backbone infrastructure.

The USPF would carry out a supply and demand study to map and assess existing and planned backbone networks in order to determine which routes may need a USPF smart subsidy in order to be viable and which routes will have the most development impact (e.g. which routes will complement and lower the costs of other USPF projects). The USPF would carefully coordinate this project with private operators and with other government initiatives, including the NCC's WiN Initiative, the NCC's State Accelerated Broadband Initiative (SABI) National Rural Telephony Project (NRTP) and the Federal Ministry of Science and Technology's (FMST) Project Galaxy in order to eliminate or reduce duplication.

## 10.6 ENABLING ENVIRONMENT PROJECTS

The Enabling Environment Projects will be activities carried out by the Fund aimed at reducing the market efficiency gap by focusing on key policy, legal, regulatory institutional barriers that hinder private sector investment in underserved and unserved areas where private operators could operate on a commercially sustainable basis without USPF subsidies. Enabling Environment Projects will include the following activities that address issues identified during the USPF consultative process:

- **Regulatory Assessment:** The Fund, in cooperation and coordination with the NCC and other relevant federal, state and local government entities, will identify the principal legal and/or institutional factors that hinder investment in unserved or underserved areas and propose and implement actions that could be taken to reduce said barriers. These will include issues related to equipment custom import requirements procedures and fees; spectrum issues; multiple taxation issues; state and local government requirements and taxation for towers and rights of ways; and other key issues identified during the USPF consultative process.<sup>11</sup>
- **Community and Small Operator Empowerment Project:** The Fund will identify actions it can take to stimulate community and small-operators to participate in and benefit from USPF subsidy programmes. Activities may include organize workshops aimed at community and small operators and providing additional guidance to said operators on how to present bottom-up proposals for USPF financing under the ICtAN Project as well as other projects.

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<sup>11</sup> The issues listed in section 3(d) were identified as key legal or regulatory barriers during the October 31, 2006 USPF consultative meeting

## **10.7 SCHOOL AND UNIVERSITY ACCESS PROJECTS TO DIGITAL LIFESTYLE (SUAP2DLS)**

The USPF will provide funding to set up ICT laboratories for Government Schools and Universities.

Applications that will provide or facilitate the provision of e-education to schools and/or universities will also be funded.

## **10.8 INSTITUTIONAL DEVELOPMENT PROJECTS**

Establish an Effective and Efficient Framework for the USPF: The Fund will establish an organisational structure and internal procedures to enable it to effectively design, implement and monitor universal access, universal coverage and universal service projects.