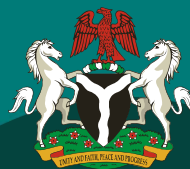




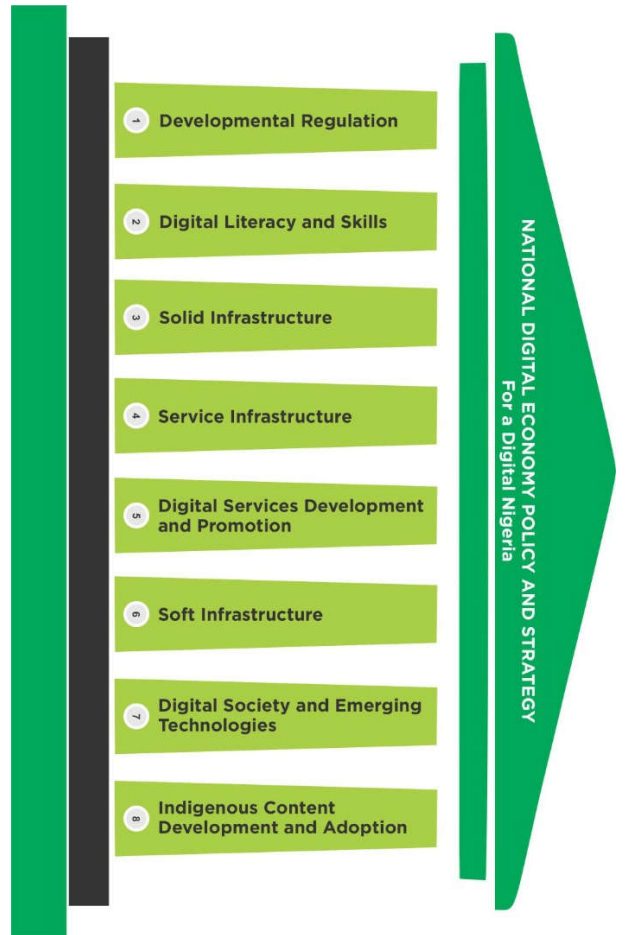
**DIGITAL ECONOMY FOR  
NATIONAL DEVELOPMENT:  
A CASE STUDY  
OF NIGERIA**



**BEING A GRADUATION LECTURE  
AT THE NATIONAL DEFENCE  
COLLEGE (COURSE 28)**

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ON TUESDAY, 4TH AUGUST 2020



[Protocols].

May Peace, Mercy and Blessings be upon you!

I am delighted to address the National Defence College Course 28 Graduands at this graduation ceremony. I also use the opportunity to sincerely thank the Commandant and leadership of the College for the honour and the opportunity to share some thoughts with this distinguished audience. To the graduands I say, hearty congratulations, your hard work has paid off and now you will have the opportunity to demonstrate your knowledge as you support the process of nation building. I would not forget to also felicitate with the family and friends of the graduands.

I have been informed that there are 107 graduands from 19 countries, namely Bangladesh, India, Brazil, Benin Republic, Burundi, Botswana, Nepal, Niger, Zimbabwe, Rwanda, Senegal, Sierra Leone, Tanzania, Gambia, Ghana, Cote D’Voire, Mali, Zambia and Nigeria. This is truly commendable and I congratulate the Commandant and Leadership of the College for a step in the right direction.

### **Introduction**

At 200 million people, Nigeria accounts for about half of the population of the West Africa. According to the Nigeria Systematic Country Diagnostic published by the World Bank in June 2019:

- Nigeria has a nominal Gross Domestic Product (GDP) of \$450 billion, making us the largest economy in Africa;
- Nigeria also has a very young population with approximately half of the citizens aged 30 years and below;
- About 3 million young Nigerians attain the working age every year; and
- Our economy is currently highly reliant on the oil and gas sector which accounts for 90% of exports, as well as 50% of consolidated government revenue.

As a result of this trend, the government of President Muhammadu Buhari, GCFR, is making concerted efforts to diversify the economy. Furthermore, on the 12th of June 2019, Mr President outlined his administration's plan to lay the foundation for lifting 100 million Nigerians out of poverty within a decade. Both the diversification and poverty reduction programmes of the Federal Government can be greatly aided through the adoption of digital technologies. As such, embracing the digital economy has become an imperative for national development.

### **Importance of the Digital Economy**

Many institutions have defined the digital economy in different ways. However, these definitions tend to centre on the utilization of digitized information and knowledge as key inputs to the economy. For simplicity, a digital economy can also be defined as any aspect of the economy that is based on or driven by digital technologies. Digital economies are recognized as the single most important drivers of innovation, competitiveness and growth for any economy.

The global digital economy is a significant proportion of the global economy. A report by Oxford Economics, valued the digital economy at \$11.5 trillion as at 2016, or approximately 16% of the value of the global economy. According to McKinsey, the digital economy in Africa is expected to grow to over \$300 billion by 2025. The World Economic Forum also predicts that over 60% of global GDP will be digitized by 2022 and that within the next decade, digital platforms will be used to create close to 70% of new value. It is widely believed that the impact of the COVID-19 pandemic will greatly increase the adoption of digital technologies. All these show the great value of the digital economy and serve as an incentive for countries to prioritize its development.

Many countries are accelerating the development of their digital economies as they realize the multiplier effects that this can have on

all other sectors of the economy. According to an October 2019 study by the European Commission, the digital economy contributed to 86% of U.S. labour productivity growth and accounted for 8.2% of GDP between the years 2013 and 2017. In 2017 alone, the digital economy contributed 5.1million jobs to the economy of the United States. Furthermore, the recent changes in work patterns as a result of the COVID-19 pandemic have also shown that the development of digital economies are no longer a luxury, rather they have become a necessity. In Nigeria, we are also keen to develop a digital economy that will have a great impact on every sector of Nigeria's economy.

### **Nigeria's Digital Economy Journey**

Bearing in mind the importance of a digital economy, His Excellency, President Muhammadu Buhari, GCFR, redesignated the Federal Ministry of Communications as the Federal Ministry of Communications and Digital Economy on the 17th of October, 2019. The change was officially endorsed at the Federal Executive Council on the 23rd of October, 2019 and the process of implementing a digital economy for the country began on the 24th of October, 2019.

The redesignated Ministry also had an added mandate of developing the digital economy in line with the focus on the Federal Government and the first step was the development of a Policy and Strategy to drive the development of the Digital Economy.

The redesignation reflects the focus of Mr President to lay emphasis on the need to build a digital economy. The new name addresses the new mandate of the Ministry; communications addresses the *channel*, digital addresses the nature of the *content* and economy reflects the *central focus* of the activities of the Ministry, which is the development of the economy in line with the Economic Recovery and Growth Plan (ERGP) of the Federal Government.

A digital economy can help to make our processes more efficient and will help us better manage our resources. Some key ingredients

for the successful implementation include broadband connectivity, smart phone accessibility, digital identity for citizens and bank accounts to facilitate e-commerce

We developed a National Digital Economy Policy and Strategy (NDEPS) for a Digital Nigeria. It was unveiled and launched by President Muhammadu Buhari, GCFR, on the 28th of November, 2019. The NDEPS is based on the following 8 pillars:

1. Developmental Regulation;
2. Digital Literacy and Skills;
3. Solid Infrastructure;
4. Service Infrastructure;
5. Digital Services Development and Promotion;
6. Soft Infrastructure;
7. Digital Society and Emerging Technologies; and
8. Indigenous Content Development and Adoption.

These pillars outline our approach for the development of the digital economy. We have chosen to be proactive in order to play a leading role in the global digital economy. Reactive people merely end up becoming consumers of technology. The Developmental Regulation pillar provides support for the effective regulation of the digital technology sector in a way that fosters development, rather than stifles it.

The digital literacy and skills pillar recognises the fact that citizens are the greatest assets in any economy, including the digital economy. It will support the development of a large pool of digitally literate and digitally skilled citizens. We recently provided a platform, the *DigitalNigeria.gov.ng* platform, to enable Nigerians receive training in diverse digital skills. Over 36,000 Nigerians have enrolled on the platform since the 2nd of April, 2020.

We are championing a paradigm change that lays emphasis on skills, in preference to merely having degrees without skills. Degrees are

only meant to validate skills. This is a growing trend across the globe. China recently turned 600 of the country's general universities into skill centres. Also, the President of the United States of America signed an Executive Order in June 2020 directing the federal government lay emphasis on skills rather than degrees when hiring staff. The curriculum vitae of today should have 2 main parts- soft skills and hard skills.

The National Defence College is an institution that supports the development of skills and there are many digital techniques that can support the great work that you are doing here. We will be happy to collaborate with you in this regard.

The Solid Infrastructure pillar addresses the need to provide broadband access and data centres required to enable citizens to access the digital solutions that characterize the digital economy. When I assumed office in August 2019, the broadband penetration was just over 30%. That figure has risen to 40.18% and this has been as a result of the deliberate strategies we are implementing in this pillar. For instance, we developed a National Broadband Plan (2020-2025) and it was unveiled and launched by Mr President on the 19th of March, 2020.

Mr President also approved the designation of relevant telecommunications infrastructure across the country as Critical National Infrastructure (CNI). In addition to these, we have addressed the Right of Way Issue (RoW) that had lingered for over a decade. Many State Governors have now approved the RoW charges of N145 per metre and some have even cancelled the fee all together.

Examples of amounts charged per linear metre in the past include N4,500 and N5,500, some states even charged about N16,000! To give a better illustration, for a particular State, the estimated cost of connecting two Local Government Areas was a staggering N650 Million before the implementation of the RoW resolution and now

it costs just N150,000!

The service infrastructure pillar will address the provision of robust digital platforms to drive the digital economy. These platforms enable transactions and interactions online. They also have the added advantage of enabling a supply of data from which both government and the private sector can gain useful insights with which to develop the digital economy.

According to the United Nations Conference on Trade and Development (UNCTAD), Nigeria's e-commerce spending is projected to increase to \$75 billion in 2025 and the platforms created through support for the service infrastructure pillar will play an important role in this projection.

Digital platforms enable us digitize business processes and this can lead to significant savings. Just this month, the Accountant General of the Federation asserted that Nigeria saves a whopping sum of N4 billion daily (or at least N120 billion monthly) from the digitalisation of the nation's Treasury Office. As part of the activities of this pillar, we launched the Virtual Federal Executive Council (FEC) meetings and this was unprecedented. We have also developed a Draft Policy on Virtual Meetings/Engagements in the Federal Public Service. This was developed in collaboration with the Office of the Head of the Civil Service of the Federation.

The Digital Services Development and Promotion pillar aims to drive the growth in the number of digital jobs and digital entrepreneurs in the country. With an average age of just over 18 years, Nigeria has a potential critical mass of 'digital natives' that can transform the country into a regional and global digital powerhouse. These creative Nigerians can play a key role in the creation of digital jobs across all sectors of the country; jobs that are either based on or are dependent upon Information and Communications Technologies (ICTs).



With the transition to digital platforms, it is crucial that we ensure privacy and the safety of online transitions. This is the focus of Soft Infrastructure pillar. We are partnering with the Office of the National Security Adviser and other institutions to ensure that our cyberspace is more secure. Privacy concerns are also being addressed through the Nigeria Data Protection Regulation (NDPR) 2019 and the Guidelines for the Management of Personal Data by Public Institutions 2020. The Guidelines were released bearing in mind the need to use personal data to mitigate the effects of the COVID-19 pandemic in particular and other situations when the need arises.

The Digital Society and Emerging Technologies pillar will ensure that the gains of the digital economy are mapped to indices of well-being in the lives of ordinary citizens. Emerging technologies are playing a defining role in how we disrupt across different industries. Some of these technologies include Internet of Things (IoT), Virtual Reality (VR), Artificial Intelligence (AI), Big Data Analytics, Robotics, autonomous (driving) vehicles and 3D printing.

For example, artificial intelligence is being widely used to spot disease outbreaks and issue location-specific alerts. 3D printing techniques are currently being used in the building industry. In 2016, it was used to build a 640 square metre, 2-storey building in Dubai. The process took 17 days, with studies showing that it cut the building time by 50-70% and the labour costs by 50-80%. Emerging technologies are also very useful for the military. Virtual Reality techniques are used for virtual battlefields, allowing soldiers to safely undergo training and participate in combat drills. Security agencies stand to gain a lot by the adoption of emerging technologies, especially big data analytics and artificial intelligence.

There is an urgent need to promote the development of indigenous content in every sector of the economy and the Indigenous Content Development and Adoption pillar will address this for the digital economy. This pillar aligns with Executive Orders 003 of May

2017 and 005 of February 2018, on “Support for Local Content Procurements by Ministries, Department and Agencies of the Federal Government of Nigeria” and the “Planning and Execution of Projects, Promotion of Nigerian Content in Contracts and Science, Engineering and Technology” respectively. It also gives a policy backing to Mr President’s admonition to Nigerians to “grow what we eat and consume what we produce”.

As part of our efforts to promote indigenous content, we are developing a policy for promoting indigenous content in the telecom sector to complement similar efforts that focus on the information technology sector. This is important to stem the tide of capital flight, amongst other things. A Report of the Association of Telecommunication Companies of Nigeria (ATCON) suggests that such capital flight in the telecom sector is as high as \$2.157 billion annually. A healthy digital economy requires a robust indigenous content policy to significantly reduce this.

### **Data and the Digital Economy**

Data is critical to the success of the digital economy and scholars now refer to data as the oil, the lifeblood and the new currency of the digital economy. Data drives the digital economy and the digital economy drives the growth of the traditional economy. Digital technologies enable us to capture some part of the massive data that we generate every day.

Many leading companies that have created a fortune have done so through the way they gather, process, store and utilize data. We can draw a lot of parallels between data and oil:

- First a few similarities:
  - o Both play a key role in powering economies; oil powers the industrial economy while data powers the digital economy;
  - o Time has shown that, to some extent, national and institutional wealth is directly proportional to the amount of

- o the resource that they control;
- o Both types of resources need refinement to be useful; with big data analytics and artificial intelligence, data is being refined to create impressive insights and great wealth.
- Next, let us explore a few differences:
  - o Oil is finite while data is seemingly infinite;
  - o Oil when used can barely be reused, whereas the same data can be used for different purposes at the same time.

It is worth noting that both oil and data can experience the negative effects of banditry and militancy. The effect of these vices as it relates to oil is well known to us as Nigerians. With regard to data, it can manifest as identity theft, loss of privacy, fake news, etc.

Data is critical to the development of any digital economy and it becomes valuable when it is used to improve social and economic processes, products, organisational methods, and markets. Relevant data can support the efficiency of enforcement of existing policies. Digital transformation can reshape the interaction between government and citizens and expand stakeholder engagement.

## **Conclusion**

In conclusion, I would like to say that the digital economy is a prime catalyst for development. I am glad to note that, in less than one year, our modest efforts have already yielded remarkable results. For instance, the recent Q1 Gross Domestic Product (GDP) Report released by the National Bureau of Statistics (NBS) showed that ICT contributed an unprecedented 14.07% to Nigeria's total real GDP.

Security agencies have a lot to gain from the development of a digital economy and we invite you to key into the implementation of the National Digital Economy Policy and Strategy (NDEPS) for a Digital Nigeria.

We cannot do develop the digital economy alone. It is important

that the National Defence College and other public institutions join in its implementation. We look forward to partnering with you in this important process.

I thank you all for your kind attention and wish you a very successful graduation ceremony.

**Isa Ali Ibrahim (Pantami)**, *PhD, FNCS, FBCS, FIIM*

**4<sup>th</sup> August, 2020**

