Universal Service Provision Fund (USPF)

Operational and Fund Management Analysis

budgIT

With support from FORD FOUNDATION

About BudgIT

BudgIT is a civic organisation driven to make the Nigerianbudget and public data more understandable and accessible across every literacy span. BudgIT's innovation within the public circle comes with a creative use of government data by either presenting these in simple tweets, interactive formats or infographic displays.

Our primary goal is to use creative technology to intersect civic engagement and institutional reform.

Lead Partner : Oluseun Onigbinde

Research Team: Atiku Samuel, Ayomide Faleye, Uadamen Ilevbaoje, Ama Bassey and Gabriel Okeowo

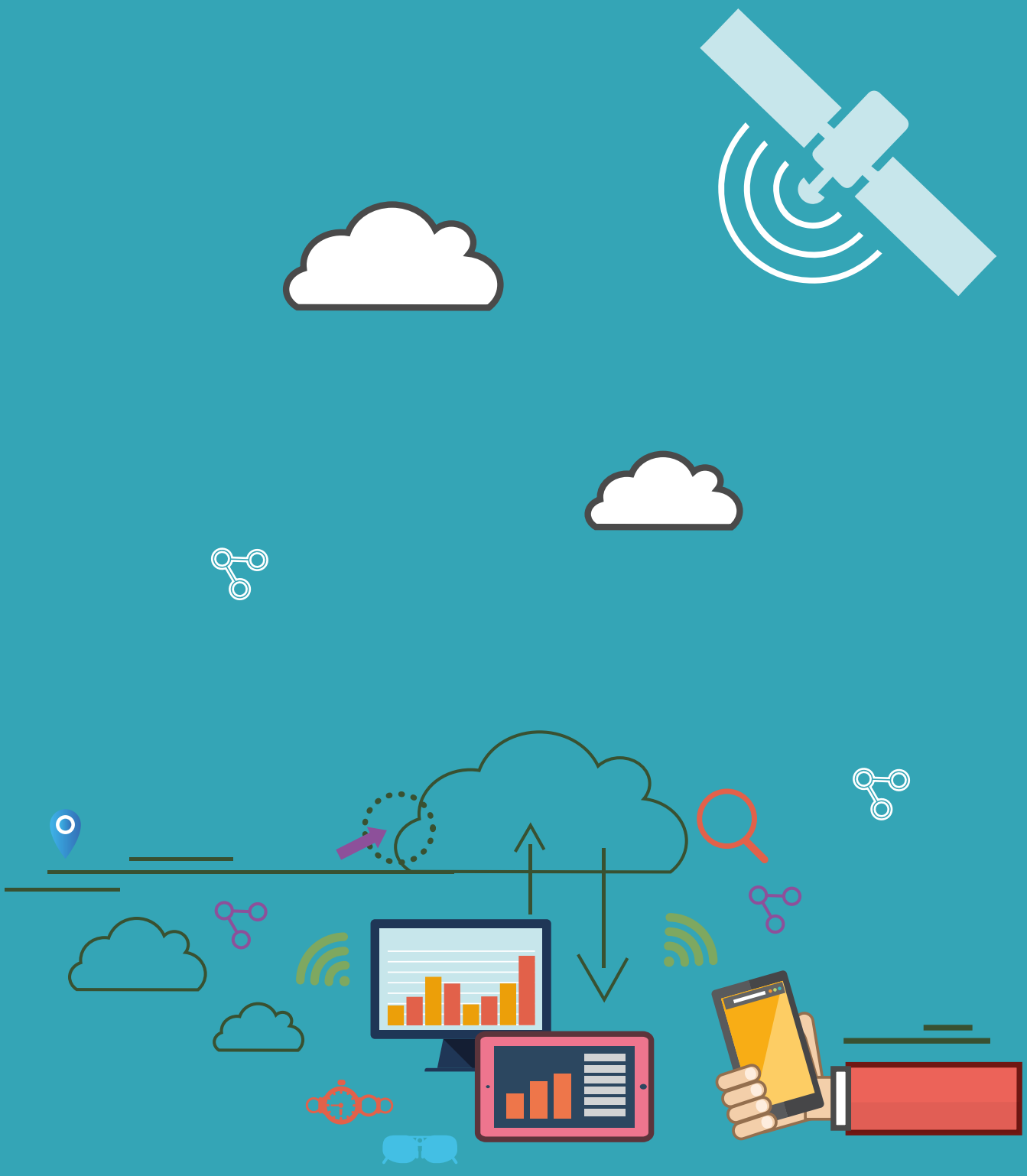
Creative Development: Agbaje Kehinde

Contact: info@yourbudgit.com +234-803-727-6668, +234-908-333-1633

Address: 55, Moleye Street, Sabo, Yaba, Lagos, Nigeria.

Universal Service Provision Fund (USPF)

Operational and fund Management Analysis



CONTENT

1

OVERVIEW OF NIGERIA'S TELECOMMUNICATIONS INDUSTRY

The rapid expansion of the Nigerian mobile telecoms industry at the turn of the century, due to the proliferation of the internet, computers, smartphones, social media and advancement of digital sensors technology, is pushing up the volume of data generated, and increasing the need for planning and decision making. As at the end of 2017, the telecoms and information service sectors' direct contribution to Africa's largest economy was approximately 8.7% or N8.6tn.

After the full liberalisation of the telecommunications market in 2000, and the successful auctioning of the 2G Digital Mobile Licenses in January 2001---with a total of four GSM licenses issued---the sector effectively took off. Investment in the sector more than tripled, rising from $50million in 1999 to approximately $6bn in 2004. As at 2017, Nigeria's telephone penetration had 145 million subscribers, down from its historical peak of 154 million in 2016 but astronomical still when compared with 10.2million subscribers in 2004.

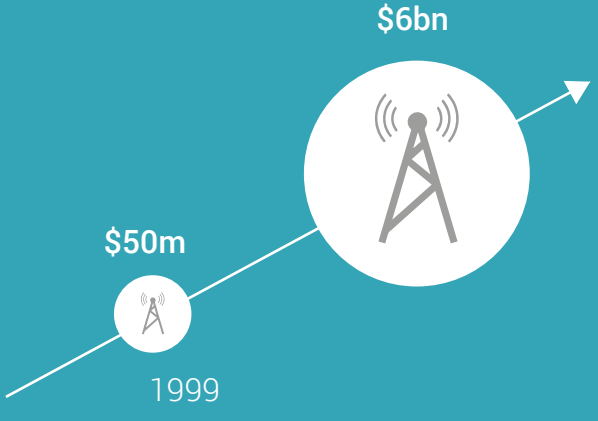
QUICK FACTS

2017

the telecoms and information service sectors' direct contribution to Africa's largest economy was approximately

N8.6tn

Investment in the Telecoms sector

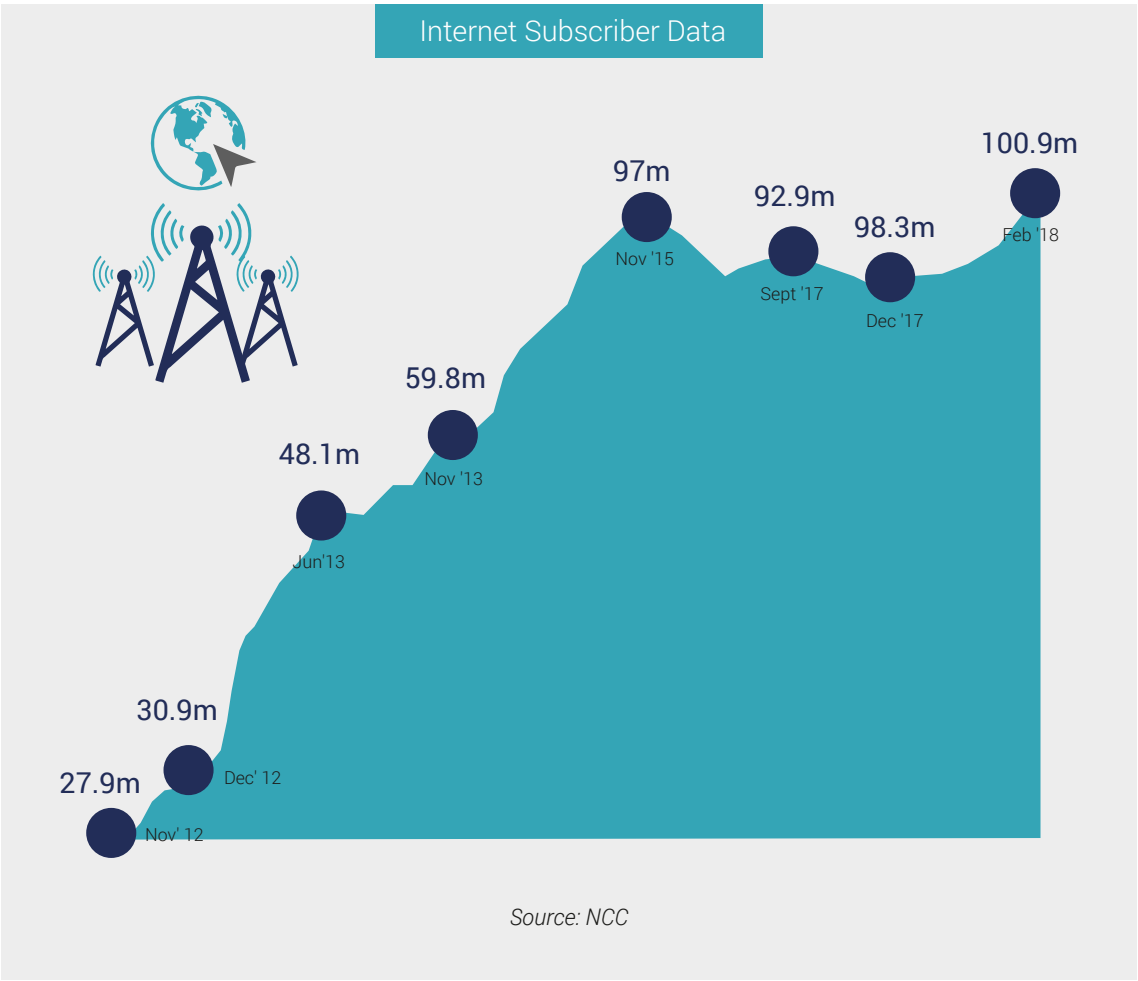


Number of Telecoms Subscribers

Year	Number of Subscribers	Teledensity(%)
2017	145,059,514	103.61
2016	154,529,780	110.38
2015	151,017,244	107.87
2014	139,143,610	99.39
2013	127,606,629	91.15
2012	113,195,951	80.85
2011	95,886,714	68.49
2010	88,348,026	63.11
2009	74,518,264	53.23
2008	64,296,117	45.93
2007	41,975,275	29.98
2006	33,858,022	24.18
2005	19,519,154	16.27
2004	10,201,728	8.5
2003	4,021,945	3.35
2002	2,271,050	1.89

Source: NCC

Also, In 2000 , Nigeria had an estimated 200, 000 internet users. The increased investment and the GSM revolution also impacted the internet subscription positively. As at February 2018, the total number of internet subscribers in Nigeria was 100.9million. However, only 22% of internet subscribers enjoy broadband speeds .



Source: NCC

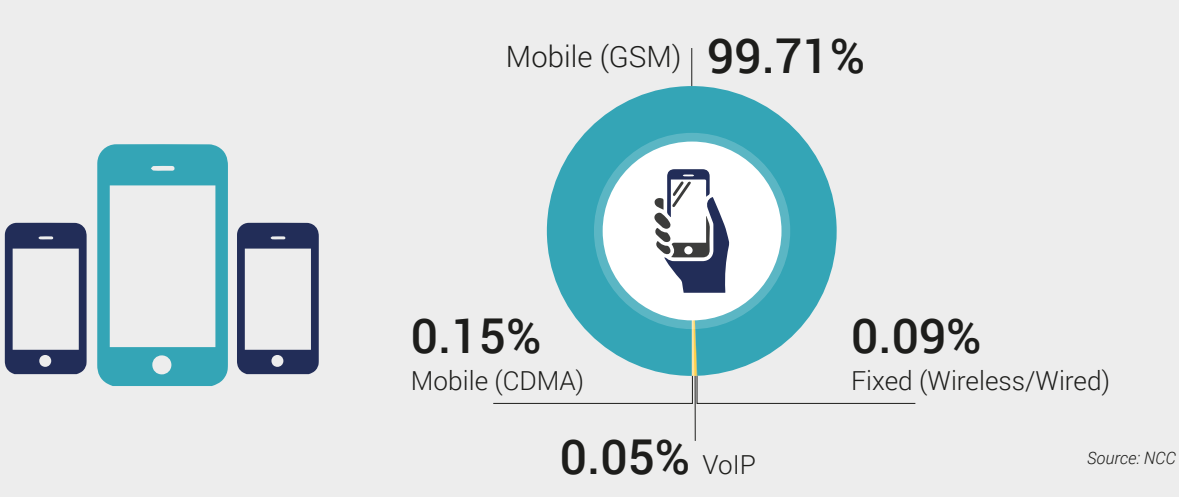
As subscription grew astronomically, mobile (voice) tariffs dropped due to intense competition and price wars among operators. Off-network and on-network calls which cost N41.1 per minute and N34.2 per minute in 2007 respectively dropped to N12.64 per minute and N12.01 per minute in 2016.

The intense competition drove tariffs down significantly which casually led to a sharp decline of telcos' profitability. However, there was a huge gap in rural communities as this increasing access to the internet remained largely in the urban centres where mobile operators and Internet Service Providers (ISPs) consider viable and profitable. Many rural communities across Nigeria remain unconnected.

Year	On-Net	Off-Net
2016	N12.01	N12.64
2015	N13.31	N14.67
2014	N15.08	N15.62
2013	N11.57	N13.09
2012	N13.80	N17.32
2011	N22.27	N22.80
2010	N25.35	N26.10
2009	N26.70	N36.00
2008	N36.48	N42.00
2007	N34.20	N41.10

Source: NCC

The cultural and socio-economic impact of the rapid growth of the Nigerian telecommunications sector is massive. As at the third quarter of 2017, approximately 388,443 people worked in the[3] information and communications sector while only 111,691 people worked in the mining and quarrying sector--dominated by the oil and gas employees--reinforcing the importance of the sector. Also, in 2017, an estimated 18.6% of retail and wholesale trade activities or N4.01tn, was powered by the internet.



As internet cost crashes even further, and the critical issues including establishing cost, accessibility, privacy and confidentiality, data security, network reliability, credit card threat, authenticity, income and education are corrected, other sectors will be affected. The media space, publishing and broadcasting sectors are being disrupted by the proliferation of the internet and smartphone devices.

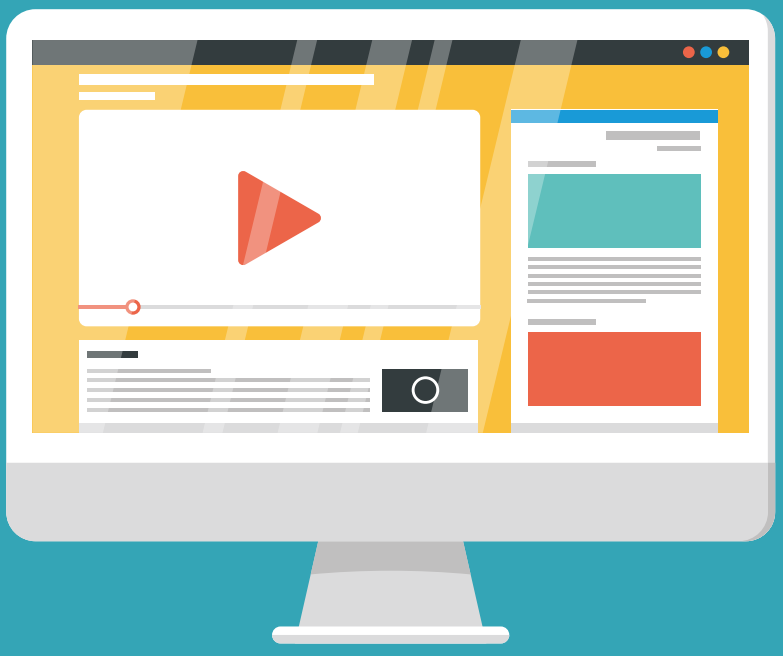
The internet has lowered the cost of entrance into the sectors and dragged down advertising cost with it. Businesses now use the internet to reach new markets resulting to positive effects on bilateral trade, internal trade and foreign direct investment, among others. The e-commerce sector is projected to grow to N15.5tn[5] within the next ten years.

The formal education system is also projected to follow the same trajectory. Massive Open Online Courses (MOOC) and e-learning are revolutionising educa tion delivery. With 1.5million Nigerians unable to access tertiary education in 2017, MOOCs present a unique opportunity.

Again, 32.36million[6] people are working in the agriculture sector in Nigeria. Most may need the internet to learn latest agronomy practices, order critical farm inputs, monitor agricultural produce and access market. While more agricultural activities in Nigeria occur in rural areas, the effects of the internet on the agricultural sector remain yet to be seen as internet penetration is concentrated in the urban and relatively dense rural areas of Nigeria. Many rural communities are still not connected to the internet or GSM. The crash in tariffs, alongside the rising cost of capital investment in equipment and spectrum, has also limited the players' ability to invest further in sparsely populated areas.

2

DIGITAL DIVIDE AND THE RURAL ECONOMY



In 2016

51.40%

of Nigerians resided in rural areas, down from

84.59%

in 1960.

Agricultural jobs accounted for approximately

46%

of the total jobs in Nigeria at the end of the third quarter of 2017.

In 2016, an estimated 51.40% of Nigerians resided in rural areas, down from 84.59% in 1960. Very few have access to, or feel the impact of Information and Communication Technologies (ICTs) when compared with urban dwellers. With over 32 million people working in the agricultural sector of the Nigerian economy, the the Nigerian rural economy is powered by agriculture. Agricultural jobs accounted for approximately 46% of the total jobs in Nigeria at the end of the third quarter of 2017. The manufacturing and trade sectors also depend on agricultural output from the rural economy to power through.

The agricultural sector, which is an integral part of government's plan to create 15 million new jobs under the Economic Recovery and Growth Plan (ERGP) could benefit significantly if telecommunications services are enhanced. Precision Agriculture (PA), a farm management concept which uses ICTs to observe, measure and respond to inter- and intra-field variability is being pushed as a way to close the social inequality gaps faced by rural farmers. Unfortunately, many rural communities and farms are not connected to the internet and unable to make use of it.

Telecoms operators, despite exploring the option of site co-location/ sharing of infrastructure as means of reducing cost, the economic base to invest in rural-sparsely populated areas is not clear. The Nigerian Communications Commission (NCC) hopes passive infrastructure companies will help close the loop and reduce the associated infrastructure and operational costs for telecoms network expansion into rural areas. Also, the government anticipates that as the voice segment of the industry enters maturity, pressure from increased competition and a possible loss in market share may stimulate expansion into unserved/underserved areas. The perception and a quick review of annual reports of operators show that telcos are switching to higher value services such as mobile data as opposed to extending low value voice and SMS services to rural dwellers.

New technology options and business models, including using TV-wide space may be the only near-term solution to offer lower cost solutions for small rural communities due to environmental obstacles, distance, and lack of economic incentives to invest in the space. As the Nigerian rural economy becomes more reliant on the internet

for communication, education, information, health services, connectivity is increasingly viewed as a basic human right. Also, research conducted jointly by Ericsson and Chalmers University of Technology in 33 OECD countries, quantifies the isolated impact of broadband speed. The result shows that doubling the broadband speed for an economy increases GDP by 0.3%. Given that some rural settlements in Nigeria are yet to be connected to telephony service, the impact could even be more significant.

At the onset, the NCC identified this challenge and tried to ensure that the rural economy is not left behind. The NCC compelled certain actions on licensed operators including forcing a roll-out of access in towns and villages simultaneously as part of licensing conditions. Operators were mandated to extend mobile services to rural communities defined as geographical areas without a telephone exchange or with a telephone exchange that has less than 500 lines.

Recognising that the condition attached to the licence may not be enough to ensure connectivity and bridge the digital divide, Nigeria joined 50 other countries to sign a joint agreement on Universal Digital Access during an International Telecommunications Union conference. The aim was to ensure the attainment of public interest in the provision of ICT applications and services in Nigeria by reinvesting part of the taxes from the telecoms sector into communities that are not viable for investment by operators in Nigeria.

The Nigerian Communication Act (2003) provided for the Universal Service Provision (USP), establishing a board to supervise and guide policy direction for the management of Universal Service Provision Fund (USPF). To ensure the full implementation of the ITU joint agreement on universal digital access and fulfill the Nigerian Communication Act, (NCC) established the Universal Service Provision Fund (USPF) in 2006. Also, the board of the NCC also adopted a new flexible regulatory regime for trading spectrum and transfer of license rights and obligations between operators in order to increase broadband infrastructure and deepen penetration levels.

3

RURAL ECONOMY - POTENTIAL BENEFITS OF IMPROVING ACCESS

The improvement of voice and data connectivity in rural areas can help to reduce rural isolation, increase access to critical services, and push up efficiencies of rural business including the agricultural ecosystem.

Rural Isolation

Social isolation impedes development, and given that most rural areas are sparsely populated, development actors like doctors, teachers, health workers, engineers, are often reluctant to move to such communities. Improved access to critical telecommunications infrastructure enhances development over a long period. Telecommunications could bridge the gap between
rural and urban dwellers. While the dearth of basic amenities contributes to rural isolation, professionals who elect to stay in rural areas can communicate with friends and access information through telecommunications. Also, it provides access to cultural events (like musical performances) and entertainment content which could go a long way at encouraging development stakeholders to stay longer in rural settings.

Enhanced Telecommunications May Create More Job Opportunities in Rural Areas

Enhanced access to the internet and other telecommunications services could attract and retain professionals in rural areas, thus reducing rural-urban migration, and improving local economy. Also, with relatively cheaper and more available labour force, an improved telecoms service may encourage firms to set up manufacturing plants closer to rural communities. For example, mass-produced goods which require minimal intellectual input from workers. Increased manufacturing activities mean higher wages for rural workers which could reduce rural unemployment, check migration and trigger series of economic activities down the line.

Telecommunication may Expand Rural Educational Opportunities

Improvements in education are essential, even in rural areas. Enhanced telecoms may encourage teachers to stay in rural areas as the isolation bias is reduced. Also, the advent of e-learning, MOOCs and the open university system could transform rural educational opportunities. Improving broadband pipes to rural areas could close the widening gap between urban and rural residents as access is not restricted or confined by distance.

Telecommunications May increase Public Revenue in Rural Areas

As more professionals are encouraged to stay in rural communities, and the overall economic activities in rural area improve over

time, the revenue uptake in rural areas should improve in line with the economic trajectory. Internet service, alongside access to training and information, should help government agencies in rural communities develop workable policies which could also enhance revenue in the near-term.

Regulations and Enabling Laws

The Nigerian Communications Act 2003

On the 24th November, 1992, the Federal Military Government led by General Ibrahim Babangida passed into law the NIGERIAN COMMUNICATIONS COMMISSION DECREE NO. 75 of 1992. The decree established the Nigerian Communications Commission with a mandate to regulate a privatised telecommunications sector in Nigeria. The mandate includes the award of licences to operators, issuance of policies and directives on quality of service and competition in the sector. This was part of the liberalisation policy of the administration to encourage private sector participation and break monopolies held by inefficient State Owned Enterprises (SOEs).

On 8th July, 2003, the National Assembly amended the 1992 decree into NIGERIAN COMMUNICATIONS ACT, 2003 ACT No. 19. The primary objective of this Act was to create and provide a regulatory framework for the Nigerian communications industry. It sought to facilitate investments in, and entry into, the Nigerian market for provision and supply of communications services, equipment and facilities. Also, NCC was charged with designing, managing and implementing Universal Access Strategy and programme in accordance with Federal Government's general policy and objectives. To achieve the Universal Access Strategy, the NCA 2003 provided for the Universal Service Provision.

4

ABOUT NIGERIA'S USPF

The Nigerian Communication Act (NCA) details the Universal Service Provision (USP), with Section 115 establishing the Universal Service Provision Board. The board was mandated to supervise the management and utilisation of the Universal Service Provision Fund (USPF) and to provide broad policy direction:

The USPF will consider, design and determine a system which shall promote the widespread availability and usage of network services and applications services throughout Nigeria by encouraging the installation of network facilities and the provision for network services and applications services to institutions and in unserved, underserved areas or for underserved groups within the community.

In 2006, the Fund was set up with a Secretariat at the NCC as stipulated by the NCA (2003). The organisation identified ICT cluster gaps in Nigeria, effectively showing the spaces left to be filled, as regards digital inclusion. Below is a screenshot of the ICT telephony gap showing effective gap in far North East/West Nigeria. It is also evident that there is a huge ICT gap in Zamfara, Adamawa, Kebbi and Taraba. Relatively high coverage exists in Southern Nigeria; this shows effectively how high literacy incentivises access to telephony and ICTs.

Funding USPF

To fund USPF, the Nigerian Communication Act 2003 states as follows:

The USP Fund shall comprise funds derived from, but not limited to, the following sources -

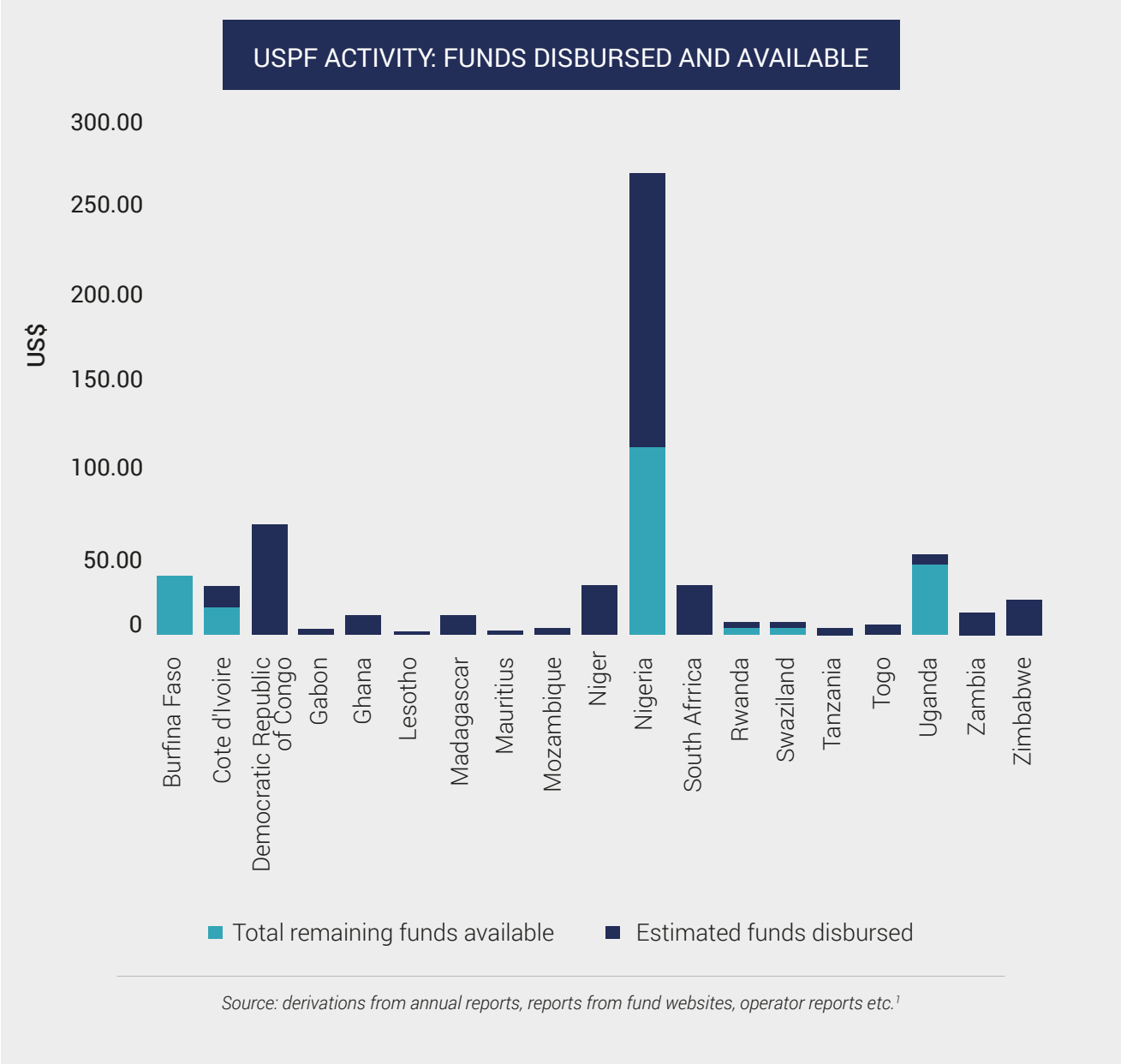
a. Such monies as may be specifically appropriated to the USP Fund from time to time by the National Assembly;

b. Contributions from the Commission based on a portion of the annual levies paid to the Commission by licensees; and

c. Gifts, loans, aids, and such other assets, that may from time to time specifically accrue to the USP Fund.

Telecoms operators in Nigeria are mandated to contribute 2.5% of net operating revenue to the NCC. When the Fund was established in 2006, it received a 40% share of the annual operating fees assessed by the NCC on operators. USPF funding has largely come from NCC and funds appropriated by the National Assembly. Information on the accurate figures and sources of funding the USPF has received since inception is not readily available.

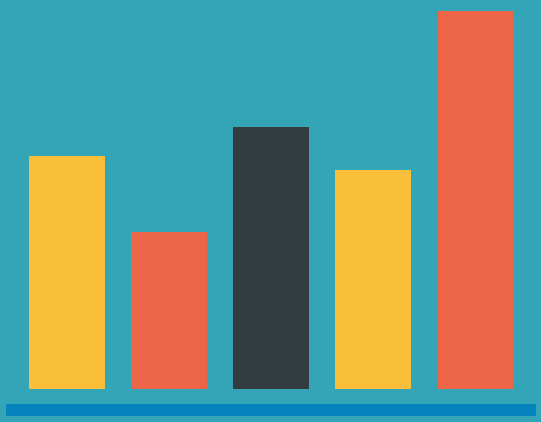
In funding for Universal Service Provision, across Africa, Nigeria still leads, as shown in diagram below:



Source: derivations from annual reports, reports from fund websites, operator reports etc.[1]

5

THE USPF STRATEGIC MANAGEMENT PLAN 2013 - 2017



The Universal Service Provision Fund's (USPF) strategy to close the rural-urban digital divide and ensure universal access is to facilitate an enabling environment for ICTs, promote universal access and universal service that facilitates connectivity for development and to promote institutional development. Funds will be directed at the following:

Facilitate an Enabling Environment for ICT

The strategic plan of the USPF for fiscal years 2013-2017 includes gathering more information and statistics on current ICT penetration for each Local Government Area in the country to provide an indication of which areas are currently underserved and unserved with respect to ICT services[11]. USPF will assess areas within the country that are currently unserved by telecommunications infrastructure. The study will form the basis for designing incentives and quantifying/estimating the subsidies required to provide the needed ICT services to the regional clusters identified in the programme.

Promote Universal Access and Service that Facilitates Connectivity for Development

The plan of USPF for fiscal years 2013 -2017 also calls for the rollout of network infrastructure to close identified gaps and achieve the deployment of optic fibre network rings across identified target areas. The overall objective of the fund was to the reduce the costs of providing Internet services to the identified underserved target population on a shared or individual basis. Through collaborations with key stakeholders, USPF was hoping to connect 200 communities and 2,000 public schools, representing 10% of the total number of public schools as at 2011. Through partnerships with the National Universities Commission (NUC) and World Bank Step B, it also planned to connect all tertiary institutions in the country before the end of 2017. USPF was also looking to support federal university teaching hospitals by enhancing access to real-time consultancy services from medical personnel in other parts of the world via broadband services.

The USPF, according to the strategic plan for 2013-2017, will also be used to deploy subsidised Base Transceiver Stations (BTS) and other passive infrastructure in underserved and unserved communities in Nigeria in order to achieve 100% coverage of local government wards in Nigeria. Thus, reducing the proportion of underserved LGAs across the country. The fund will also be used to sponsor or subsidise the development of local content and applications for unserved and underserved areas of the country and integrate ICT into the daily lives of people in these areas.

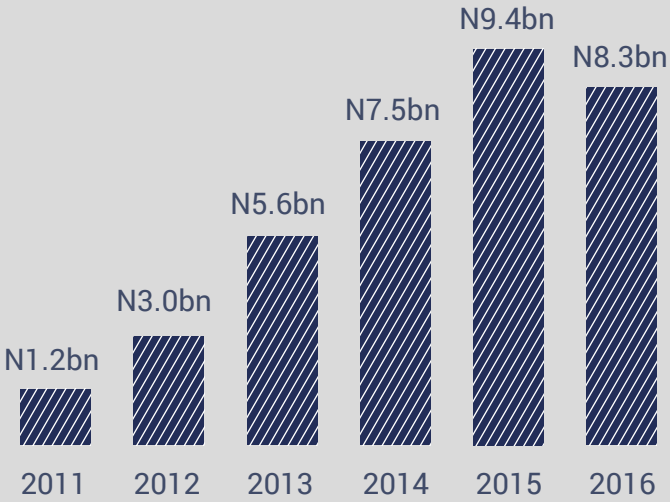
nstitutional Development

To ensure sustainability of the different programmes, the fund, according to feeds from the strategic action plan for fiscal years 2013-2017, calls for the development of human capital at the USP Secretariat to lensure that staffs have capacity to develop operating plans on an annual basis and provide detailed guide for the day-to-day activities in line with the fund's mandate.

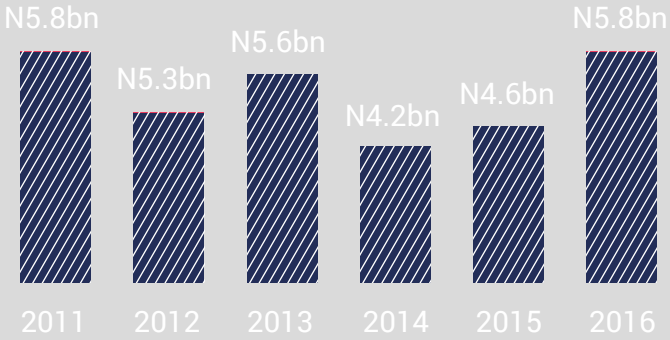
6

BUDGET OF USPF

INFRASTRUCTURE PROJECTS

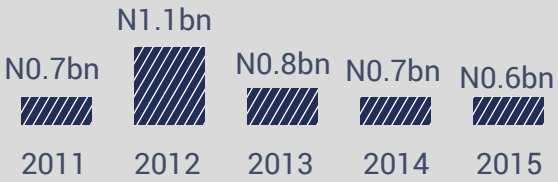


INFORMATION TECHNOLOGY PROJECTS



STAKEHOLDERS INITIATED PROJECTS

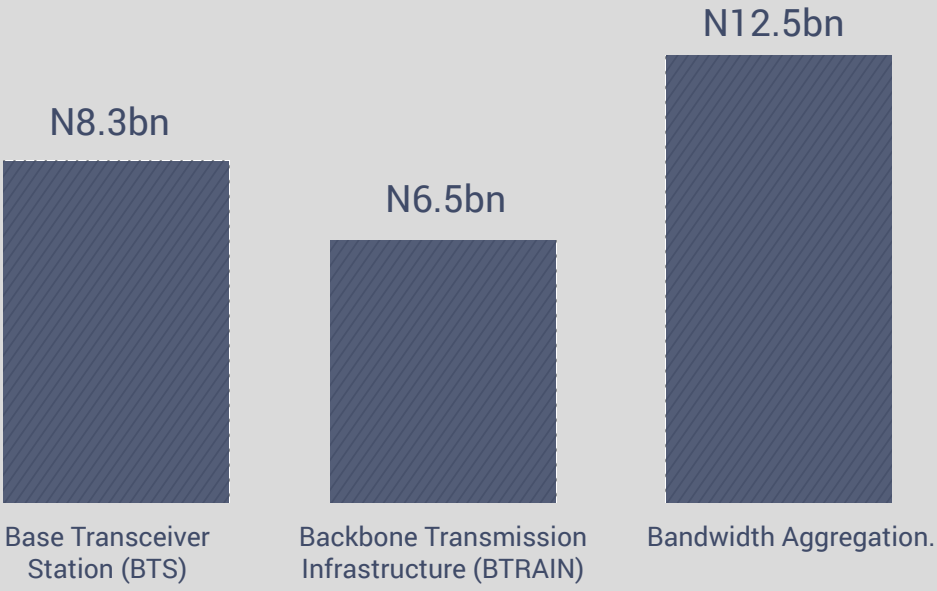
INSTITUTIONAL STRENGTHENING & CONSULTANCY



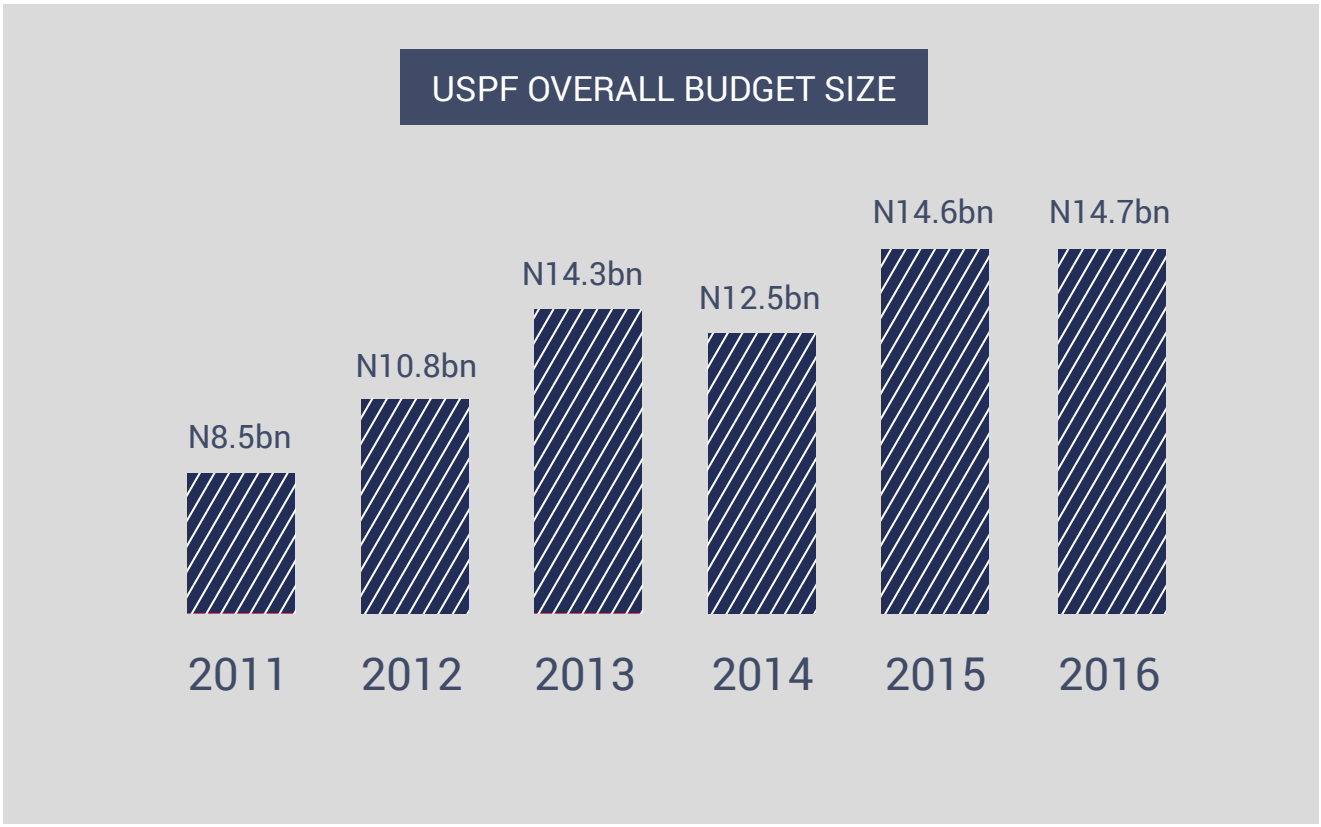
FUND MANAGER FEES

INFRASTRUCTURE PROJECTS

Breakdown



USPF Budgets



7

USPF PROJECTS

PROJECTS OF UNIVERSAL SERVICE PROVISION (FROM 2011 ANNUAL REPORT)

Schools Access Programme (SAP)

The Schools Access Programme is aimed at achieving Connectivity for Development (C4D) goal in line with the mandate of the Fund to promote the connection of government schools to broadband internet. Under the SAP, selected schools and institutions are provided with 100 Classmate Personal Computers, printers and other accessories with high speed internet connectivity. In order to ensure the sustainability of the project, schools are encouraged to share these facilities with surrounding communities for a fee, when convenient. The Secretariat in its 2011 budget made provisions for additional 218 government schools across the country.

Tertiary Institution Access Project

The Tertiary Institutions Access Project (TIAP) is aimed at facilitating connectivity to broadband internet with speed of up to 1Mbps in selected tertiary institutions. Each institution that benefited from the project received a total of 100 computers, 100 sets of chairs and tables, 2 printers with network facilities, and firewalls with broadband internet connectivity.

The implementation of TIAP started in 2008 with 133 tertiary institutions across the country. In 2010, the Secretariat in liaison with the relevant committee of the USPF Board made provisions for additional 11 institutions which were not covered in previous years. By 2011, a total of 204 tertiary institutions had benefited from the Tertiary Institutions Access Project (TIAP).

Virtual Learning Centre in Public Libraries (e-library)

The e–library project is expected to provide a platform for online real time searchable portal for displaying library documents and educational database. This is to ensure that users have unlimited access to a wealth of knowledge, educational materials and developmental issues on a wide range of subjects globally. This will also enhance local capacity development in the ICT industry by encouraging innovation among users to develop Nigerian versions of the various educational platforms in future.

Under the 2010 budget, contracts were awarded for the implementation of seventy four (74) e-libraries across the country, that is, two libraries in each state of the federation and the FCT. However, due to delays in budget approval, implementation commenced in 2011 and is currently ongoing.

Provision for ICT for the Challenged Group (ICT for All)

The main objective of the project is to provide information on the various needs of the challenged citizen and how ICT tools can improve their wellbeing. The project is also expected to provide a platform for information on supportive technologies required to meet the needs of challenged groups. Part of the deliverables of the project is the creation of an information database on various institutions and organisations that provide ICT Services to the group in the country. The consultancy to conduct a preliminary study on the needs and limitations of the challenged group in the use of ICTs was awarded in 2011.

Accelerated Mobile Phone Expansion-Base Transceiver Station (AMPE-BTS)

The Base Transceiver Station project is a subsidy-based intervention of the Fund for the construction of BTS infrastructure in unserved and underserved locations within the country by the mobile telephone operators for provision of telephony services. This is pertinent since the spread of telephony and other ICT services are concentrated in the urban areas for commercial viability reasons. The project is expected to take telephony and other ICT services to rural and semi-urban locations to bridge the digital divide. A total of 27 BTS sites were awarded in 2010, while 40 sites, including those awarded earlier, were completed in 2011.

Accelerated Mobile Phone Expansion-Co-Location Infrastructure Projects (AMPECIP)

The Co-location Infrastructure Project (CIP) is an intervention conceived to ensure the spread of telephones and other ICT services to rural and semi-urban locations. Since the cost of deploying telecommunications services is largely influenced by the cost of telecommunications infrastructure--towers/mast, fencing, security, generators, and more--the concept of shareable telecommunications infrastructure is expected to alleviate this problem and facilitate rapid network roll-out with affordable services. Co-location Infrastructure Services Providers (proponents) are expected to build sharable infrastructure sites for mobile telephone operators to deploy their services with subsidy provided by the USPF. Contracts for fifty (50) CIP sites were awarded in 2010 by USPF and none was awarded in 2011. As at 2011, only four (4) CIP sites were completed.

Rural Broadband Infrastructure (RUBI)

The Rural Broadband Initiative (RuBI) project seeks to provide a sustainable wireless broadband network in the broadband underserved or unserved areas, serving as an enabler of fast and reliable internet services catering to commercial, residential,

educational, government, healthcare and other groups. This USP initiative is expected to address the lack of a robust and resilient telecommunications infrastructure in the rural/semi-urban areas of the country thereby bridging the rural-urban digital divide. The project was awarded under the 2010 budget year but the implementation commenced in 2011.

Bandwidth Aggregation

The need to provide the requisite bandwidth for computers connected to the internet at various USPF project locations made the establishment of a solution that aggregates bandwidth supply mandatory. The project aims to create high quality, and reliable internet services to numerous USPF projects in a cost effective manner through the use of teleporting services from service providers that will provide technical and financial guarantees. As at 2011, bandwidth provision of 98 Community Communications Centres (CCC) sites has been aggregated to a single provider which has enabled uniform availability of service.

Community Broadband Centre (CBC)

This project is under the bottom-up initiative expected to provide a last mile broadband access to communities, homes, offices and schools using both fixed and wireless broadband access technologies. The project aims to provide a mega cybercafé with 100 computers and facilities for conference support, training, ICT equipment repair, as well as, wired and wireless internet. The project is already underway with some of the buildings already at the roofing stage.

Conduct of Impact Assessment of Universal Service Provision Fund Projects

In 2011, the USP Secretariat initiated a study to assess the impact of completed projects on the social, economic and human development indices of beneficiary communities. The study should provide reliable evidence of the impacts of USPF projects on beneficiaries. The outcome of the study is also expected to guide and assist in strategic planning as well as justify allocations of funds expended on the projects. The project which was awarded in October 2011 was scheduled for completion in the first quarter 2012.

Development of Strategic Plan 2013 – 2017

The Universal Access and Universal Service Regulation 2007, Section 36 requires the USP Secretariat to prepare a Strategic Management Plan (SMP) for approval of the USP board, setting out its vision, mission, objective and incorporating its long term plans over a five-year period. The Act also requires that the SMP be reviewed from time to time. Since the current Strategic Plan 2007 – 2011 elapsed at the end of 2011, the USP Secretariat initiated the process of developing SMP 2013-2017.

PROJECTS OF UNIVERSAL SERVICE PROVISION SECRETARIAT (FROM 2012 ANNUAL REPORT)

Accelerated Mobile Phone Expansion-Base Transceiver Station (AMPE-BTS)

This is a continuation of the project awarded in 2010, and previously. As at the end of 2012, a total of 59 BTS sites have been constructed while 20 sites were at various stages of completion.

Backbone Transmission (BTRAIN)

The Backbone Transmission project was conceived by the Fund to facilitate the connection of rural and semi-urban areas to the national transmission backbone infrastructure. The project aims to address the dearth of fibre optic backbone network performance, quality of service, expansion of ICT access and service delivery. The project will help to harness the enormous capabilities of Information and Communications Technology (ICT) that would assist the country meet the, now outdated, Millennium Development Goals (MDGs) target.

In the year 2012, projects were awarded for the development of 500 kilometres of fibre optic cable to be completed within 12 months. The routes to be covered in the first phase of the project were listed in a table in the 2012 annual report.

Rural Broadband Infrastructure (RUBI)

This is a continuation of the project which was awarded under the 2010 budget year but the implementation commenced in year 2011. It was expected that all the projects would have been completed and commissioned as at the end of 2013.

University Inter-Campus Connectivity (UnICC)

The University Inter-Campus Connectivity Initiative is a collaborative project between the USPF and the National University Commission (NUC) to facilitate the provision of ICT infrastructure for the National Research and Education Network (NREN) by interconnecting medical colleges to their respective federal universities and and teaching hospitals to facilitate bi-directional communication for the purpose of sharing resources such as bandwidth, content, and more.
In the second phase of the project, relevant electronic components was deployed in each of the benefitting universities to enable voice, data, video and other multimedia services such as telepresence to be achieved both intra-university and inter-university.

In 2012, 16 universities were benefitting from the first phase of the project. The list of universities and corresponding campuses benefitting from the projects were listed in the annual report.

E-Library

This is a continuation project from the 2011 annual report. As at 2012, 74 libraries--two digital libraries in each of the 36 states and FCT--were being implemented. A data centre was also being provided to integrate all the access points and host a central database for all e-content (books, journals, vocational materials and magazines) from the benefitting e-libraries. This phase of project should have been completed by the first quarter of 2013.

Consultancy Services for Provision of ICT for E-Health in Nigeria (ICT4e-HN)

The Fund in the 2012 issued a Request for Proposals (RfP) for the engagement of a consultant for the provision of e-health services in Nigeria. The sole aim of the consultancy services was to identify the ICT requirements and implementation methodology that will improve healthcare service delivery in Nigeria. Ultimately, the project ought to reduce medical trips abroad by Nigerians. Bids were received from prospective consultants and the bids were being evaluated at the time of writing the 2012 report.

Schools Access Programme

As at the end of 2012, a total of 1335 schools have benefitted from the project which is a continuation from previous reports. However, the outcome of an impact assessment of the programmes in the second quarter of 2012 revealed the need to modify the programme deliverables to achieve greater impact. Consequently, the need to assess existing ICT infrastructure and knowledge in the beneficiary schools.

Impact Assessment of USPF Projects

An impact evaluation of all completed projects carried out by the USP Fund was initiated in 2011. The report of the impact assessment was received during the year under review. The report, which was submitted in the second quarter 2012, served as a vital resource in the preparation of the new 2012-2017 Strategic Management Plan (SMP). The study assessed the impact of the completed projects on communities that have benefited from USPF projects. According to the study, the socio-economic conditions of the people were improved. For instance, the School Access Programme (SAP) and Tertiary Institutions Access Programme (TIAP) positively impacted on beneficiary institutions by enhancing research and teaching capacity in the schools, improving the learning process in the school and providing opportunities to connect with the rest of the world.

Clustering of ICT Access Gaps and GIS Mapping of all USPF Projects

The Access Gap Study is an initiative that would assist USP Secretariat to identify all blind spots without telephony signals and transport/transmission networks in the country. It will also help to identify areas that are currently underserved and unserved with respect to ICT services. Studies will be carried out, not only to assess the current situation, but also to predict future communications service coverage. The expected outcome of this project is the clusters of unserved areas

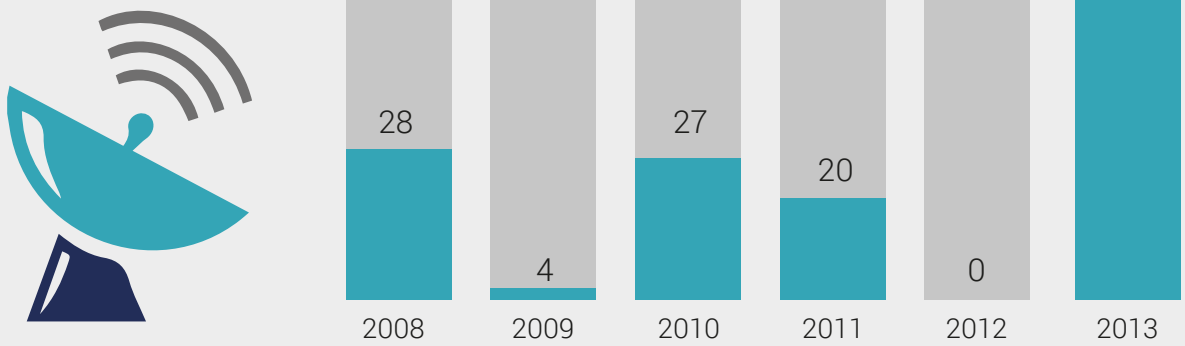
based on identified ICT needs and the type/class of interventions required to address these needs. The project should provide a baseline with which future USPF achievements can be measured. The clusters will be prioritised to ensure 100% coverage within the next five years.

PROJECTS OF UNIVERSAL SERVICE PROVISION (FROM 2013 ANNUAL REPORT)

Accelerated Mobile Phone Expansion-Base Transceiver Station (AMPE-BTS)

Under this project, the USPF provided 100% output-based subsidy for the deployment of 155 BTS sites across the country. It is projected to service 5,150,030 people residing in 930 communities. When the project is completed, it will bring the total number of BTS completed since inception of USPF to 234 BTS sites.

AMPE-BTS: Trends and number of Completed BTS Sites as at 2013.



Source: USPF

Backbone Transmission Infrastructure (BTRAIN)

USPF started the process of awarding a 3,000 km BTRAIN project to Phase 3 Telecom (North-Central and North-West) and 21st Century Technology (South-West) in fiscal year 2013.

Rural Broadband Infrastructure (RuBI)

USPF started the implementation and deployment of networks for the provision of broadband internet to some rural areas under the Rural Broadband Initiative (RuBI) project. The Fund hopes that through the project, high speed internet will be delivered to rural areas through wired and wireless infrastructure with the overall goal of increasing uptake of other technologies centred around the internet in those locations e.g. e-library, e-health, e-government, and more. At the end of 2013, a total of five locations had been completed while six other locations awaited the activation of internet bandwidth.

University Inter-Campus Connectivity (UnICC)

The University Inter-Campus Connectivity (UnICC) initiative, a collaborative project between the Universal Service Provision Fund (USPF) and the National Universities Commission (NUC) is pushing for seamless connection between universities, their medical colleges and teaching hospitals to facilitate bi-directional communication for the purpose of sharing resources such as bandwidth, content, and more. In 2013, about 60 percent of the completed sites were functional.

School Access Programme

The projects in this category are to help the USP Fund facilitate and promote access to community-based data and voice services on a shared basis and provide a platform for universal service. Mostly grant based, sustainability of these projects is important.

School Knowledge Centre (SKC)
The School Knowledge Centre (SKC) is aimed at achieving "Connectivity for Development (C4D)" goals. The USPF started the implementation of 218 projects in different locations. The project is expected to provide access to at least over 150,000 students per session.

In 2012, the USP Secretariat had an actual expenditure of N12,938,995,274 as against the N9,9225,123,121 spent in 2011. In the same year, the Secretariat generated an income of N11,903,518,629 as against the N10,697,707,156 realised in the preceding year. USPF recorded a N1.03bn deficit in 2012 and an excess of N772.5m in 2011.

Two-year Comparative Breakdown: 2012 & 2011

INCOME STATEMENT

Income	2012	2011
	Naira (N)	Naira (N)
Contribution from NCC	10,409,146,181	10,409,146,181
Other Income	1494372448	847895183
	11,903,518,629	**10,697,707,156**
Expenditure		
Fund Management Fees	11,977,335,338	9,031,999,612
Operating Expenses	23,361,788	33,467,122
Fund Management Fees	31,312,500	58,530,673

Administrative Expenses	120,930,179	207,148,924
Employees' Compensation & Benefits	264,581,613	237,842,229
Training and Development	303,926,674	343,031,468
Board Expenses	217,547,182	13,103,093
	12,938,995,274	**9,925,123,121**
Deficit/Excess of Incomes over Expenditure	**(1,035,476,645**	**772,584,035**

BALANCE SHEET

	2012	2011
	Naira (N)	Naira (N)
PROPERTY, PLANT AND EQUIPMENT	37,393,132	58,450,264
CURRENT ASSETS		
Stock	4,200,113	5,751,360
Debtors and Prepayments	12,882,748,569	11,397,184,602

Short Term Investment	15,600,000,000	16,974,677,177
Cash Bank	1,689,554,208	2,748,047,973
	30,176,502,890	31,125,661,112
CURRENT LIABILITIES		
Creditors: Amount Falling due within One Year	(21,336,146,760)	(21,300,135,469)
Net Current Asset	8,840,356,130	9,825,525,643
Total Assets less Current Liabilities	8,877,749,262	9,883,975,907
NET ASSETS	8,877,749,262	9,883,975,907
Financed By:		
ACCUMULATED FUND	8,877,749,262	9,883,975,907
	8,877,749,262	9,883,975,907

The 2013 performance report of the USP Secretariat shows that the commission generated a total of N9.64bn in the fiscal year, a decrease in revenue from its 2012 balance of N11.9bn. An actual expenditure of N14.06bn was spent by the commission on recurrent expenses and capital costs, while leaving a deficit of N4.42bn. In terms of deficit, USPF incurred more deficit in 2013 than 2012 with more than N3bn.

Two-year Comparative Breakdown: 2012 & 2011

INCOME STATEMENT

Income	2013	2012
	Naira (N)	Naira (N)
Contribution from NCC	8,239,999,144	10,409,146,181
Other Income	1,402,572,425	1,494,372,448
	9,642,571,569	**11,903,518,629**
Expenditure		
Project & Programme Cost	13,230,483,281	11,977,335,338
Operating Expenses	25,231,174	23,361,788
Fund Management Fees	23,379,333	31,312,500
Administrative Expenses	58,114,296	120,930,179
Employees' Compensation & Benefits	240,375,190	264,581,613

Training and Development	272,330,528	303,926,674
Board Expenses	219,990,000	217,547,182
	14,069,903,802	12,938,995,274
Deficit/Excess of Incomes over Expenditure	**(4,427,332,233**	**772,584,035**

BALANCE SHEET

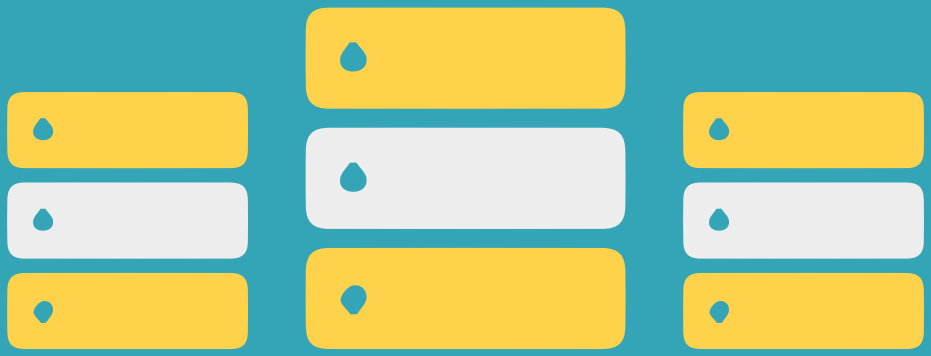
	2013	2012
	Naira (N)	Naira (N)
PROPERTY, PLANT AND EQUIPMENT	79,165,878	37,393,132
CURRENT ASSETS		
Stock	5,747,460	4,200,113
Debtors and Prepayments	10,334,789,081	12,882,748,569
Short Term Investment	14,900,000,000	15,600,000,000

Cash Bank	402,439,166	1,689,554,208
	25,642,975,707	30,176,502,890
CURRENT LIABILITIES		
Creditors: Amount Falling due within One Year	(21,336,146,760)	(21,300,135,469)
Net Current Asset	4,371,251,152	8,840,356,130
Total Assets less Current Liabilities	4,450,417,030	8,877,749,262
NET ASSETS	4,450,417,030	8,877,749,262
Financed By:		
ACCUMULATED FUND	4,450,417,030	8,877,749,262
	4,450,417,030	8,877,749,262

Annual Reports from 2014 have not be approved nor published. Since 2015, the Federal Government has not appointed a Governing Board for the Fund.

8

REVIEW OF PROCUREMENT DATA



While there is no specific procurement data on the USPF website, extensive research using the Public Private Development Centre tender database shows that there were tenders. However the names of the bidders and winners as well as tangible database of service delivery are not available. The following was provided:

1.Provision of equipment related to telemedicine such as High-d definition video conferencing equipment, multiport enterprise standard routers and switches, power back-ups, CCTV as well as training. This was to be delivered to eight universities namely:

- University of Nigeria, Nsukka Enugu
- University of Agriculture, Makurdi Veterinary Teaching Hospital, Benue State
- Nigerian Defence Academy Kaduna
- Federal University of Technology, Minna, Niger State
- Modibbo Adama University, Yola, Adamawa State
- Federal University of Agriculture, Abeokuta, Ogun State
- Federal University of Technology, Akure, Ondo State
- National Open University of Nigeria, Lagos State

2. A survey of schools to determine the state of their ICT tools for deployment of local content software with provision of e-learning facilities as well as IT training for teachers. The schools involved and their locations were not specified.

3. Connection of main campuses of selected universities to their respective annex campuses or teaching hospitals with fibre optic cable. This was to be delivered to five universities:

- University of Maiduguri Teaching Hospital (UMTH), Maiduguri, Borno State
- Michael Okpara University of Agriculture, Umudike, Abia State
- Federal University Dutsinma, Katsina State
- Federal University Dutse Teaching Hospital, Jigawa State
- Federal University Ekiti, Oye Campus, Ekiti State

4. Provision of ICTs and electronic health record systems to secondary healthcare facilities in Nigeria under the e-health project. The project is expected to delivered in the country but locations were not specified.

5. Provision of 45Mbps IP connection to the Universities Data Centre with onward distribution to universities and corresponding teaching hospitals. This was to be delivered to eight universities:

- Usmanu Danfodiyo University, Sokoto State
- University of Jos, Plateau State
- Abubakar Tafawa Balewa University, Bauchi State
- University of Port Harcourt, Rivers State
- Nnamdi Azikiwe University, Anambra State
- University of Benin, Edo State
- Obafemi Awolowo University, Ile-Ife, Osun state
- University of Uyo, Akwa Ibom state

6. Connection of main campuses of selected universities to their respective annex cam puses or teaching hospitals with optic fibre cable. This was to be delivered to nine universities:

- Federal University of Technology, Akure, Ondo State
- Federal University of Technology, Minna
- Michael Okpara University of Agriculture, Umudike, Abia State
- Modibbo Adama University of Technology, Yola
- Nigerian Defence Academy, Kaduna
- Federal University of Agriculture, Abeokuta Ogun State
- University of Agriculture, Makurdi
- National Open University, Lagos State
- University of Nigeria, Nsukka, Enugu State

7. Deployment of optic fibre cable; provision of bandwidth connectivity; installation of ICT devices and peripherals such as computers, printers, computer desks/chairs, power backup, and more. This was to be delivered to twelve universities:

- Federal University Birnin Kebbi, Kebbi State
- Federal University Gusau, Zamfara State
- Federal University Gashua, Yobe State
- African University Of Science & Technology, Abuja, FCT
- Northwest University, Kano State
- Kwara College Of Arabic And Islamic Studies. Kwara State
- The Polytechnic Ibadan, Oyo State
- National Open University, Lagos State
- Federal Polytechnic Ilaro, Ogun State
- National Institute For Construction Technology Uromi, Edo State
- School of Basic and Remedial Studies Funtua, Katsina State
- Sokoto State University, Sokoto State

8

INDEPENDENT INVESTIGATION: FIELD SURVEY OF IMPLEMENTATION LEVELS OF USPF PROJECTS

The USPF website provides information on the beneficiaries of some of the implemented projects in secondary schools, universities, public libraries and communities. Our Tracking Officers went to track some of these projects across seven states, below are some of their findings.

CROSS RIVER STATE

Hope Wadell Training Institute Calabar Municipal, Cross River State

On 11th February 2018, the project tracking officer visited Hope Waddell Training Institute Calabar to monitor the supply of ICT tools to the school in 2015 and 2016. Speaking with the school principal, Mr. Ikpeme, he reported that there was no supply of ICT tools/equipment in the school in the above mentioned years. Although, he reported to have heard about the supply of these ICT tools/equipment in some schools, he refused to give details of these schools because he had not seen them first hand.

Margaret Ekpo Secondary School, Calabar Municipal, Cross River State

The project tracking officer visited Margaret Ekpo Secondary School Calabar Municipal Cross River State on the 11th January 2018 to monitor the supply of ICT tools/equipment. He engaged the principal, who revealed that no ICT tools/equipment had been supplied to the school. She also claimed not to have an idea about the provision.

National Library of Nigeria, Calabar, Cross River State

The National Library of Nigeria Calabar, Cross River State was also visited on 8th February 2018. The Chief Librarian confirmed that no ICT tools/equipment were supplied within the year 2015 and 2016, she reported that the last time they received ICT tools/equipment was in 2010. Even though the library had a functional e-library, she did not to have any knowledge of the supposed supply of ICT tools/equipment but promised to ask questions about it.

KEBBI STATE

Government Day Secondary School Birnin-Kebbi

In Government Day Secondary School Gesse, Birnin-Kebbi, there was no supply of any ICT equipment in the school. During the visit, one of the school teachers confirmed to the tracking officer that no supply had been made.

"We only have a computer in the principal's office," he said.

Joda International School Birnin-Kebbi

Field visit to Joda International School Birnin Kebbi to track the ICT provision for computers and generator, revealed that no supply of ICT equipment was made between 2015 and 2016 although the computer teacher said the equipment they have in the school was supplied since 2010.

DELTA STATE

ICT TOOLS PROJECTS UPDATE:

Comprehensive High School, Igbodo, Ika North-East LGA

The Tracka team visited Comprehensive High School, Igbodo, Ika North-East LGA to monitor the supply of ICT equipment to the school. The school authorities revealed that no computer accessories were supplied. They explained that the deficiency of ICT tools in the schools has brought difficulties to learning and teaching activities. Teachers are not able to impart practical knowledge to students and students are not assimilating anything from the computer studies they are being taught, because it's all theory-based.

"It is almost a waste of time teaching students computer studies with no computers and other ICT tools available for them to practise," the sad school representative said that despite repeated written pleas to the government, nothing has been done.

Igbide Grammar School, Isoko South LGA

During the team visit to Igbide Grammar School, the school authorities informed the team that three computers and some ICT tools were supplied to the school in 2015; an additional five computers and ICT tools were also supplied in 2016.

"We thank the government for their effort but we need them to do more as these computers are not really enough for the huge population of the students. We are all aware of the great advantages of ICT in learning and teaching processes. We plead with Tracka to help es we are facing," the school representative stated.

AKWA-IBOM

Itam Secondary School, Obong Itam Itu, Akwa-Ibom

Even though the ICT supplies had been deployed to Itam Secondary School, there were issues about usage. The school principal who refused to disclose his identity stated that NCC gave 20 computers and a generator set to the school in 2016 but yet to be commissioned. He also added that the generator had been stolen and no replacement had been made. The computer lab was under lock and key, the tracking officer could not gain access to inspect the equipment.

Uyo High School, Uyo, Akwa Ibom

The Tracka team discovered that the supply has been made to the school. Mr. Michel Etim, the school principal revealed that in 2016, Samsung supplied 50 computers with solar panel to the school but the solar panel no longer works. He also stated that two of the computers were stolen from the lab. During the visit, we discovered that the computer lab was empty as they reported that the students were busy writing their final year examinations. Consequently, despite the delivery of the tools, we did not see them during the visit.

Supply of ICT to Ijebu Muslim College Comprehensive High school

During the team visit to the school, we were told that the ICT equipment had been supplied since 2016 but to their dismay, while the systems supplied by Zinox had spent about six months within the school and about to be installed, some people came and withdrew it from them and diverted it to a neighbouring school--Christ Church Secondary School, Molode, Ijebu Ode. They claimed the college had earlier benefitted from a federal government solar project sometime in the past.

Adeola Odutola Comprehensive High School

The Tracka team visited Adeola Odutola Comprehensive High school to monitor the supply of ICT equipment to the school. The management of the school informed the team that they were yet to receive such provisions from the federal government.

Having such equipment in our school will be of great benefit to the students," one of the computer teachers said.

Ijebu-Ode Grammar School

At Ijebu Ode Grammar School, nobody was ready to divulge the information about ICT equipment. They were requesting a written letter from the ministry of education before they could grant an interview to the Tracka team. It remains unclear whether items were supplied.

Ago-Iwoye ICT Centre

Even though this is not a school location, it should be mentioned as it raises questions on USPF projects, accountability and sustainability. A 24-million naira ICT project was allocated to the Ijebu-North / Ijebu-East / Ogun Waterside Federal Constituency in the 2016 Budget. The underserved area with hosts youths, mostly students in the secondary and tertiary institutions, making the provision crucial to the community.

However, during the visit of the Tracka team, we observed that it was installed in the constituency office of the representative of the constituency, Honourable Adekoya Adesegun. There were only fifteen computers with accessories in sight. We also learnt that residents are required to pay N500 for identification cards; N1000 for desktop publishing and N300 per hour for internet browsing. One wonders: who receives this money? Why are citizens paying to use a FG-funded project?

BudgIT is concerned that the current legislator appropriated a community project as a private project and if he does noty to win the next election, the entire project might be jeopardised. It is important to note that if such project is built with public funds, it must be positioned in a neutral and accessible location where citizens have equal access to it, irrespective of political affiliation.

GOMBE STATE

Government Secondary School, Hinna, Dadin Kowa

40 desktops were supplied to the school in 2016, alongside a solar power system. The school principal, Mr. Idowu, mentioned that the items were yet to be commissioned and so they are not yet in use. The computer laboratory was scattered and littered.


SCHOOL KNOWLEDGE CENTRE (SKC)
2016
NCC
NIGERIAN COMMUNICATIONS COMMISSION
PROVIDED BY: UNIVERSAL SERVICE PROVISION FUND (USPF)
BENEFICIARY: GOVT. SEC. SCH. HINNA, YAMALTU/DEBA, GOMBE STATE
CONTRACTOR: ARLINGTON SECURITAS LIMITED

Government Comprehensive Day Secondary School, Gombe

The school authorities had no idea of the supply of any ICT equipment to the school.

Government Girls' College Doma

The staff of the school affirmed that the items had been supplied but the Tracka team was not allowed to inspect the equipment.

EDO STATE

Holy Trinity Grammar School, Sabongida Ora, Owan West LGA Edo State

The project tracking officer visited the school to track the supply of ICT equipment. One of the school teachers revealed to that there was no delivery of ICT equipment in the school. The only one they have was donated by the school's old boys' association.

St James Grammar School, Afuze, Owan East LGA Edo State

The tracking officer engaged the school's computer science teacher in the school to make inquiry if any ICT tools was supplied to the school between 2016 till date; he was unaware of such. Even though the students were taught Computer Science, there was no equipment for practicals.

9

KEY ISSUES WITH THE USPF AND RECOMMENDATION

According to the GSMA 2014 Sub-Saharan USPF study , "The highly competitive telecommunications market is the main reason behind the achievement of the country's current coverage levels rather than the fund initiatives. Much of the remaining addressable market is in the country's rural areas where network rollouts and operations are expensive mainly due to the poor infrastructure in place, lack of reliable electricity, security risks and unreliability of the incumbent's fixed network. Given that rural penetration in Nigeria is still low, with over 40M inhabitants still residing in rural areas, there is a need to develop more complex incentives that will address the above factors and help to decrease operators' capital and operating expenses."

We have identified the following as the key issues in the proper implementation of the Universal Service Provision Fund:

Sustainability of USPF Projects

The Nigerian Communication Act does not permit USPF to own or control any of its investments, it is therefore important that the fund establishes a clear sustainability plan for every investment. USPF can reduce investments into projects that are not self-sustaining or that require minimal maintenance cost. As a condition, beneficiaries must show a verifiable means of example, it might be cost effective to lay fibre optics cable that provides internet access to a tertiary institution while faculty and students connect with their personal computers.
However, preliminary research has proven that this is not true as USPF has provided support for rural technology and college facilities that have broken down in a few years.
Non-specification of Projects in Annual Reports

According a presentation by the Executive Officer of the Universal Service Provision Fund, the following issues were identified:

- Inadequate project Information – target communities
- Project design – scale of implementa tion was low
- Bulky bidding documents and lack of clarity on requirements/expectations

Poor Information on Tenders and Procurement

Despite the organisation's boast of following procurement rules and adapting technology to its tender system, public tenders are absent on its website. This includes past and new tenders which could have effectively provided the list of projects involved.

Conducive Regulatory Environment

The NCC and the USPF may also need to rework the regulatory system to drive more investments in rural telephony which is critical for rural economy development. Making unlicensed spectrum available--particularly in those bands that are allocated nationally, but not used in rural areas, such as TV, GSM, etc--for broader coverage should help reduce overall cost of bring services into sparsely populated areas. Regulations on TV white spaces and incentives are also critical to ensuring services get to rural residents.

Community-based Network Model

NCC and USPF can also dedicate significant resources to community-based network systems. The community network model will however need regulatory makeover to work in Nigeria. Recent released flexible regulatory regime on spectrum management that allows trading and transfer of spectrum and license rights alongside the obligations around those spectrums between operators is welcome.

However, for community-based network to work, government will have to act as enabler and give more incentives to encourage sharing of spectrum with communities that are underserved and unserved.

Sources

1 http://www.internetworldstats.com/stats1.htm

2 https://newtelegraphonline.com/2018/03/broadband-swift-networks-speeds-up-nccs-30-penetration-target/

3 http://nigerianstat.gov.ng/resource/Q3%202017%20Employment%20Dist%20by%20Sector%20-%2019%20sg%20fn.xlsx

4 https://www.thisdaylive.com/index.php/2017/08/28/nigerias-e-commerce-market-value-to-hit-n15-45tn-in-10-years/

5 https://www.thisdaylive.com/index.php/2017/08/28/nigerias-e-commerce-market-value-to-hit-n15-45tn-in-10-years/

6 http://nigerianstat.gov.ng/resource/Q3%202017%20Employment%20Dist%20by%20Sector%20-%2019%20sg%20fn.xlsx

7 https://www.indexmundi.com/facts/nigeria/indicator/SP.RUR.TOTL.ZS

8 http://nigerianstat.gov.ng/resource/Q3%202017%20Employment%20Dist%20by%20Sector%20-%2019%20sg%20fn.xlsx

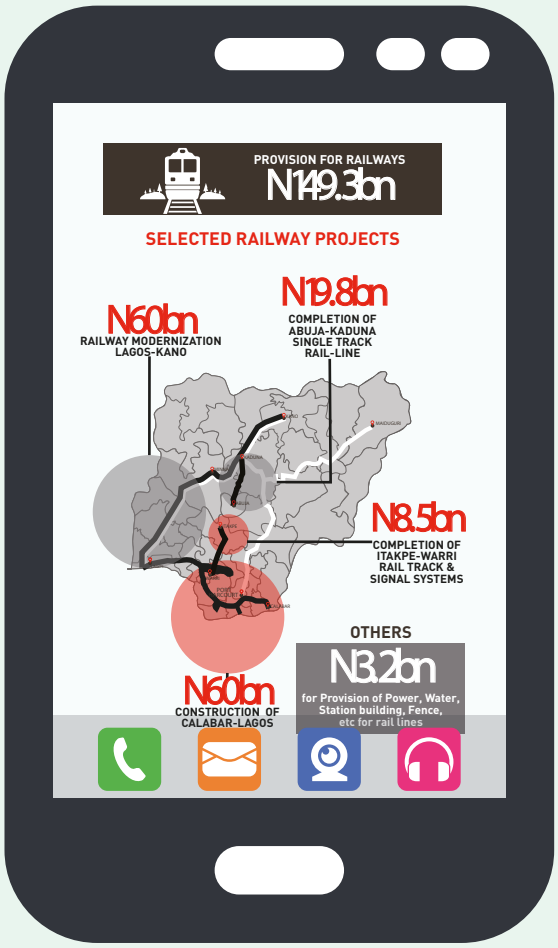
9 http://nigerianstat.gov.ng/resource/Q3%202017%20Employment%20Dist%20by%20Sector%20-%2019%20sg%20fn.xlsx

10 https://www.forbes.com/sites/timworstall/2012/08/26/does-high-speed-broadband-increase-economic-growth/#3ea73e4d3966

11 http://www.uspf.gov.ng/files/Strategic_Management_Plan_2013_2017.pdf

12 https://www.gsma.com/publicpolicy/wp-content/uploads/2016/09/GSMA2014_Report_SubSaharanAfricaUniversalServiceFundStudy.pdf

Notes



tracka

Upload

Upload Public Projects across the Globe. You can upload the file via a csv or using google docs

Collaborate

Upload Pictures, Add Comments, Send feedback to institutions

Share

Announce and share with your friends and millions of people across the globe.

www.tracka.ng

@trackaNG www.facebook.com/trackanigeria info@tracka.com

#AskQuestions

budgIT

www.yourbudgit.com