Have you ever wondered how a country that boasts the largest mobile market in Sub-Saharan Africa still ranks only 143rd of 176 countries in a recent ICT Development Index? Or, how a country with a household broadband penetration rate of only 0.04% can still manage to score an impressive rank of 2nd place in Africa in terms of e-commerce? These surprising and conflicting features of Nigeria’s digital economy are indicative of not only their immense potential in the digital sphere, but also the significant amount of progress that remains to fully reap the benefits of a national digital transformation.

Nigeria currently boasts the largest mobile market in Sub-Saharan Africa, a thriving e-commerce sector, and has made tremendous strides towards getting citizens digitally connected over the past decade. However, there are still millions of Nigerians and businesses that remain excluded from the digital economy, which if left unresolved will significantly exacerbate social inequality between digital haves and have-nots, and further marginalize these segments of the population.

The Five Pillars of a Digital Economy

As part of the Digital Economy for Africa (DE4A) initiative, the World Bank (WB) has developed a series of diagnostic reports to provide a comprehensive review of progress made towards digital economic development, beginning with Nigeria – Africa’s largest economy and most populous country. To better understand these opportunities and challenges, the report used a five-pillar approach that includes assessments of Nigeria’s digital infrastructure, digital platforms, digital financial services, digital entrepreneurship, and digital skills – key foundational elements of a digital economy.

For each of the five pillars, the report highlights the importance of each pillar for Nigeria, presents diagnostic findings as well as recommendations and targets for achieving Nigeria’s digital economy goals (see Figure 1). Some highlights from the report include:

- **Digital Infrastructure**: Developing digital infrastructure is one of Nigeria’s biggest priorities. Broadband connectivity is essential to enabling digital transformation, and regulatory efforts are key to accelerating connectivity in rural and underserved areas. Some of these regulatory changes include enabling effective infrastructure sharing, facilitating market mechanisms to promote efficient spectrum allocation, strengthening coordination between agencies governing ICT, reducing excise duties on digital devices, and introducing grants or zero-interest loans for devices purchased by marginalized segments of the population.

- **Digital Platforms**: While Nigeria already boasts a healthy e-commerce environment and the government recently created a central portal to improve the delivery and quality of public services, there is still significant potential for improving the provision of digital public and private sector platforms. Recommendations include improving the legal framework and streamlining coordination between different entities responsible for developing Nigeria’s ICT sector, upgrading skills of public sector employees, providing support to ICT hubs that can deliver digital solutions and create jobs, and clarifying the tax regime around digital platforms to support the private sector.

- **Digital Financial Services**: Whereas in other African markets, financial inclusion would mostly be driven by

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1 ITU ICT Development Index (2017).
Digital Financial Services (DFS), in Nigeria the huge potential of DFS still remains untapped. In order to reap the benefits from a DFS ecosystem, the report recommends Nigeria create an enabling regulatory framework for DFS, including implementation of the guidelines for licensing and regulation of payment service banks, revision of agent network regulations and development of binding guidelines under the financial consumer protection framework. Other important steps which are expected to give critical impulses for the development of DFS include the digitization of all government payments, enhancements of the credit infrastructure and infrastructure for cross border payments and collaboration of key stakeholders in fostering digital and financial literacy to support responsible uptake and usage of DFS.

- **Digital Entrepreneurship**: Given its large, young, and entrepreneurial population, digital entrepreneurship has the potential to become an engine of economic transformation in Nigeria, help diversify the economy beyond oil and gas, and set the country on a new growth trajectory. Recommendations include policy reforms to encourage digital entrepreneurship: updating the legal framework for private equity investment, exploring avenues to de-risk and scale up early-stage funding for digital entrepreneurs, assessing firm-level barriers to adoption of digital technologies, developing and monitoring an evaluation framework for assessing local innovation hubs, and fostering collaborations between digital entrepreneurs, innovation hubs, investors, the private sector, academia, and government.

- **Digital Skills**: The report recommends Nigeria explore innovative ways of including digital skills in the educational curriculum, improve teacher training programs around digital skillsets, assess firm-level barriers to adoption of digital technologies, develop and monitor an evaluation framework for assessing local innovation hubs, and foster collaborations between digital entrepreneurs, innovation hubs, investors, the private sector, academia, and government.

If you want to find out more about specific actionable steps for how Nigeria can leverage the opportunities of advancing its digital dividends, you will gain plenty of insight from reading the full diagnostic report on Nigeria’s digital economy.

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**Figure 1 - Digital transformation targets across the pillars**

<table>
<thead>
<tr>
<th><strong>DIGITAL INFRASTRUCTURE</strong></th>
<th><strong>DIGITAL PLATFORMS</strong></th>
<th><strong>DIGITAL FINANCIAL SERVICES</strong></th>
<th><strong>DIGITAL ENTREPRENEURSHIP</strong></th>
<th><strong>DIGITAL SKILLS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Universal internet network coverage</td>
<td>Doubling online services. Index rating for all governments</td>
<td>Universal access to digital financial services</td>
<td>Tripling the number of new digitally enabled businesses created annually</td>
<td>All 15 year old students with basic digital skills competencies</td>
</tr>
<tr>
<td>Affordable internet for all at least 2% of GNI per capita</td>
<td>All individuals are able to prove their identity digitally</td>
<td>Africa-wide payments infrastructure platforms in place</td>
<td>Financing for Venture Capital to reach 25% of GDP</td>
<td>100,000 graduates in advanced digital skills programs annually</td>
</tr>
<tr>
<td>Interim milestone: doubling broadband connectivity by 2021</td>
<td>At least 50% of the population regularly uses the internet to access government or commercial services</td>
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