

# The New Practice (TNP) - An Andersen Collaborating Firm



**Genevieve Henshaw**  
Associate  
The New Practice (TNP)  
E: genevieve@tnp.com.ng

## Knowledge Based Economy: The Next Economic Boom in Nigeria

Globally, the resource referred to as knowledge has charted a new course for economic development and set the benchmark for competitiveness, based on the ability to generate, apply and disseminate knowledge instead of the exploitation of natural resources.

The dependence on intangible assets which in this instance is knowledge, continues to gain ground to the extent that economic growth is premised on the ability to harness and exploit knowledge. This has become the focus of the economic development plan of most forward-thinking countries.

While the clamour for a knowledge-based economy (KBE) is ongoing in other climes, most African countries struggle with their traditional dependence on natural resources and this has proved to be a limiting factor on their competitiveness in the global space.

Nigeria on its part struggles to wean itself off dependence on its natural resources and centre its economic development plan around knowledge. This conversation around evolving to a KBE is not intended to discard our natural resources but to present Nigeria with a competitive advantage. My article addresses the future of the Nigerian economy as a KBE.

### Pillars of the KBE

According to the World Bank<sup>1</sup>, a KBE is primarily founded on four (4) pillars:

- **Economic and Institutional Framework**

This system refers to government policies that spur economic activities through the innovation, creation and exploitation of knowledge. Incentives and protectionary measures provided by the government go a long way to

influence interactions in the market and create employment opportunities with the ultimate aim of boosting economic activities and growth. Some of these policies may include the removal of trade barriers to enable the exchange of knowledge among countries and the protection of intellectual property rights.

- **Education and Skilled Labour Force**

In a KBE, an educated and skilled labour force is critical to the creation, application, and distribution of knowledge and also importantly, maintaining a competitive edge as this is fundamental to economic development.

Education must however be connected to the need to contribute to the global market as against the present regimented style of training. In other words, education must be amenable to change, taking into account the global dynamics at each point in time, such that the labour force can develop new skills and proficiencies targeted towards achieving economic growth.

- **Innovative System**

Achieving an effective innovative system is hinged on the effective relationship between the knowledge facilities and the organizations. Thus, they can draw on global knowledge to provide innovative solutions to local needs. For innovation to thrive, the system must support research and development to be able to constantly invent new products.

- **Information and Communication Technology (ICT)**

The availability and access to ICT facilities is essential in a KBE to process and communicate information. The effectiveness of this infrastructure can be determined by assessing computer literacy levels, access to internet facilities and telephones to arrive at the decision on the attainment of development.

### The Nigerian Knowledge Story

Recently, Nigeria's overdependence on crude oil has shown a periodic ripple effect on the stability of economy given the fall in the price of crude oil in the global market. This gives

credence to the need to transition from a natural resource-based economy to a KBE. The pillars of a KBE still apply to the Nigerian setting in different ways. Whilst there is room for improvement in Nigeria's economic incentives and institutional framework, Nigeria ranks 131 in the 2019 World Bank's Doing Business 2020 index (which is 15 places higher than its initial position). Despite this positive outlook, there is still work to be done in building Nigeria's innovative space.

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With respect to innovation, the grant of patents in Nigeria presently lacks a substantive examination process which by itself queries the legitimacy of the process. Also, important to note are the lingering problems of counterfeiting and piracy which discourage creativity.

An overhaul of our education system is necessary to ensure that learning

incorporates present day industry realities. It is also necessary to maintain a process that ensures that employment is not based solely on paper qualifications but focuses on other factors such as skill and creativity.

Technology has transitioned through different phases to its present state. At the inception of mobile telephony, it was the exclusive preserve of a few, given the costs of acquiring telephone lines and the per minute costs of the calls. The same mobile phones are now being used to complete financial transactions and to subscribe for internet access. Most importantly, the impact of technology has been profound during the COVID-19 pandemic, where business, education and religious activities had to be done remotely through the computers, tablets, mobile phones, software applications, livestreaming sessions etc. This pandemic has thus heightened the need to enhance digital literacy.

### Conclusion

The transition to a KBE could not have come at a better time following the slump in oil prices in the global market and its effect on the Nigerian economy. The pillars of the KBE are not new to Nigeria though they may have had some shortcomings or have not been managed to give optimal results.

Nigeria continues to witness developments in the technology sector where the possibilities are still endless and have yet to be explored optimally. There is optimism that Nigeria can build on its current successes and transition into a KBE. Most importantly, the economic and institutional framework must create an enabling environment for the adoption of the KBE such that innovation and creativity is assured of adequate protection.

The new reality is that intellectual property rights are an active component of the KBE, and so it is important that our Intellectual Property laws are reviewed and updated for this purpose.

1. World Bank Institute, Benchmarking Countries in the Knowledge Economy: Presentation of the Knowledge Assessment Methodology (KAM), Knowledge for Development Program, World Bank Institute, November 9, 2004

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