



REDUCTION OF RIGHT OF WAY CHARGES



May 2020

Overview

Right of Way charge is a levy paid by telecommunication companies to state governments, permitting telecommunication companies to dig up the roads and install telecommunications hardware such as optic fibre cables that carry internet traffic. The Right of Way charge has been fraught with inconsistencies across the states in terms of charges and has negatively impacted broadband infrastructure.

To harmonize the Right of Way (“**RoW**”) charges for broadband infrastructure investment, the Federal Government of Nigeria, in 2017, through the National Executive Council (the “**NEC**”), approved a policy, which resulted in a RoW Charge Agreement reached with all the governors of the 36 states of Nigeria. The RoW Charge Agreement regrettably is yet to be fully adopted by the 36 states of Nigeria and in recognition of the slow uptake by the states the Minister of Communication and Digital Economy, Mr Isa Pantami on January 14 2020 in a press statement called on states to implement the harmonization of the RoW charges for obvious benefits for the sector such as (i) deepening development/growth in broadband infrastructure and (ii) reduce the transfer of RoW charges costs by telecommunications companies to customers.

January 2020 recorded a step in the right direction when the Nigerian Governors Forum accordingly resolved that telecommunication operators were to pay N145 (One Hundred and Forty-Five Naira only) (approximately US\$0.37 (Thirty-Seven Cents) per linear metre to lay fibre cable anywhere in the country.

Leading the pace in complying with this, the Governor of Ekiti State, Mr. Kayode Fayemi has signed Executive Order No. 007 of 2020 on Right of Way charges on Telecommunications Infrastructure (the “**Executive Order**”), reducing the RoW charge paid by telecommunication companies to the Ekiti state government for laying optic fibre on state roads in Ekiti state.

The Executive Order states that the RoW charges related to laying of broadband or any other telecommunications infrastructure will not exceed N145 (One Hundred and Forty-Five Naira only) (approximately US\$0.37 (Thirty-Seven Cents) per meter as against N4,500 (Four Thousand, Five Hundred Naira only) (approximately US\$12 (Twelve United States Dollars) previously charged, thus becoming the first state with the cheapest rates for broadband infrastructure investment in Nigeria.

Current ICT infrastructure continues to impact Nigeria’s socio-economic development and its critical role is more pronounced in midst of the COVID-19 pandemic. It is expected that other states will comply with the resolution of the NEC and the decision reached at the Governors Forum.



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