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01 INTRODUCTION TO THE BILL

TITLE
Draft National Digital Innovation and Entrepreneurship Policy (2020-2026)

REFERENCE NO:
API/DNDIEP/001/02042021

DOCUMENT TYPE:
Federal Policy Regulation

RELEVANT SECTORS / INDUSTRY
- Innovation
- Digital Economy
- Entrepreneurship

KEY ISSUES
Establishment of set of rules and strategies to ensure and guide government’s rigorous involvement in the promotion of digital innovation and entrepreneurship.
In line with Nigeria’s diversification efforts, and against the stark realities of the COVID-19 pandemic, the Federal Government is realigning its focus in revenue generation and economic development.

Against this backdrop, the National Digital Innovation and Entrepreneurship Policy (2020-2026) was drafted with a mandate to provide a comprehensive standard for digital innovation and entrepreneurship in Nigeria, focusing on six priority areas namely:

- Advancing Human Capital
- Unlocking Funding,
- Enabling Infrastructure,
- Boosting Demand,
- Accelerating Research & Development; and,
- Promoting Entrepreneurship.

The Policy also prescribes the establishment of a Digital Innovation and Entrepreneurship Advisory Committee to monitor and evaluate achievements in the Technology sector.
CRITICAL INTERESTS

FOR THE STRATEGY

- Federal Ministry of Communications and Digital Economy
- National Information Technology Development Agency

AGAINST THE BILL

MODIFICATION OF THE BILL

- Nil

INDIFFERENT

- Nil
Examples include, the reduction in company income tax rate for companies undertaking R&D in innovation and social benefits; the five (5) year tax exemption for startups; and the development of an online one-stop-shop for access to business development services.

**Increased Attention to Protection of Intellectual Property**

The Policy calls for increased attention to IP protection. The incorporation of Patent Cooperation Treaty in Nigeria, the simplification of IP registration and the initiative to create a special working judicial environment to address IP Opportunity theft speedily should be of interest both to innovators and investors.

**Opportunities for Female Innovators**

The Policy seeks to bridge the gender gap in access to funding and opportunities in Nigeria's tech space. As a result, female innovators and tech entrepreneurs will be prioritized and supported.
Incentives for Digital Literacy Educators

Although the Policy does not prescribe the process for this, it prioritizes and incentivizes educational initiatives that teach digital literacy, such as The Zero Rating incentives for government-approved educational sites.

Funding for Incubation and Acceleration

The Policy prescribes a fit-for-purpose National Innovation Fund to assist incubation and acceleration. The fund structure, process and governance is, however, not defined in the policy.

Potential New 'Environmental' Tax

The Policy proposes to introduce a new environmental tax to encourage green innovation. The document does not, however, provide a process or framework for this tax and it is not stated anywhere else in the document. However, investors and innovators may wish to note this, as it may signal a future intention of the government to introduce a new tax.
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subscriptions@apiintelligence.org
Status of the Policy & Next Steps

This policy document is still a draft and is yet to be issued.
06 HIGHLIGHTS OF THE BILL

Clause 2.0: Objectives of the Policy

- Providing a regulatory framework for the digital innovation space.
- Harnessing the creative capacity of the youth in Nigeria.
- Creating digital jobs and promoting youth empowerment.
- Promoting research and local content development.
- Increasing investment opportunities in innovation.

Clause 3.1: Advancing Human Capital

- This priority area focuses on the education system, digital jobs and gender.
- Government is mandated to advance and deepen digital and entrepreneurship education of Nigerians as well as increase the number of highly skilled graduates and postgraduates in STEM. Strategies to achieve this include:
  - Working with the Federal Ministry of Education to include problem-solving, critical thinking, ICT and digital literacy skills into every curriculum stage in the country.
  - Transforming public libraries into information hubs with free internet access, e-learning tools, Massive Open Online Courses (MOOCs) and space for students.
  - Creating a repository of learning resources that fit the Nigerian clime.
  - Upgrading and digitally enabling Technical and Vocational Education and Training programmes.
  - Encouraging MDAs to share digital capacity-building infrastructure with other government and non-government organisations.
  - Creating incentives and initiatives tailored to encourage women entrepreneurs and innovators.
  - Implementing zero-rating for government-approved educational sites.
  - Public-private partnerships that further the aforementioned objectives.

Clause 3.2: Unlocking Funding

Government is mandated to incentivise the unlocking of all forms of capital required to accelerate innovation into startups, scale-ups and spinoffs as well as increase public sector contribution and stimulate private sector contribution to R&D.

This priority area focuses on the creation of a National Innovation Fund (for incubation and acceleration), equity support, funded R&D, institutional capacity and private funding. Strategies to achieve this include:

- Instituting a National Innovation Fund (NIF) with private sector participation for transparency and accountability.
- Removing requirements for collateral to access existing funding.
- Providing a Fund that can be matched by interested private sector players.
- Simplifying and amplifying information to aid access to research grants for academia.
- Incentivising local angel investors and venture capital funds.
Clause 3.3: Enabling Infrastructure

This priority area focuses on the National Broadband Plan, creating sandboxes, mobile and internet access, technology parks and industrial zones.

Strategies to achieve this include:
- Speeding the implementation of the already existing National Broadband Plan (2020-2025).
- Deploying virtual service initiatives nationwide to enable startups to access digital infrastructure and support networks at innovation hubs.
- Converting existing NITDA hubs and community centres into Centres of Excellence for Emerging Technologies (which would exist for research purposes and as sandboxes).

Clause 3.4: Boosting Demand

This priority area focuses on pre-commercial procurement (R&D and innovation procurement), product and industrial process standardisation and priority for local solutions. The government is mandated to ensure relevant intra-government partnerships and collaborations to bring the agenda of the Policy to life. Strategies to achieve this include:
- Directing all Federal and State public institutions to automate their processes and services with indigenous capacity.
- Encouraging ‘Made in Nigeria’ first.
- Establishing inclusive public procurement policies for scale-ups.
- Creating markets for and stimulating the experimentation of innovative products and emerging technologies.
- Promoting the acquisition of innovative technologies that tackle specific challenges.
- Working with State Governments to create roadmaps and commitments for experimentation, investment and development of innovation systems.

Clause 3.5: Accelerating R&D

The government is mandated to ensure a conducive environment for sustainable innovation to thrive. This priority area focuses on Pioneer Status Incentives, tax incentives on R&D and environmental taxation. Strategies to achieve this include:
- Simplifying IP registration, implementation and monetisation.
- Working with the legislature and judiciary to ensure cases of IP theft are treated expeditiously.
- Providing assistance and fast-tracking of local and international patent applications.
- Providing financial incentives to adopt and diffuse innovative technologies in selected technology areas.
- Reduction of Company Income Tax for companies undertaking R&D on innovation and social benefits.
- Establishing an active IP office.
- Creating platforms for the commercialization of academic and industry research.
- Opening access to relevant data and knowledge.
- Supporting learning, knowledge exchange, technology transfer and connections between actors in the innovation ecosystem.
Clause 3.6: Promoting Entrepreneurship

This priority area focuses on the ease of executing (starting and closing) a technology business, commercialization of research and the Venture Capital Act. Strategies to achieve this include:

- Providing tax exemption for up to five (5) years for start-ups.
- Providing up to a year’s leave to be granted to private or public employees who wish to establish a tech start-up.
- Providing tax incentives for corporate and private investments in start-ups made by individuals or legal entities.
- Developing an online one-stop-shop for access to business development service such as business registration, UP filing, legal and financial services.
- Incentivizing venture capital and angel investment funds to invest in innovative entrepreneurship.
- Removing barriers to trade in innovative goods and services which contribute to the SDGs.
- Providing incentives for consumers to purchase indigenous innovative goods and services with demonstrated positive social and environmental impact.
- Developing a fail fast procedure where start-ups are exempted from the standard bankruptcy procedure, preliminary closure agreements and forced liquidation in the event of an over-indebted crisis.

Clause 4.0: Collaboration and Strategic Communication

- The Policy encourages the government to:
- Facilitate deep-rooted collaborations among different stakeholders in the ecosystem such as the government itself, Industry, academia, entrepreneurs and investors.
- Develop an integrated communication plan involving in-person consultations, digital and social media, print, TV and radio.
- Facilitate linkages between Triple Helix stakeholders for the national innovation system - Government, Industry and Academia.

Clause 6.0: Compliance Monitoring and Review

- A Digital Innovation and Entrepreneurship Advisory Committee shall be constituted to meet (at least) quarterly. This Committee is tasked with the duty of monitoring and evaluating the achievements in the technology ecosystem initiatives vis-a-vis the policies aforementioned.
**Clause 5.0: Responsibilities**

The following bodies are tasked with specific responsibilities:

<table>
<thead>
<tr>
<th>INSTITUTION</th>
<th>RESPONSIBILITIES</th>
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<tbody>
<tr>
<td>The Federal Ministry of Communication and Digital Economy FMoCDe</td>
<td>Overall responsibility of ensuring compliance and shall work with relevant agencies.</td>
</tr>
<tr>
<td>National Information Technology Development Agency NITDA</td>
<td>Institute monitoring and evaluation mechanisms to measure the impact of compliance and make recommendations for improvements.</td>
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<tr>
<td>Nigerian Communications Commission NCC</td>
<td>Implement the National Broadband Plan</td>
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<tr>
<td>-Office for Nigerian Content Development in ICT ONC</td>
<td>Ensure compliance of local content in ICT and foster growth of innovation and entrepreneurship respectively.</td>
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<tr>
<td>-Office for ICT Innovation and Entrepreneurship OIIE</td>
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<tr>
<td>-National Office for Technical Acquisition and Promotion NOTAP</td>
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<td>-National Board for Technology Incubation NBTI</td>
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<tr>
<td>-Federal Ministry of Science and Technology FMST</td>
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<td>-Federal Ministry of Industry Trade and Investment FMITI</td>
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<tr>
<td>Digital Innovation and Entrepreneurship Advisory Committee</td>
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