The Nigerian Auction of the 2G Spectrum (C)

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Last Minute Decision

Less than 12 hours before the auction began, the NCC stated that it would allow the possibility that firms could pay different prices. This compromised the second stated goal of the auction but this decision ensured that no firm would have to pay more than its maximum valuation.

Auction Results

The auction by all accounts was a complete success. It was free of corruption and raised more revenue than projected. The government granted all winning bidders provisional licenses at the price of US$285 million which was much more than the government had anticipated. When adjusted for income disparities, the Nigerian auction raised more revenue per capita than any other auction before it. Furthermore, the rule change seemed to alleviate bidders’ concerns. Interestingly, in the end, the rule change to eliminate the possibility of a coin toss was not relevant because the auction never entered a sealed bid phase.

References


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