



PROJECT BRIEF

Bridging the Digital Divide: A Business Case for Digital Inclusion in Nigeria

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Introduction

A digital economy, as defined by the European Commission, is an economy that "encompasses businesses that sell goods and services via the internet, and digital platforms that connect spare capacity and demand"¹. Digital inclusion involves the activities necessary to ensure equitable access to and use of information and communication technologies for participation in social and economic life, including education, social services, health, and social and community participation². Digital economy sustainability may be defined as "actions that employ digital technologies creatively to meet sustainable development goals."³

Digital economy has been identified as a precursor to development and economic growth in the future. It is a reflection of how an economy has been able to develop business or trade transactions that utilize the internet as a means of communication and its ability to initiate collaborations between companies and individuals⁴. It is hinged on the world's increase in the use of information and technology, which is becoming globalized^{4,5}.

Globally, a digital economy that includes digital skills and capital currently accounts for about 22.5% of the economy⁵. This emphasizes the importance of the digital economy and its contribution to growth and development across the world. For businesses to achieve productivity, there must be a continuous spread of Information and

22.5%
Of the
economy
is digital

Communication Technologies (ICT)⁶.

In Nigeria, ICTs already contribute about 13.8% to GDP calculations, and it is believed that with the implementation of the National Digital Economy Policy and Strategy

(NDEPS), the digital technology sector can double its contribution to the economy over the next five (5) years¹. Nigeria also has one of the largest youth populations in the world, (60% of the country are youths) another positive precursor for developing a thriving digital economy^{1,3} and the ground for making Nigeria the foundation of an African Digital economy¹.

To ensure and attain digital sustainability, there is a need for the rapid growth of ICTs with an expectation that massive technical advances are achieved⁵. There is also a need for digital inclusiveness. To ensure an inclusive digital economy, everyone should be able to access, use and benefit from new technologies, and this requires an innovative and coordinated policy effort⁷.

In addition to these barriers, attitudes, and cultures of internet use greatly influence digital inclusion⁹. These barriers keep creating a "digital divide" as individuals, households, and businesses are on different socio-economic levels⁸. According to a report, to drive economic growth, particularly in developing

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The European Union identified multiple barriers to digital inclusion which must be addressed to achieve inclusivity; inaccessibility to the digital world, purchasing power, and lack of skills⁸.

countries, it is imperative to increase access and usage of the internet, investments in infrastructure to increase bandwidth, and reduce costs¹⁰. The place of collaboration between governments and private sectors cannot be overlooked in trying to build a sustainable and inclusive digital economy⁵.

Objective

Stakeholder's dialogue was conducted to gain proper insights into the context of the digital economy in Nigeria, understand stakeholders' needs, identify and document policy gaps, and explore existing collaborations and opportunities for future partnerships between public and private sector stakeholders.

Dialogue Design

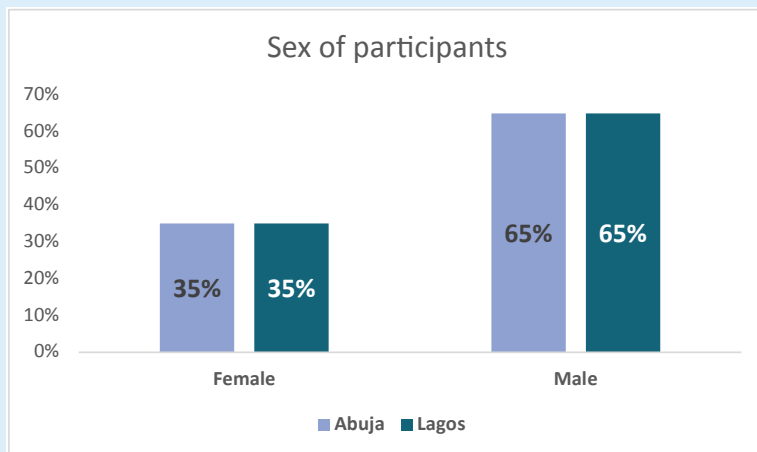
The multi-stakeholder consultative dialogue was designed to gain insights into the context of the digital economy in Nigeria among public and private sector stakeholders in Abuja and Lagos. The total number of stakeholders in Abuja was 57, and Lagos had 80. Stakeholders in Abuja were drawn from FCDO, the Presidency, MDAs (Ministry of Information and Digital Economy, Ministry of Finance, Ministry of Education, Ministry of Science and Technology, NUC, NCC, NOTAP, etc.), and other stakeholders from the public and private sector. Stakeholders in Lagos were drawn from MDAs; start-ups focused on digital inclusion, FCDO, corporate organizations operating in the digital space, CSOs, and ICT professional bodies.

A survey was conducted to identify stakeholders' needs and capacity gaps in achieving digital inclusion and transformation in Nigeria. Specifically, the dialogue identified policy gaps, and explored existing collaborations and opportunities for future partnerships between public and private sector stakeholders. Participants were divided into four breakout sessions to discuss four key areas that play a major role in the development and growth of a sustainable digital economy:

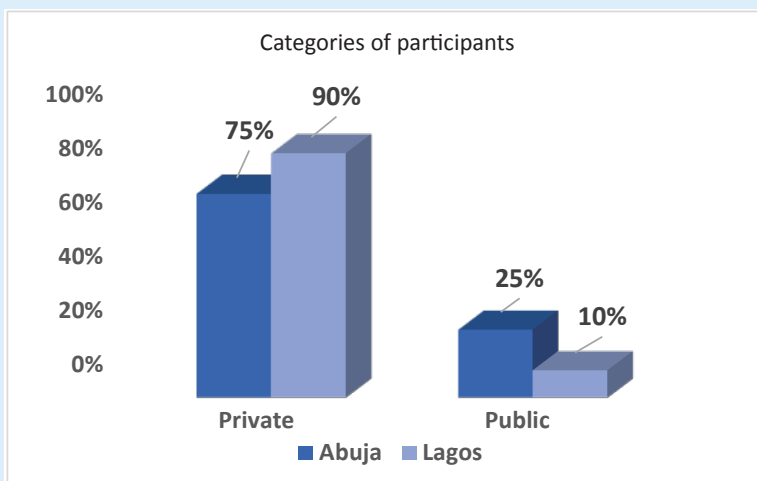
- Sustainability in Digital Economy
- Broadband Access and Infrastructure
- E-government, Policies, and Regulation
- Inclusion/Digital Divide

Highlights

Demography of Stakeholders



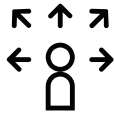
- In Abuja, 57 stakeholders attended the dialogue, while 80 stakeholders attended the Lagos dialogue. The sex distribution of stakeholders in Abuja and Lagos dialogues were (65%) males and (35%) females, respectively.



- Regarding the categories of stakeholders in the Abuja dialogue, (75%) were from the private sector, while (25%) were from the public sector. In Lagos, (90%) of the stakeholders were from the private sector, while (10%) were from the public sector.

Needs Assessment

Awareness of the National Digital Economy Policy & Strategy (NDEPS)



60%

Of the respondents knew about the NDEPS

Collaboration between the private and public sectors



58%

Of the respondents perceived there were collaborations between the public and private sectors in achieving digital transformation

Perception of participants on digital transformation working group



49%

Of the respondents reported the presence of digital transformation working groups in the ministry/agency where they work

Government projects promoting digital inclusion



64%

Of the respondents were unaware of government projects promoting digital inclusion for women, youth, people living with disabilities and the elderly

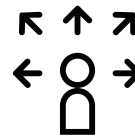
Perception of the effectiveness of the NDEPS in achieving digital transformation



70%

Of the respondents who had prior knowledge of the NDEPS believed it was effective for achieving digital transformation

Awareness of existing strategy to support digital literacy and transformation



67%

Of the respondents indicated their MDAs had strategies to provide digital literacy skills for staff

Government strategy for promoting indigenous capacities



60%

Of the respondents were aware of the governments strategy for fostering indigenous capacities

Cost of Right of Way



60%

Of the respondents reported that cost of Right of Way (RoW) was a barrier to digital transformation in Nigeria.

Digital Transformation Gaps

Sustainability in Digital Economy

1. National Policy on ICT in Education is not fully implemented.
2. Poor domestication and implementation of digital economy policy

Broadband access and Infrastructure

1. Vandalization of telcos equipment and infrastructure
2. Inadequate power supply which has hindered internet penetration and increased operational cost

E-government, Policy and Regulation

1. Exclusion of the private sector in the policy process

Foreign and local Investment

1. Poor funding access for start-ups
2. Multiple taxation stifles the growth of start-ups

Recommendations



- The educational curriculum from primary to tertiary level should be reviewed to accommodate digital literacy.



- There is a need to leverage the existing digital literacy & skills framework in driving the digital literacy programs in Nigeria



- Digital inclusion is critical to closing digital divide. There should be a clear pathway to achieving digital inclusion.



- Policy process should be more inclusive to involve the entire digital ecosystem



- Creating an M&E framework to measure policy performance is critical for effective e-government policy implementation.



- The state government should domesticate the federal government policies on broadband access to reduce the cost of infrastructural development for telcos in Nigeria.



- Firming up security to eliminate the vandalization of telecommunication infrastructure.



- Reliable power generation is critical for internet access.



- There should be availability of different funding models and incentives for start-ups



- Creation of a centralized tax system for start-ups to avoid multiple taxation.

Conclusion

A sustainable and inclusive digital economy is achievable with good governance, effective policies, effective collaboration between the public and private sectors, and digital literacy. The government needs to pay attention to start-ups as strict regulatory policies might stall their progress. Government should provide an enabling environment for both start-ups and foreign investors. Collaboration between the public and private sectors is essential for an inclusive and a stable ecosystem. A digital economy is highly characterized by technology, so digital literacy should be prioritized across all levels, integrated into the educational system, developed into digital programmes for in-depth training and acquisition of digital skills for both public and private sectors.

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