



FEDERAL MINISTRY OF
COMMUNICATIONS AND
DIGITAL ECONOMY
Leveraging ICT for National Development

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NATIONAL DIGITAL INNOVATION AND ENTREPRENEURSHIP POLICY

A Key Pillar for achieving a Digital
Nigeria

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Preface

On 17th October 2019, His Excellency, President Muhammadu Buhari, GCFR, approved the re-designation of the Federal Ministry of Communications to include a Digital Economy component. At the heart of this re-designation is the President's consistent vision and commitment to diversifying the Nigerian economy beyond over-reliance on oil and gas.

Furthermore, as at 2016, the global digital economy was estimated to be over \$11.5 trillion and has expanded by two and half times faster than the global GDP in the last two years. Compared to the oil sector which contributed 8.93% to the real GDP in the second quarter of 2020, the ICT sector contributed 17.83% to the real GDP within the same period. These trends point to a promising future for ICT and we are committed to getting ahead of the curve and positioning the economy to benefit from the global shift.

In getting ahead, we must have a blueprint for how we will harness innovation to drive a robust digital economy that can provide more jobs, generate revenue and build prosperity for Nigerians. The National Digital Innovation and Entrepreneurship Policy (2021-2023) which we have put together in line with our National Digital Economy Policy and Strategy is the SMART (Specific, Measurable, Achievable, Relevant and Time-bound) blueprint we hope will usher us into the digital age. While the National Broadband Plan (2020-2025) drives the ongoing effort to achieve increased and affordable access to broadband, it is imperative that we also begin the implementation strategies to drive digital innovation as we work hard to provide the infrastructure backbone that supports it.

The Nigerian tech ecosystem is in transition and several start-ups have attracted impressive capital investments. The amount of money raised by start-ups and the quality of start-ups that Nigeria as a country has produced in the last decade is a testament to the potentials of the ecosystem. This policy will enable a solid environment for start-ups to succeed by solving the problem of access, not just to capital, but to market, necessary infrastructure and enabling business climate at the regional, State and local government levels.

We are committed to supporting digital innovation and entrepreneurship as a platform for the creation of jobs and increasing ICT's contribution to our GDP. We call on all stakeholders to partner with us to make this a reality.

Dr Isa Ali Ibrahim (Pantami), FNCS, FBCS, FIIM

Honourable Minister,

Federal Ministry of Communications and Digital Economy

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1.0 Background

As part of efforts by the President Muhammadu Buhari's administration to grow Nigeria's economy, the Economic Programmes of the Federal Government recognised importance of a strategy for growth that integrates digital technologies. In line with this strategy, the Ministry of Communications was renamed as the Ministry of Communications and Digital Economy to reflect the expansion of its mandate. Subsequently, the National Digital Economy Policy and Strategy was developed. This set in motion the strategy for achieving a digital Nigeria.

The Digital economy is designed to transform Nigeria into a leading African stakeholder that provides improved quality of life and an accessible digital economy for all citizens. It is built on 8 pillars where Innovation and Entrepreneurship is used to create increase in job opportunities, economic value and higher standards of living.

With a burgeoning youth population, a 2.6% population growth rate and a GDP growth rate of 2.01% according to the National Bureau of Statistics, digital innovation and digital entrepreneurship becomes critical to turbo-charging our economy's traditional sectors, providing digital jobs for our youth and opening up new markets through market creating innovation.

This document outlines a national policy to support the growth of Digital Innovation and Entrepreneurship in Nigeria. The policy initiatives have been extracted from existing related policy documents and adaptations of relevant global policies, to accelerate our journey towards becoming a Digital Nation.

2.0 Policy Rationale

2.1 Justification

The COVID-19 pandemic has greatly impacted the entire global economy, shutting down businesses across the globe. As economists and policymakers all over the world grapple with what is required for economic recovery, businesses with a digital edge have been able to sustain a part of their operations via digital infrastructure. According to the International Telecommunications Union, "in the medium term, countries with top [digital] connectivity infrastructure could mitigate up to half of the negative economic impact of the pandemic".

For a country like Nigeria whose economy was just getting out of a recession before the pandemic, Digital Innovation and Entrepreneurship will help fast track the recovery of other traditional economic sectors by supporting the provision and adoption of indigenous and tailor-made solutions for nationwide implementation.

Through automation, smart processes and ICT solutions, government would block wasteful spending and channel such resources for other economic revival activities.

In addition, with Nigeria's GDP growth mainly experienced in the services sector, it is imperative for digital transformation of the traditional sectors and the services sector to ensure the creation of jobs and lead to an increase in economic productivity. More so, the African Continental Free Trade Agreement (AfCFTA) opens up immense opportunities for the expansion of digital services on the continent if properly harnessed.

There cannot be a better time than the current time for a digital innovation and entrepreneurship policy to harness and position our country for a post-COVID world, ensure economic growth and global relevance through participation in the 4th industrial revolution and create decent jobs for our teeming youth.

2.2 Vision

To leverage digital innovation and entrepreneurship to create jobs and prosperity for all.

2.3 Mission

We leverage digital innovation and entrepreneurship to address national and societal challenges.

2.4 Policy Objectives

The objectives of this policy are:

- i. to create a robust **framework** that supports the development and growth of a sustainable digital innovation ecosystem;
- ii. to promote innovation and entrepreneurship by **harnessing the creative capacity** of Nigerians for economic and social development;
- iii. to leverage digital innovation and entrepreneurship for **job creation and youth empowerment in Nigeria**;
- iv. to promote **research, indigenous content development** and adoption while protecting the intellectual property of indigenous innovators; and
- v. to increase **investment opportunities in innovation** and make technology entrepreneurship an enabler for all sectors of the economy in Nigeria.

2.5 Scope

This policy shall apply to key stakeholders in government (public institutions), innovation-driven enterprises, consumers of innovation, technology start-ups, innovation hubs and labs, investors, academia, funding agencies, civil society organisations, service providers, and so on.

3.0 Policy Statements

To achieve a nation where digital innovation and entrepreneurship is the norm rather than the exception, we must commit to policy initiatives that focus on seeing improvement in certain areas of our digital life. To this end, the National Digital Innovation and Entrepreneurship Policy (NDIEP) comprises five priority areas as follows: Advancing Human Capital, Unlocking Access to Capital, Enabling Infrastructure, Boosting Demand, and Promoting Innovative Entrepreneurship as shown in Figure 1. The commitment that this policy document therefore seeks to present to the Nigerian public are detailed in these policy statements.

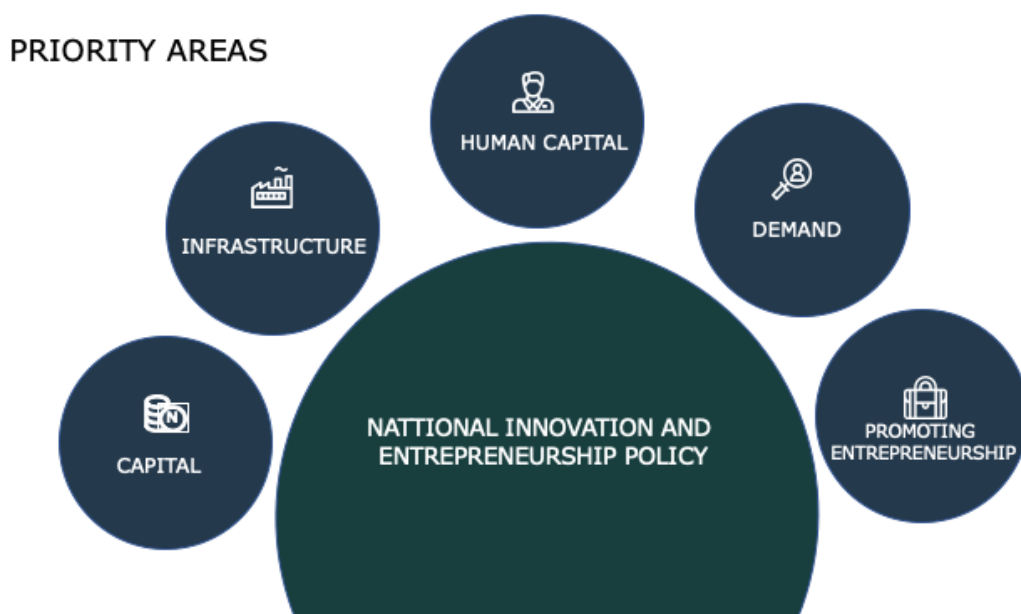


Figure 1: Priority Areas of the National Digital Innovation and Entrepreneurship Policy (NDIEP)

3.1 Priority Area: **Advancing Human Capital**

Human capital development is crucial for innovation to thrive, investing in human capital will spur the growth of innovation and entrepreneurship.

3.1.1 Policy Statement 1

Government shall facilitate increase in the number of highly skilled manpower in emerging technologies and ICT.

3.1.2 Policy Statement 2

Government and relevant stakeholders shall advance and deepen digital and entrepreneurship education of Nigerians for the attainment of relevant soft skills for a digital economy.

3.1.3 Objectives

- i. To incorporate digital skills into the national education system and curricula to better prepare a critical mass of Nigerians for the future of work;
- ii. To build hands-on skills through a collaboration with private sector for digital literacy, entrepreneurship, mentoring, advanced digital technical skills to encourage digital job creation and innovation;
- iii. To reduce the digital gender divide by providing incentives for women and girl entrepreneurs;
- iv. To diversify by providing incentives for People with Disabilities (PwD); and
- v. To create a critical mass of potential innovators.

3.1.4 Strategies

Government and relevant stakeholders will:

- i. incorporate practical problem solving, critical thinking, design thinking, digital entrepreneurship, ICT and digital literacy skills in education curriculum and its implementation from Early Childhood Development [**FME, Institutions of learning**].
- ii. promote coding, design and other hands-on skills in ICT clusters, educational platforms, and institutions of learning [**FME, NITDA, Institutions of learning, Multinationals**].
- iii. facilitate the development and adoption of Indigenous solutions by academic and non-academic institutions [**FME, NITDA, CPN**].
- iv. upgrade Technical and Vocational Education and Training (TVET) programmes to be digitally enabled and to include software and hardware development and maintenance programmes [**FME, NITDA, FMST**].
- v. bridge the digital divide by creating initiatives and incentives to encourage women entrepreneurs and innovators [**FMCDs MDAs, CSOs**].
- vi. diversify by providing initiatives and incentives to encourage People with Disabilities (PwD) [**FMCDs MDAs, CSOs**].

3.2 Priority Area: **Unlocking Access to Capital**

Capital plays a major role in digital innovation and entrepreneurship as it enables research and development, technology adoption, commercialisation of research outcomes and the incubation/acceleration of start-ups and spin-offs.

3.2.1 Policy Statement 3

Government shall create an enabling environment for unlocking all forms of capital required for accelerating innovation into start-ups, scaleups and spinoffs.

3.2.2 Policy Statement 4

Government shall facilitate public sector contribution and stimulate more private sector contribution to Research and Development in the Agriculture, Health, Education, Power/Energy and Infrastructure.

3.2.3 Policy Objectives

- i. To create an enabling environment for a fit-for-purpose National Innovation Fund for technology incubation and acceleration;
- ii. To facilitate adequate funding for in-country Research and Development (R&D) in technological innovations and entrepreneurship through PPP;
- iii. To stimulate funding for innovation through PPP, facilitate and incentivise the injection of indigenous capital through PPP; and
- iv. To promote active participation of the financial sector in the innovation economy.

3.2.4 Strategies

Government will:

- i. create, by a gazette, a National Innovation Fund with private sector tax rebated participation;
- ii. set a target of 1% GDP to be deducted from monthly FAAC allocations of all tiers of Government;
- iii. make local angel, venture capital and private equity investments to be tax deductible [FIRS].

3.3 Priority Area: **Enabling Infrastructure**

Digital infrastructure such as Open data, .NG CCTLD, Public Key Infrastructure (PKI) and the Nigerian National Broadband Plan 2020-2025 are key to enhancing Innovation and Entrepreneurship.

3.3.1 Policy Statement 5

Government shall stimulate secure access to affordable high speed internet and other digital infrastructure required to enable innovation and its adoption.

3.3.2 Objectives

- i. To Fast track the implementation of the Nigerian National Broad Band Plan (NNBP), increase access to, and improve quality of broadband services to all as envisioned in the Nigerian National Broadband Plan (NNBP);
- ii. To designate ICT Centres of Excellence for R&D in the academia and research institutions;
- iii. To facilitate the emergence and growth of active ICT clusters, industrial zones, innovation and incubation parks;
- iv. To provide a secured platform to support entrepreneurship and innovative solutions.

3.3.3 Strategies

Government and relevant stakeholders will:

- I. concession Government Infrastructure to private entrepreneurs to be converted into innovation and incubation parks to strengthen the innovation ecosystem [NITDA, NIPOST, ICRC, NBTI (TIC)];
- II. identify potential institutions and provide enabling digital environment to serve as ICT space of excellence.

3.4 Priority Area: **Boosting Demand**

Demand is a vital source for innovation, it stimulates creativity in exploiting ideas.

3.4.1 Policy Statement 6

Government in partnership with relevant stakeholders shall, with the approval of this Policy, embark on a vigorous implementation of all indigenous content policies, regulations and Executive Orders as a strategy in addressing national challenges.

3.4.2 Objectives

- i. To promote the use of indigenous and innovative solutions in public institutions and all sectors of the economy;
- ii. To align adoption of Indigenous Digital Products with national development goals;
- iii. To standardize digital innovation and products so they are at par in quality, security and functionality with foreign alternatives; and
- iv. Ensure priority is given to indigenous solutions in any government or public bid.

3.4.3 Strategies

Government will:

- i. **criminalize breaches of Nigerian Content Regulations and Executive Orders** among Public Sector, incentivize adoption among Private Sector and create programs for adoption of innovation culture among Informal Sector [**Presidency, NITDA**];
- ii. direct key services in Public and Private Sector to be automated (finance, procurement, human resources) and ensure that there is a quota and/or for the use of indigenous solutions in this automation (Digital first) [**Presidency**];
- iii. be the first to adopt indigenous innovation and solutions (Made in Nigeria first) and encourage the Organized Private Sector to follow the example [**NITDA**];

- iv. Review the Procurement Act to accommodate procurement of bespoke solutions to stimulate experimentation of new applications for emerging technologies [NASS]; and
- v. digitalize government data and processes at the Federal, State and Local Government levels, using local solutions and enterprises, and make them accessible to innovators [FMCDE; NGF].

3.5 Priority Area: **Promoting Digital Entrepreneurship**

Business procedures, digital policies and trading across borders are factors to consider in improving ease of doing business index.

3.5.1 Policy Statement 7

Government shall remove all forms of institutional barriers to entrepreneurship.

3.5.2 Objectives

- i. To ease the process of starting and growing technology enabled businesses;
- ii. To provide and ensure the implementation of regulatory frameworks for protecting indigenous technology-enabled solutions and businesses, and retaining accruing Intellectual Property Rights in Nigeria; and
- iii. To promote awareness of Existing Solutions/Interventions and Incentives of Government;
- iv. To create startup package/ business offerings; and
- v. To promote inclusive innovation by removing education, communication and language barriers.

3.5.3 Strategies

Government and relevant stakeholders will:

- I. grant tax exemption for up to 5 years for startups remove levies, and bundle all charges together where possible [FIRS, JTB];
- II. provide tax incentives for corporate and private investments in start-ups made by individuals or legal entities e.g. Exemption from Capital Gain Tax on investment made in early stage start-ups (IDEs) [NIPC];
- III. register entrepreneurs to provide online One-Stop-Shop access to business development services for IDEs such as business registration, IP filing, legal and financial services [NITDA, CAC, FMCDE, BOI, Ministry of Trade and Investments];
- IV. de-risk venture capital and angel investments funds into IT and Digital-Enabled Innovations [CBN, NIPC, NSITF]; and
- V. develop capacity on IP administration, and incorporate Patent Cooperation Treaty (PCT) in Intellectual Property (IP) management in Nigeria [NITDA, NCC, Nigerian Copyright Commission].

4.0 Collaboration & Strategic Communication

For the effective review, adoption and implementation of the NDIEP, strategic collaboration among different stakeholders in the ecosystem is required. There is also a need to ensure the effective communication of roles, responsibilities, objectives and results of individuals as well as collaborative efforts.

Furthermore, effective communication will:

- i. facilitate active collaboration between Government, Industry, Academia, entrepreneurs and investors;
- ii. facilitate linkages between the triple helix stakeholders for the national innovation system - Government, Industry, Academia;
- iii. facilitate platforms for inter-agency and inter-ministerial collaboration; and
- iv. facilitate platforms for collaboration between Federal, State and Local Governments.

An implementation strategy for the NDIEP should include a comprehensive communication plan which would incorporate various channels and activities: in-person consultations, digital & social media, print, TV and radio.

5.0 Definitions

- i. **Government** - This refers to the Federal Government of Nigeria (FGN) and its Ministries, Departments and Agencies (MDAs) as well as State and Local Governments.
- ii. **Start-ups** - A Start-up is an Innovation Driven Enterprise (IDE) that pursues opportunities based on introducing consumers to new innovations that have a clear competitive advantage and high growth potential. Start-ups experience high uncertainty and have high rates of failure, but a minority of them do proceed to be successful and influential.
 - a. These enterprises must also comply with the following requirements:
 - i. be newly incorporated or have been operational for less than 5 years.
 - ii. have their headquarters or at least a production site branch in Nigeria; and be in the formation or early stage.
 - b. While a start-up is in the early stage of determining product-market fit, a Scaleup is a start-up with Minimum Viable Product (MVP) that has been validated.
- iii. **Innovation hubs and Labs** - These are organisations which offer incubation, acceleration and co-working spaces for start-ups and innovators. Incubators and accelerators both offer a platform for collaboration and mentorship

through access to a multitude of resources and peer feedback. They are responsible for the following:

- iv. Supporting start-ups entering the beginning stages of building their company to build a business model, and direction to transition from innovative idea to reality. Incubators do not traditionally provide capital to start-ups; they operate on an open-ended timeline.
- v. Operating on a set timeframe where they typically invest a specific amount of capital in start-ups in exchange for a predetermined percentage of equity.
- vi. **Investors** - an individual or entity that invests capital with expectation of making a profit.
- vii. **Academia** - a community of academics which engage in R&D.
- viii. **Funding Agencies** - any organisation, public or private that provides contractual finance for R&D or entrepreneurial activities.
- ix. **Service providers** - an individual or entity that provides communications, storage and processing services to others.

6.0 Related Policies

1. National Digital Economy Policy and Strategy (NDEPS)
2. Nigerian National Broadband Plan (NNBP)
3. Nigeria ICT Innovation and Entrepreneurship Vision (NIIEV)
4. Nigeria Data Protection Regulation (NDPR)

7.0 Acronyms and Abbreviations

AI - Artificial Intelligence

CIT - Corporate Income Tax

CSO - Civil Society Organizations

DIEP - Digital Innovation and Entrepreneurship Policy

DIETWG - Digital Innovation and Entrepreneurship Technical Working Group

EMI - Entrepreneurship Mentoring Initiative

FDI - Foreign Direct Investment

FGN - Federal Government of Nigeria

FIRS - Federal Inland Revenue Service

FME - Federal Ministry of Education

FMITI - Federal Ministry of Industry Trade and Investment

FMCDE - Federal Ministry of Communications and Digital Economy

FMST - Federal Ministry of Science and Technology

GDP - Gross Domestic Product

ICT - Information and Communications Technology

IDE - Innovation Driven Enterprises

IoT - Internet of Things

LMS - Learning Management System

- MDAs - Ministries, Departments, Agencies
- MOOCs - Massive Online Open Courses.
- MVP - Minimum Viable Product
- NBTI - National Board for Technology Incubation
- NCC - Nigerian Communications Commission
- NDEPS - National Digital Economy Policy and Strategy
- NDPR - Nigerian Data Protection Regulation
- NIIEV- Nigerian ICT Innovation and Entrepreneurship Vision
- NIPC - Nigeria Investment Promotion Commission
- NITDA - National Information Technology Development Agency
- NGF - Nigeria Governors’ Forum
- NNBP - Nigerian National Broadband Plan
- NOTAP - National Office for Technical Acquisition and Promotion
- OIIE - Office for ICT Innovation and Entrepreneurship
- ONC - Office for Nigerian Content Development in ICT
- PCT - Patent Cooperation Treaty
- PSI - Pioneer Status Incentives
- R&D - Research and Development
- SEC - Security Exchange Commission
- SDGs - Sustainable Development Goals
- TVET - Technical and Vocational Education and Training

8.0 Approval and Review Details

Approval and Review	Details
Approving Authority	<i>[Relevant approval authority]</i>
Advisory Committee to Approval Authority	<i>[Relevant advisory committee]</i>
Administrator	<i>[Title of position/s with overall responsibility for compliance, monitoring and review]</i>
Next Review Date	<i>[Policy Portal Administrator updates this information]</i>

Approval and Amendment History	Details
Original Approval Authority and Date	<i>[Relevant approval authority and first approved date DD/MM/YYYY]</i>

<p>Amendment Authority and Date [Relevant approval authority]</p>	<p><i>DD/MM/YYYY</i>; [Policy Portal Administrator adds the latest amendment information.]</p>
<p>Notes</p>	<p><i>[If relevant, add notes to alert readers about the document/s this one replaces, e.g. This document consolidates and replaces X Policy, Y Procedure and Z Procedure.]</i></p>