

A semi-transparent map of Nigeria with state boundaries is overlaid on the left side of the slide.

BUILDING DIGITAL PUBLIC INFRASTRUCTURE AT STATE LEVEL

A roadmap for State Governments
in Nigeria

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EXECUTIVE SUMMARY

There is an emerging and increasingly robust evidence base globally for the impact DPI can have on government efficiency:



Digital Public Infrastructure (DPI) is a foundational framework comprising interconnected digital platforms that are open to the public and can work together seamlessly. It essentially enables governments to deliver crucial public services to their citizens such as *cash transfers, online-education to e-health and other e-governance services*. DPI covers broadly:



IDENTIFICATION: the ability for people and businesses to securely verify their identity, as well as complementary trust services such as electronic signatures and decentralized, verifiable credentials (e.g., academic qualifications, passports, and driver's licenses).



PAYMENTS: easily transferring money between people, businesses, and governments.



DATA EXCHANGE: seamless flows of data across government and the private sector, with safeguards for personal data protection.

The potential impact of developing Digital Public Infrastructure include:



CITIZEN RESILIENCE: Alleviating poverty, creating jobs and increasing household incomes, through improved identity management and access to credit.



FISCAL SAVING AND REVENUE GROWTH: Alleviating poverty, creating jobs and increasing household incomes, through improved identity management and access to credit.



ECONOMIC GROWTH AND INVESTMENT: Efficient movement of money, coupled with the transition of economic activities from the informal to the formal sector are catalytic to attracting investments and growing the state economy.

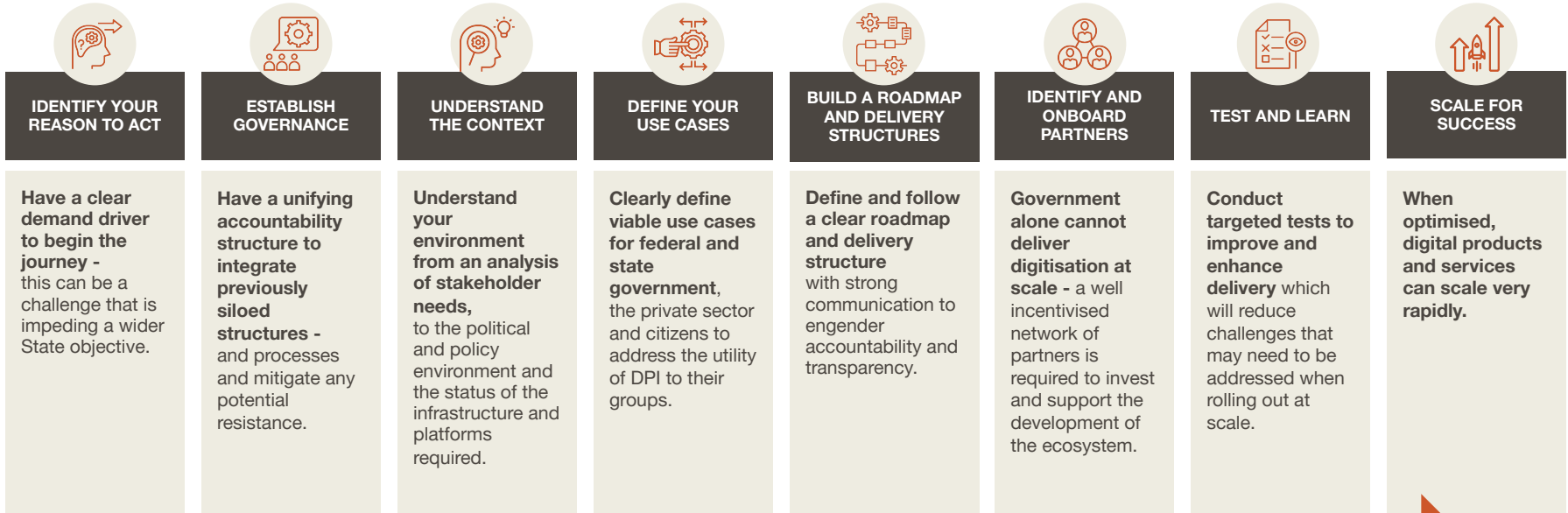


SOCIAL AND FINANCIAL INCLUSION: DPI drive social and financial inclusion by enabling increased access to social and financial services via several platforms.



GENDER EQUALITY AND WOMEN ECONOMIC EMPOWERMENT: Improved access to digital public infrastructure and systems increase women's bargaining power, expand the breadth of women's support, increase women's participation in the labour force and facilitate the transition of working women to more productive jobs.

There is a proven and replicable methodology to approach the development of effective and sustainable digital public infrastructure



Embed sustainability, monitoring and evaluation

Tracking progress and building structures that will embed reforms for the long term enables digitisation to benefit future generations



There are a range partners and funders available to support digitisation initiatives

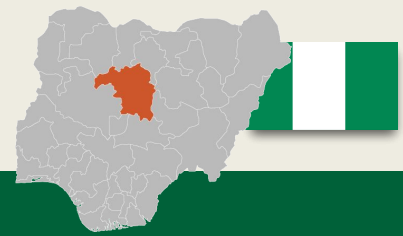


Delivering the **roadmap** will require a range of resources and capabilities, from **funding** to **technical assistance** and **advisory, private sector investment** and **collaborations with federal stakeholders** and **agencies**.

Understanding the **partnerships** that need to be built, and the **incentive structures** that make them sustainable is an essential part of **delivering results**.

Partner type	Partner options
Funding	<ul style="list-style-type: none">• Bilateral donors• Multilateral donors• Foundations
Technical assistance	Consultants
Communications infrastructure	MNO's Tower owners
Financial service providers	<ul style="list-style-type: none">• Banks• Fintech
Technology	Big tech
Civil society/NGO	State level orgs and coalitions
Beneficiaries	<ul style="list-style-type: none">• Community groups• Co-operatives• Religious organisations

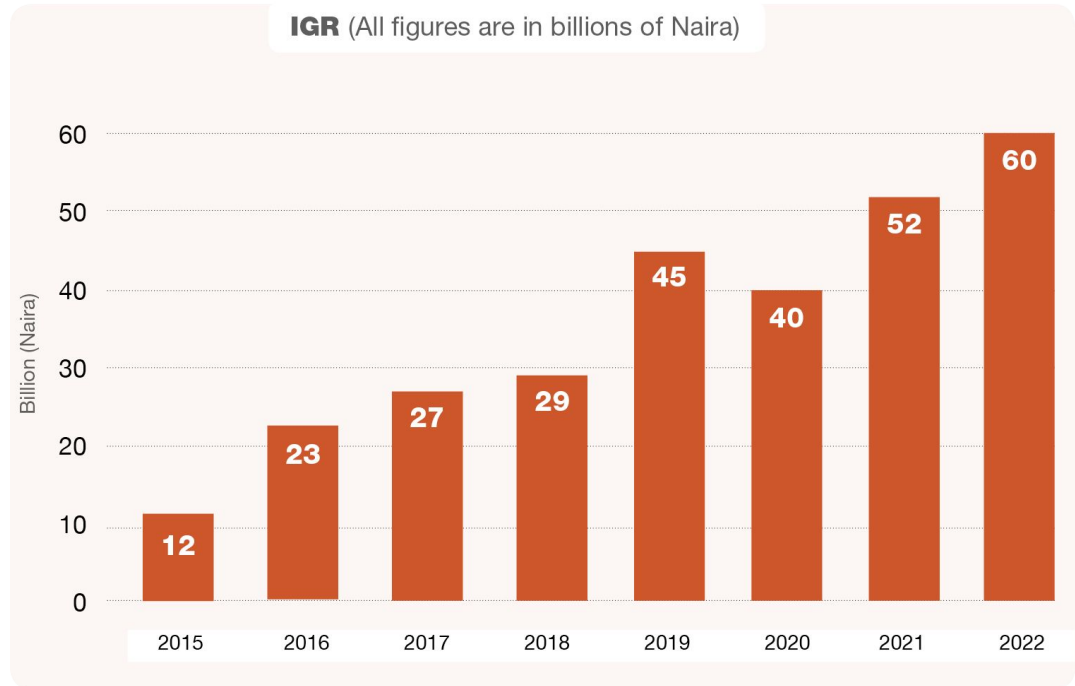
Kaduna state's journey so far clearly highlights the **cross sectoral benefits** of digital transformation



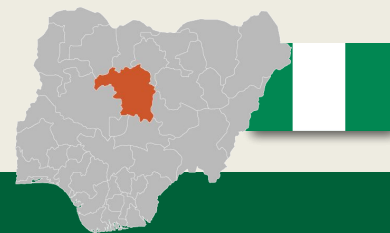
IGR

Lessons learnt from Kaduna's digitisation journey so far indicate the catalytic effect the development of digital public infrastructure has had on the state's **internally generated revenues**.

Understanding the direct correlation between **revenue generation** and increased solutions and systems that facilitate essential society-wide functions and services such as identity and data management, payments e-governance enhance the revenue generation capabilities of the state.



Kaduna state's journey so far clearly highlights the **cross sectoral benefits** of digital transformation



KADRIMA



1st stage:

Establishing a **state level identity management capability**

- Establish a working relationship with NIMC
- Legal and institutional framework
- Allocate the right quantity and quality of resources
- Build the right technology stack

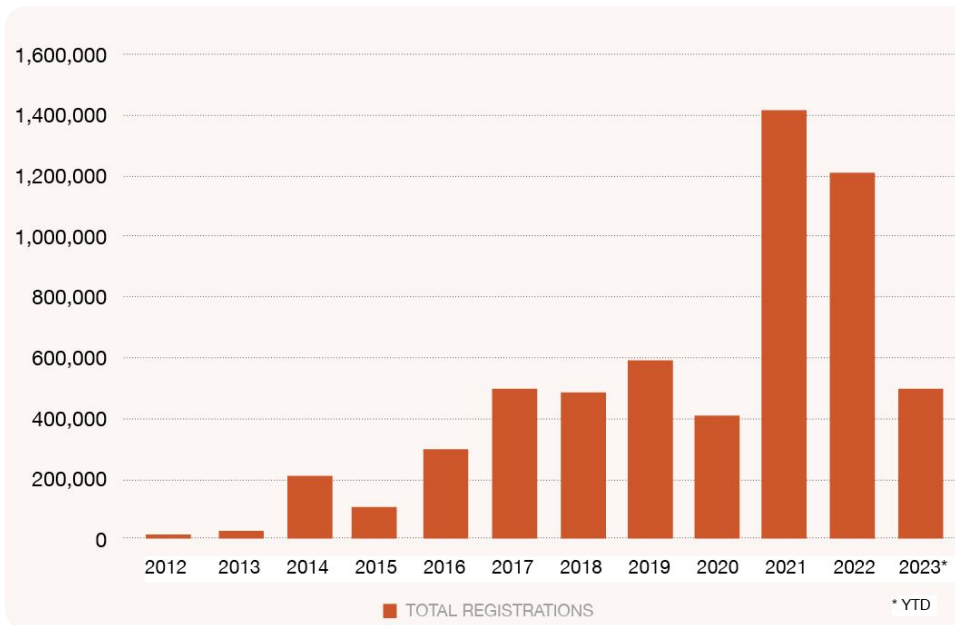


2nd stage:

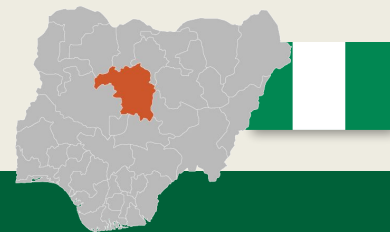
Driving adoption of **digital identity**

- Understand the barriers to enrolment
- Balance incentive and enforcement
- Make enrolment easy and affordable
- Strategic sensitisation can accelerate enrolment

TOTAL ID TRENDS



Kaduna state's journey so far clearly highlights the **cross sectoral benefits** of digital transformation



KADSIO



1st stage:

Establishing a state level social protection system

- Leverage working relationship with the Federal level social protection agencies
- Understand the existing social protection activity in the state
- Establish an integrated governance structure, empowered to act
- Determine your priorities and develop a state specific policy framework



2nd stage:

Driving digitisation in social protection

- Identify beneficiaries, understand their needs and behaviours and establish accountability
- Assess the barriers to user digitisation
- Build the right technology solutions and financial products, tailored to local context and then sensitise beneficiaries
- Test, measure, review and scale

SOCIAL REGISTER ENROLMENT

S/No	Year	PVHHs	Individual
1	2016	Targeting and generation of the SSR began in 2017. However, core institutional and coordination arrangements necessary for the take-off and implementation of the Project in the State were carried out in 2016.	
2	2017	16,494	71,305
3	2018	30,396	133,545
4	2019	91,368	361,112
5	2020	524,424	2,051,972
6	2021	680,888	2,656,993
7	2022	991,533	3,718,601



CONTEXT AND APPROACH

The impact of digitising public infrastructure



There is an emerging and increasingly robust evidence base globally for the impact that the development of digital financial services and mobile money ecosystems can have on citizen resilience, economic growth, government efficiency, financial and economic inclusion, social protection, gender equality and women's economic empowerment.

Citizen Resilience	Fiscal savings and revenue growth	Economic growth and investment	Financial inclusion	Gender equality and WEE
<p>Evidence suggests that digitising public infrastructure can reduce the impact of shocks, increase resilience, enhance food security and enhance consumption.</p> <p>Business growth, through improved identity management, access to credit and expanded customer base, helps to create jobs and increase income. This is critical to poverty alleviation and building resilience of citizens in the event of economic shocks.</p>	<p>Digitising public infrastructure makes it easier for government to track transactions. This is key to enhancing tax compliance, plugging revenue leakages, optimising expenditure and improving revenue collection.</p> <p>It also promotes efficiency and transparency in transactions amongst government, businesses and individuals through the reduction of paperwork and enhanced security of electronic databases.</p>	<p>Payment for goods and services, especially in remote areas where access to formal banking system is limited, has been made easier via digital public infrastructure. Coupled with the transition of individuals and businesses from the informal sector to the formal economy, improved access to goods and services is a driver of economic growth.</p> <p>These spur growths in investments, job creation and the overall state's economic growth.</p>	<p>Digitising payments drives financial inclusion by enabling increased access to financial services via several portals/platforms.</p> <p>As a result, the availability of digital public infrastructure provides the platform for the substitution of alternative savings mechanisms and increases the ease and flow of transactions to more vulnerable groups.</p>	<p>Evidence suggests that improved access to digital public infrastructure and financial systems promotes WEE by:</p> <ul style="list-style-type: none">• Increasing women's bargaining power within the household and generally availing women more choices.• Expanding the breadth of women's support• Increasing women's participation in the labour force and facilitating the transition of working women to more productive jobs.

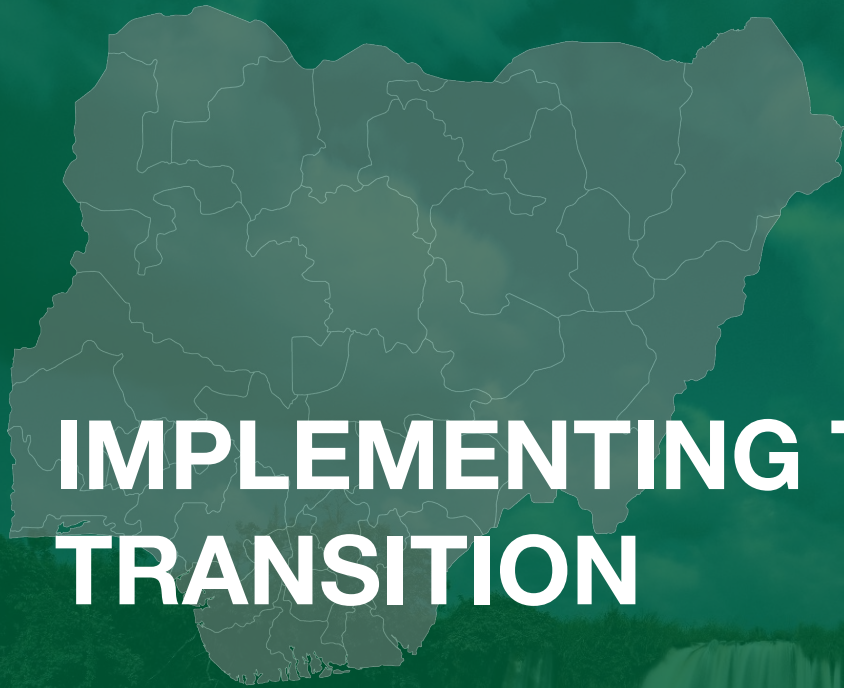
The process end-to-end



IDENTIFY YOUR REASON TO ACT	ESTABLISH GOVERNANCE	UNDERSTAND THE CONTEXT	DEFINE YOUR USE CASES	BUILD A ROADMAP AND DELIVERY STRUCTURES	IDENTIFY AND ONBOARD PARTNERS	TEST AND LEARN	SCALE FOR SUCCESS
<p>The digitisation journey begins with a catalyst.</p> <p>Every leader and/or administration has to have a clear demand driver to begin the journey. That is often represented in a challenge that might be impeding a wider objective.</p>	<p>Digitisation can often disrupt the status quo, and integrate previously siloed structures and processes.</p> <p>This can meet resistance, and so having a strong governance structure with executive authorisation is essential.</p>	<p>Digitisation requires a strong understanding of your environment, from a contextual analysis of stakeholder needs, to the political and policy environment and the status of the infrastructure and platforms required.</p>	<p>Digital payments have different value propositions and utility to different stakeholder groups, and success is built on a strong understanding of the viable use cases for federal and state government, the private sector and citizens. These need to be clearly defined.</p>	<p>The journey to digitisation needs to be clear to a broad range of stakeholders across the State.</p> <p>Defining and following a clear roadmap and delivery structure with strong communication enables accountability and transparency.</p>	<p>Government alone cannot deliver digitisation at scale.</p> <p>Each stage of the value chain requires partners who must be incentivised to invest or support the development of the ecosystem.</p>	<p>The best concepts are only proven when we put them into the field.</p> <p>An agile approach to improve and enhance delivery means that when we move to scale, many of the most significant challenges will have been addressed.</p>	<p>When optimised, digital products and services can scale very rapidly.</p> <p>Building for scale is an essential foundation on which digital payments must be built.</p>

Embed sustainability, monitoring and evaluation

Tracking progress and building structures that will embed reforms for the long term enables digitisation to benefit future generations



IMPLEMENTING THE TRANSITION



IDENTIFYING YOUR REASON TO ACT





Everyone has a different objective or need - what is yours?

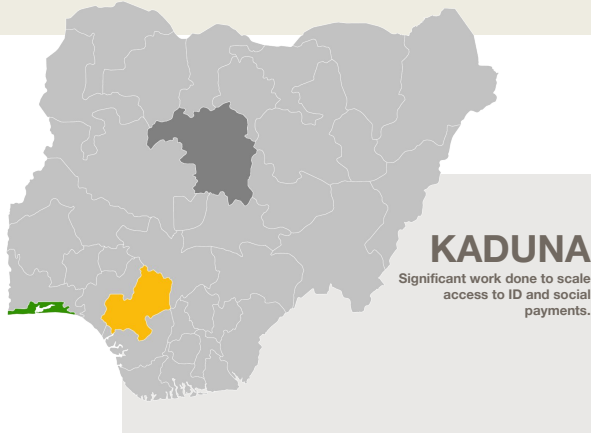
The reasons governments choose to prioritise digital financial services are often different.

For some, it's about driving efficiency within their own government and tapping leakages, for others its ensuring that social protection payments can be provided when needed, or establishing the infrastructure required to enable the growth or emergence of a digital economy. What is most important is that the objective you choose fits the ambitions and vision you have for your own state.

This is often associated with the political and/or economic vision of the state's leadership, and how that translates into a state development agenda. Digital Financial Services are very often an enabler for wider development objectives, and so understanding how they help deliver your wider agenda is critical. Some useful questions to ask yourself as you consider what works for you.

- **Can I achieve my development objectives without strong and efficient digital public infrastructure?**
- **What is the current state of my digital public infrastructure?**
 - **What is the level of digital penetration (including telecommunications service network) in the state?**
 - **What is the level of financial inclusion in the state, classified by demography?**
 - **What percentage of the population have a foundational ID?**

Examples of catalytic challenges



Initial challenge(s)

Government efficiency was impacted by civil servants having to take time out of the office to collect monthly salaries from the bank in cash, while social payments to vulnerable citizens were inefficient and missing benefit opportunities due to lack of digital identity.



Solution

The state's civil service remuneration system has been digitised to improve government efficiency. Likewise through KADRIMA and KADSIO, the social register has been expanded significantly, with enrollees having increased access to health insurance, donor support and the state benefits from increased levels of financial inclusion.

LAGOS

Initial pilot being implemented

Primary healthcare delivery and patient interaction is paper based with poor record keeping.

Connectivity and data solutions provide a digitised healthcare record keeping solution with integrated payments and wider supply chain capability.

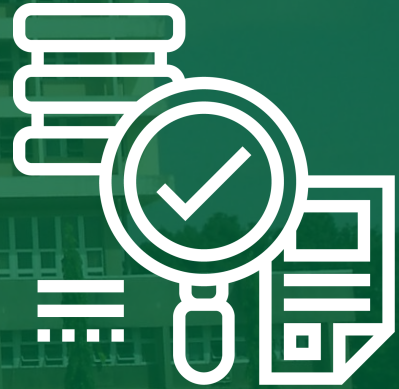
EDO

Early stage conception

Government is focused on driving inclusive growth and increasing IGR to achieve more financial independence.

Edo state wants to become a leading digital economy in Nigeria, and that simply won't happen without payments.

ESTABLISHING GOVERNANCE STRUCTURES



Governance ensures representation & enables integration and accountability



Delivering the strong and sustainable implementation of digital payments systems requires the buy-in and support of stakeholders across the state ecosystem.

Digitisation can often disrupt the status quo, and integrate previously siloed structures and processes. This inevitably meets resistance, and so having a strong centralised governance structure, with leadership from the executive and clear reporting and escalation mechanisms is essential to enable an efficient implementation programme.

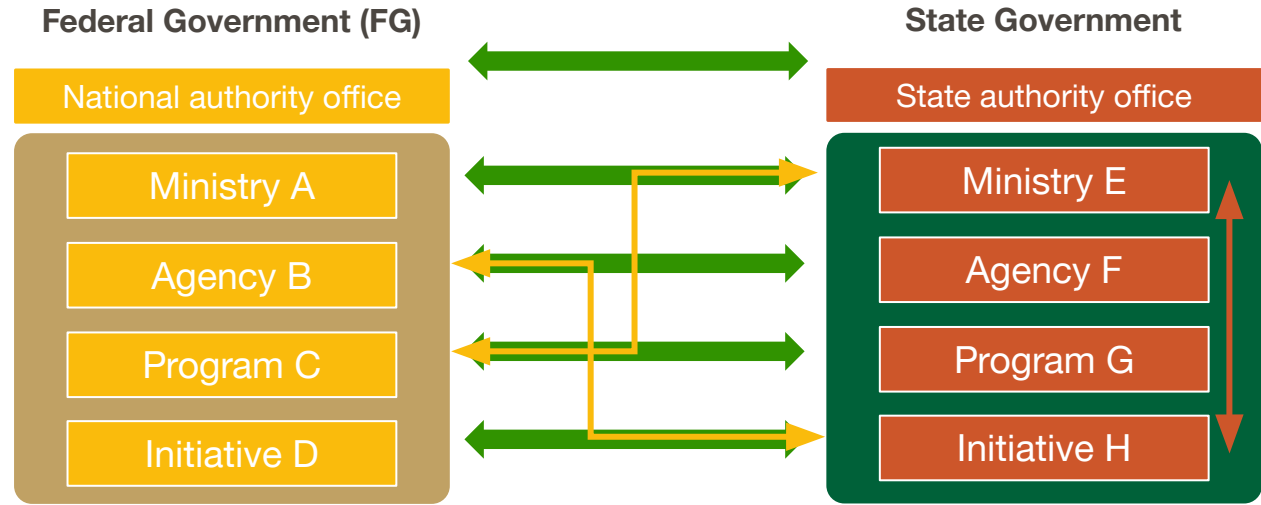
Federal and state government MDAs coordination



Ministries, departments, and agencies (MDAs) have complex relationships and dependencies that require intricate coordination to succeed

A number of institutions at both Federal and State levels have complimentary as well as overlapping mandates with regard to service provision to residents.

Due to this some government agencies require very synchronised and coordinated efforts to manage projects and programs within quick turn-around times.



Governance examples (Kaduna)



The State Executive Councils and Policy Councils

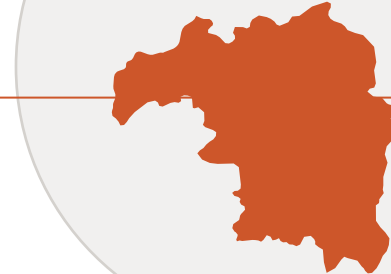
STATE EXECUTIVE COUNCIL

The State Executive Council (informally, the Cabinet of the State) is the highest formal policy and decision making governmental body. It consists of the Deputy Governor, Secretary to the State Government, Chief of Staff, Commissioners who preside over ministerial departments, and the Governor's special aides.

Ministries

PROGRAMS AND PROJECTS / AGENCIES

Kaduna State Government



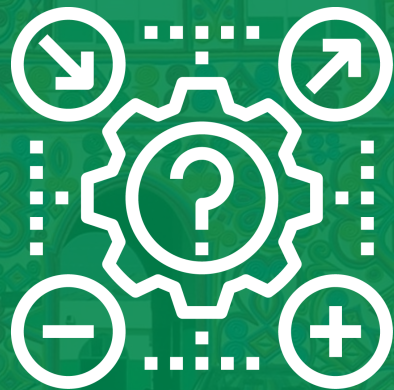
POLICY COUNCILS*

Policy councils are designed to break-up silo mentality and further encourage government agencies to work together in conceiving policies and executing projects and programs:

1. Human capital development
2. Economic development
3. Infrastructure development
4. Procurement monitoring
5. Institutional development

*FOOTNOTE HERE.

ASSESSING FEASIBILITY



Assessing feasibility



A detailed assessment of the readiness of a State Government for the transition to digital payments, the gaps in digital public infrastructure, and the investments and actions required to enable it is the core building block your roadmap will be built from. Every state is different, and so the investments and actions required will be unique. This section sets out the key elements within a feasibility study, and how its output can also provide a strong baseline for ongoing monitoring and evaluation.

Contextual analysis		Digital governance, payments, and digital financial inclusion assessment	Vision, blueprint, pilot plan and implementation roadmap development
<p>1. State of financial inclusion</p> <ul style="list-style-type: none"> • Current state of financial inclusion • Access, use, and quality of financial services • Constraints contributing to lack of access and usage 	<p>2. Socio-political assessment</p> <ul style="list-style-type: none"> • Socio-political aspects such as demographic, ethnic, economic, and political diversity and its impact on financial inclusion in the state 	<p>7. Government, legislation, policy, and regulations readiness</p> <ul style="list-style-type: none"> • Policy, regulations, and laws • Institutional structures 	<p>10. Strategic vision for an interoperable state-wide digital payment infrastructure</p> <ul style="list-style-type: none"> • Based on global, national, regional, and local best practices for digital payments and governance infrastructure • To cover the needs, use cases, and value proposition of the users, private sector, and the state government
<p>3. User's needs</p> <ul style="list-style-type: none"> • Trust and reliability • Understanding of digital systems • Choices or options on payments provider, access point, channels • Ease of use • Costs and value proposition 	<p>4. Government's needs</p> <ul style="list-style-type: none"> • Socio-political aspects such as demographic, ethnic, economic, and political diversity and its impact on financial inclusion in the state 	<p>8. Communications, infrastructure and digital technology platform readiness</p> <ul style="list-style-type: none"> • Digital data and ID • Interoperable payments system and digital technology platforms • Digital and payments ecosystem • Interoperable CICO network • Information exchange infrastructure (telecom, broadband & data exchange, communications) • Role of other infrastructure elements such as power and electricity 	<p>11. Blueprint for an interoperable state-wide digital payment infrastructure</p> <ul style="list-style-type: none"> • Use cases and volumes of payments • Value proposition for citizens and residents • Scenarios and models for the digitisation • Options analysis and prioritisation • Cost benefit analysis • Revenue models, incentives, and subsidies
<p>5. Private sector's needs</p> <ul style="list-style-type: none"> • Use cases and value proposition for digital financial services • Cost benefit analysis • Aggregation benefits • Cross sales opportunities 	<p>6. Opportunities</p> <ul style="list-style-type: none"> • Inclusive access and proximity to services • Choices and options gender-intentional design & delivery <ul style="list-style-type: none"> • Multiple use cases • Crowd-in private players • Enhanced digital financial inclusion 	<p>9. Payment readiness for public and private sector</p> <p>PUBLIC SECTOR</p> <ul style="list-style-type: none"> • Beneficiaries' and users digital database • Program readiness for digitisation • Program delivery aspects • Volume and value of use cases for G2P & P2G <p>PRIVATE SECTOR</p> <ul style="list-style-type: none"> • Use cases and value propositions • Volume and value of use cases for P2P and B2P, P2B and B2B 	<p>12. Pilot plan and implementation roadmap for an interoperable state-wide digital payment infrastructure</p> <ul style="list-style-type: none"> • Phased approaches to resolving constraints, building infrastructure, and developing the use cases and payment streams to be offered • Prioritisation to identify mission- mode projects • Approaches to crowd-in private players and value proposition for them



UNDERSTANDING THE CONTEXT



Financial Inclusion

The current state of financial inclusion is a key indicator of the maturity of your digital payments ecosystem. Understanding access levels, uses in operation, the quality of financial services available and the constraints hindering adoption are critical inputs to understanding the feasibility of digitisation and viable use cases.

Government Needs

Understanding the government's priorities for public financial management and payment systems, revenue generation, allocation and disbursement, government asset management, investment and expenditures, including budgetary and procurement processes. It is also essential to understand how to entrench transparency and accountability in the system and improve service delivery.

Socio Political Assessment

What are the demographic considerations that might impact design, from religion and ethnicity to economic and political diversity.

Private Sector Needs

Understand the nature of private sector businesses in the state and identifying their growth potentials and value proposition for digital financial services.

User Needs

Behavioural research to understand how beneficiaries get, send, spend, save, protect and borrow money

Analyse the mental models of money management for citizens and residents (including beneficiaries).

Opportunity ID

Understanding the digital services needs and requirements as well as how to deliver them in a manner that supports inclusivity.

Understanding the potential linkages between identity management, social payments and taxation.



State of Financial Inclusion

Understanding the level of financial inclusion across various demographics is a good indicator of the level of penetration of digital financial services and their utilisation.

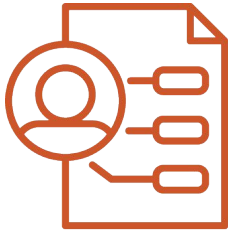
- Analyse data from EFlInA, NIMC and other relevant supply side agencies to map out the level of financial inclusion and exclusion in the state. Also identify the drivers and constraints to financial inclusion.
- Develop a database to record the population of financially included residents in the state, classifying them according to their demographic.
- Develop a strategy that incorporates a broad spectrum of stakeholders, including the private sector, ethnic and religious leaders and CSOs, among others, aimed at raising awareness and driving adoption of digital financial services.



Socio-political Environment

Developing an understanding of the state's socio-political dynamics and their impact on the access to and utilisation of digital financial services.

- Communities with a younger demographic are often more receptive to the adoption of digital technologies. Conversely certain ethno-religious beliefs and practices could restrict access, especially for women, to digital financial services.
- Conduct a socio-political analysis, assessing the demographics in the state; ethnicities, formal and informal economy, political diversity to understand how each of these aspects impact the adoption of digital financial services and financial inclusion.
 - Identify obstacles to the advancement of financial inclusion and develop strategies to eliminate them and sensitise residents on the advantages of financial inclusion.



Understanding User Needs

Delivering reliable and trustworthy digital public infrastructure is pivotal to encouraging residents' adoption and utilisation of the system.

- Assess how residents receive, send, spend, save, protect and borrow money and design digital solutions that facilitate them effectively.
- Create an efficient and effective system for residents to provide feedback on needs, challenges they may have faced using the digital financial system or hindering their access to the system.
- Constitute knowledge management, monitoring and evaluation teams that ensure the system is continually improved based on feedback from users.
- Continually raise awareness on the importance of financial inclusion and encourage citizens to engage in the process to improve their understanding and secure their buy-in.



Understanding Government Needs

Understanding government's priorities for public financial management and payment systems, revenue generation, allocation and disbursement, government asset management, investment and expenditures, including budgetary and procurement processes is critical in designing digital solutions. Furthermore, it is essential to determine how to entrench transparency and accountability and improve service delivery.

- Identifying and tailoring digital solutions to meet governments' peculiar needs.
- Review the governance and administrative structures, identifying bottlenecks and proposing restructuring to improve efficiency of service delivery, accountability and transparency.



Assessing Private Sector Needs

Harnessing the vast potential of the private sector to drive digital transformation is critical and requires the right enabling environment.

- Assess the nature of businesses operating in the digital environment and identify potential value propositions for growth and partnerships.
- Create a forum for the government to enunciate initiatives and for the private sector to familiarise themselves with the government's digitisation plans and contribute to the process.
- Assess the impact of extant fiscal regimes of the sector, including cost-benefit analysis of fiscal incentives in the sector.



Identifying Opportunities

The deployment and expansion of digital public infrastructure and systems also provide opportunities for simultaneously implementing complementary and additional services.

- Assess the digital infrastructure needs across the state and identify avenues for co-location with existing infrastructure, leveraging aggregation benefits through the establishments of hubs and ensuring inclusivity in design and delivery of services.
- Leverage the existing national identity infrastructure and systems of the NIMC, NCC, FIRS, NIBSS and CBN, among others to link with state-based systems.



Government, Legislation, Policy and Regulation

Understanding the legislation, policies and governance structures for digital payment systems.

Review the extant policies and legislation that govern public financial management with the aim of identifying provisions that need to be updated to support the sustainable and inclusive deployment and advancement of digital financial services.

Ensuring the dynamism and robustness of the policy and regulatory environment, coupled with the effectiveness of the governance structures is central to the feasibility of the implementation of digital payment systems.



Communications, Infrastructure and Digital Platforms

What is the level of telecommunication infrastructure and digital platforms deployment across the state.

Identifying the infrastructural gaps and implementing initiatives to plug these gaps in collaboration with the relevant stakeholders would contribute to significantly to advancing the deployment, adoption and utilisation of digital payment systems.



Payments Readiness in the Public & Private Sectors

Public Sector

Understanding the digital payment needs within the public sector, the human and infrastructural capacity gaps and delivery aspects.

Private Sector

Understanding the needs in the private sector, use cases, value propositions and opportunities for PPP and other investments in sector.



Ensuring the appropriate legislative framework is in place to support the advancement of the digitisation journey is central to the successful implementation of the initiative.

- **Review and update extant laws related to public financial management**, including government revenue generation, expenditure, procurement and their governance and administrative structures.
- **Develop a system** to ensure the the legislative remains dynamic and in tune with ever changing economic realities.
- **Ascertain if and how the policy and regulatory environment** could be designed to incentivise investments in the digitisation infrastructure as well as utilisation of digital payment systems.
- **Map out and restructure the governance and administrative structures** of the digitisation ecosystem to eliminate overlapping mandates and improve efficiency.



Many of the communities that benefit most from being visible to a State Government live in areas that are difficult to access, and often have limited connectivity.

A digitisation agenda can be built using a hybrid approach, ensuring that you build out your payments infrastructure at the same time as you provide the connectivity people need. One is not a prerequisite for the other and there are numerous innovative offline solutions that will enable you to serve those areas that aren't connected.

- **Determine the level of telecommunication**, internet and digital connectivity coverage in the state, identify the providers, infrastructure gaps and put together a strategy for filling the identified gaps.
- **Assess the state of the support infrastructure** needed for digitisation, including transportation network and power.
- **Identify the various digital platforms** in the state with a plan to harmonise them and explore existing linkages between the digital platforms in the state with national databases.

Payment readiness in public & private sectors



Public Sector

- **Assessing the capacity within the state's public service** to adopt, implement and administer the relevant digital payment systems deployed across the government MDAs for generating, collecting and disbursing revenues.
- **Determine the ancillary systems**, including computer systems and databases, power supply, internet connectivity need to sustain the digitisation journey.
- **Assess the capabilities of the digital platforms** to meet the public sector's payments needs.
- **Carry out a cost-benefit analysis** of the transition to digital payments for G2G, G2P and G2B transactions.
- **Identify human and infrastructure capacity gaps** in the public sector and design interventions to plug those gaps.
- **Sensitise the public service** on the benefits of digital payment systems to secure their buy in.



Private Sector

- **Assessing the capacity of the private sector** to adopt and utilise the deployed digital payment solutions.
- **Assess the level of availability of power supply**, telecommunication services and other infrastructural facilities needed to support the operability of the digital payment systems.
- **Assess the capabilities of the digital payment systems** to meet the private sector's needs.
- **Sensitise the private sector on use cases and value propositions**, highlighting the potential for scale in B2B, B2P, P2P and P2B transactions.

VISION, BLUEPRINT, ROADMAP & DELIVERY STRUCTURES





A specific vision for the state's digital payment system provides a focal point for designing activities and an overarching guide to steer the implementation of specific activities and project.

The vision should be tailored to the peculiarity of the state, identify and answer what the state hopes to achieve and encompass, and incorporate the following:

- **System reliability and resilience.**
- **Inclusivity.**
- **Sustainability.**
- **Encourage and foster private sector participation.**
- **Leverage donor partner support.**

Mapping potential use cases



Understanding the use cases that are viable for you requires an understanding of the full scope of potential use cases, and how your current state of readiness positions you to deliver them.

State level data will provide a snapshot of the volume of transactions currently implemented by the State through these channels - and so help guide where maximum impact can be achieved.

Attributes	Government	Business	Person
Government	G2G <ul style="list-style-type: none"> Central government disbursements IGR Budget allocations 	G2B <ul style="list-style-type: none"> Supplier payments Utility payments Tax refunds Grants 	G2P <ul style="list-style-type: none"> Welfare programmes and cash transfers. Salaries and pensions Tax refunds
Business	B2G <ul style="list-style-type: none"> Taxes Licence fees Payments for utilities 	B2B <ul style="list-style-type: none"> Supplier payments Utility payments Pension contributions 	B2P <ul style="list-style-type: none"> Salaries/allowances Benefits
Person	P2G <ul style="list-style-type: none"> Taxes Utilities Fees (school/health) Fines & penalties 	P2B <ul style="list-style-type: none"> Utilities/Bill payments School fees Purchases Pension 	P2P <ul style="list-style-type: none"> Remittances Gifts Salaries (informal)



In alignment with the specific vision, a blueprint defines the relevant use cases and should be developed factoring in the realities in the state to map out the state's strategy for digital transformation. The blueprint would be a set of action plans that serve as a step-by-step guide for all stakeholders along the digitisation journey.

01 IDENTITY

A novel approach to harmonise identity and delineate its foundational versus functional forms.

02 INFRASTRUCTURE

Sustainable deployment of quality infrastructure to support the enrolment, access and operations.

03 STANDARDS

Adoption of international standards to enable access, innovation, and interoperability.

04 SECURITY

Security and resilience with financial stability as key principles.

05 PUSH PAYMENTS

The use of 'push payments' to enable simplicity, increases customer control, improve merchant and agent liquidity.

06 FLEXIBILITY

Expand a diverse and ubiquitous network of convenient and interoperable access points.



Identity

- Identify and harmonise existing federal and state-level identification systems held by state residents.
- Develop a strategy to encourage enrolment of residents to the digital identity systems across the state., including through community sensitisation.



Standards

- Ensure harmonisation of standards across the state to conform with international standards for data storage and processing.
- Mandate the relevant authorities to monitor compliance with the set standards and provide feedback on measures to enhance compliance.



Infrastructure

- Identify and map out existing infrastructure that can support resident enrolment by encouraging the utilisation of government buildings (administrative offices, schools, health centres, etc.) for enrolling residents.
- Leverage benefits of existing infrastructure through upgrade and expansion, co-location and strategic locations.
- Assess and develop a plan for providing the necessary infrastructural needs for the rollout and adoption of digital financial systems, especially telecommunication, power and transport infrastructure.



Push payments

- Develop the digital payment system to have 'push payment' capabilities to improve efficiency, lower costs of governance and encourage buy-in from residents and businesses.



Flexibility

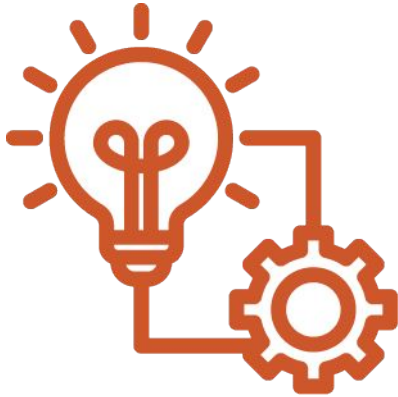
- Ensure the interoperability of the identity management and payment systems across various networks and platforms.
- Design the identity management and payment system to seamlessly integrate with extant state and federal systems and databases.



Security

- Ensure the deployment of adequate physical security to safeguard the critical physical infrastructure that support the systems.
- Ensure stringent adherence to the relevant data protection laws
- Adopt requisite security measures to safeguard the systems from malware and ensure data integrity and financial stability.
- Provide capacity building on data security for all relevant stakeholders, including government staff, customers and merchants.

Implementation roadmap - prioritise and phase



Access to essential services and support provided by the state or federal governments, as well as the viability of e-governance, citizens participation in the formal economy and their contribution to a knowledge based economy are all dependent on the State being able to identify its citizens. A strong foundational digital identity system is the first step required to on-board citizens into a wider digital payments ecosystem.

National law mandates the National Identity Management Commission (NIMC) to create and manage foundational ID in Nigeria, permitting only NIMC to collect and store biometric data. The success or failure of a state's functional identity programme is directly linked to the ability of NIMC to issue foundational identity in the state and so a strong partnership, with aligned objectives and incentives is essential to deliver a viable state level identity programme.

Access to digital identity is a fundamental prerequisite for the success of a digital payments ecosystem regardless of the use case that you choose to prioritise.

**IDENTIFY,
INCENTIVISE
& ONBOARD
PARTNERS**



Identifying capability gaps and incentivising partners



Delivering the roadmap will require a range of resources and capabilities, from funding to technical assistance and advisory, private sector investment and collaborations with federal stakeholders and agencies. Understand the partnerships that need to be built, and the incentive structures that make them sustainable is an essential part of delivering results.

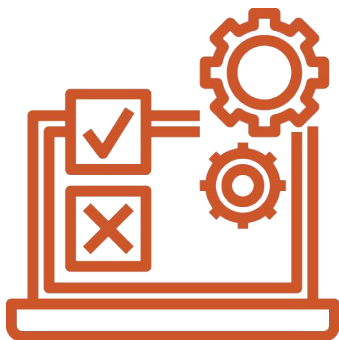
Partner type	Partner options	Incentive options
Funding	Bilateral donors Multilateral donors Foundations	<ul style="list-style-type: none"> Alignment with programming objectives Direct impact on beneficiary communities
Technical assistance	Consultants	<ul style="list-style-type: none"> Fees Learning/replication
Communications infrastructure	MNO's Tower owners	<ul style="list-style-type: none"> Right of way Subsidised investments
Financial service providers	Banks Fintech	<ul style="list-style-type: none"> Captive customers Transaction volumes
Technology	Big tech	<ul style="list-style-type: none"> Government contracts
Civil society/NGO	State level orgs and coalitions	<ul style="list-style-type: none"> Direct participation in programming, with the transparency that comes with it.
Beneficiaries	Community groups Co-operatives Religious organisations	<ul style="list-style-type: none"> Access to government services including social payments.



- **Fiscal space analysis**
(done as part of the social protection policy implementation).
- **Specific budget allocations:**
1% of consolidated revenue fund committed to social protection programmes.
- **Establishment of a social investment office**
(SIO) and consolidation of all social programmes under the SIO.
- **Identify mutual benefactors**
including the federal government, private sector and development partners.

TEST & LEARN

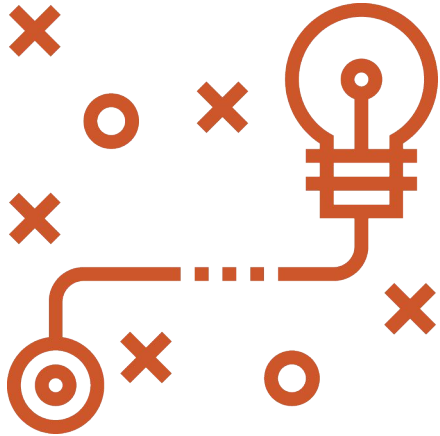




- **Micro research** and targeted solutions.
- **Innovation.**
- **Develop and refine digital finance products and services** through prototyping and pilot implementation plans with measurable key performance indicators.
- **Testing product concepts and graduation** with pilots and observing suitability.
- **Improving product and service fidelity** through continuous iteration informed by customer feedback.

SCALE FOR SUCCESS





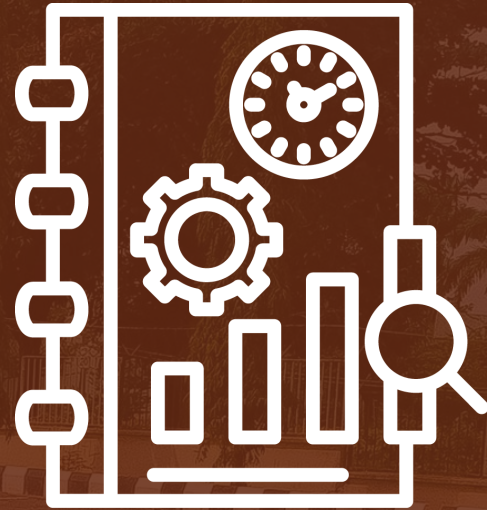
- **Develop strategies for driving widespread adoption of the digital systems**, leveraging existing establishments like administrative office, ethnic and religious bodies and their leadership, associations and groups.
- **Identify the capacity gaps and challenges** that will need to be addressed to ensure deployment at scale.

A semi-transparent map of Nigeria is overlaid on the left side of the slide, showing the country's state boundaries.

IMPACT MONITORING AND SUSTAINABILITY



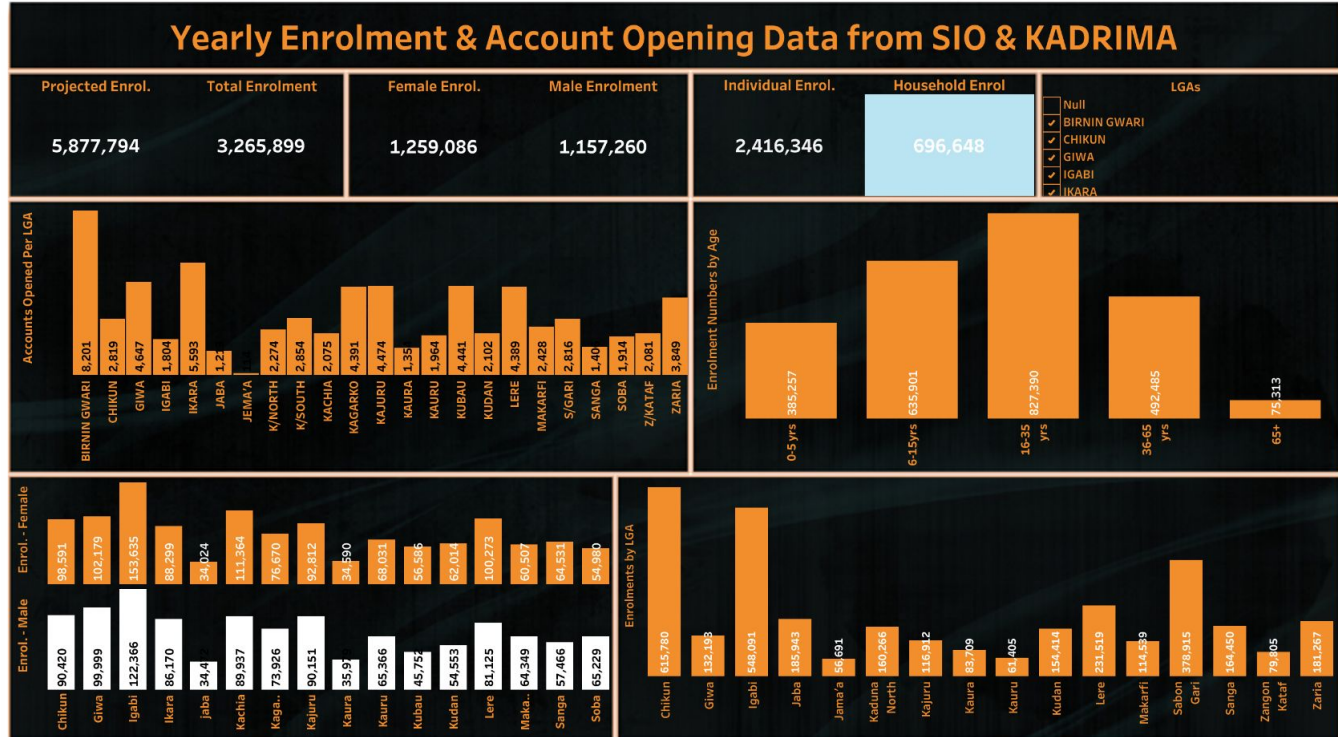
MONITOR & EVALUATE





- **Tracking progress and building structures** that will embed reforms for the long term enables digitisation to benefit future generations.
- **Develop a cyclical and inclusive knowledge management system** with a built-in monitoring and evaluation feedback system, aimed at ensuring dynamism in the design, deployment and implementation of digital financial systems and services.
- **Identify existing systems** that can be leveraged or upgraded to feed into the system.
- **Create accessible and effective avenues** for residents to interact with the system.
- **Host periodic town-hall events across various localities** to garner insights on the digitisation process that will feed into the M&E process.

State specific dashboards to enable real time reporting



The background of the slide is a photograph of a building under construction, overlaid with a semi-transparent green filter. The building features a prominent tower section that is completely encased in a complex network of metal scaffolding. The lower portion of the building shows concrete pillars and a partially finished facade with decorative elements. The overall scene is dimly lit, suggesting an overcast day or early morning/late afternoon.

EMBED **SUSTAINABILITY**



The long term success of reform programmes is a function of their ability to deliver tangible outcomes that create broad based support.

Once they have demonstrated this, institutionalising them through legal and financing frameworks helps embed them through cycles of political transition.

- **Social protection law** - creates a binding requirement for continuity.
- **Identity management law** - creates a binding requirement for continuity.
- **State budget** - allocates 1% of CRF to social protection payments and enables some independence from FG.



TOOLS AND RESOURCES



IDENTITY

Identity and digitisation as a **use case**

Digital identity is one of the foundations of Digital Public Infrastructure, and provides a critical part of the platform on which the digitisation of payments is built. Whether you are seeking to develop a digital economy, digitise social payments or drive financial inclusion, a digital identity is essential.

IDENTITY

Establishing a state level identity management capability



Establish a working relationship with NIMC

National law mandates the National Identity Management Commission (NIMC) to create and manage foundational ID in Nigeria, permitting only NIMC to collect and store biometric data.

The success or failure of a State's functional identity programme is directly linked to the ability of NIMC to issue foundational identity in the state and so a strong partnership, with aligned objectives and incentives is essential to deliver a viable state level functional identity programme.

Legal and institutional framework

Create and pass an enabling law to establish a state level residents identity management agency that will design, issue and manage a state level functional digital ID.

Locate the agency in a strategic Ministry (Planning and Budget Commission), integrating it into the States planning and budgeting processes.

Embed the need for state level functional ID in your state development plans.

Allocate the right quantity and quality of resources

The agency will require an annual operating budget, alongside some initial CAPEX to acquire the centralised hardware and software required to enrol and manage a functional identity system.

The quality of your team, its leadership and level of political support is just as important as the quality of the hardware and software you acquire. Plan and budget for both.

Ensure effective monitoring and evaluation capacity is built and sustained within the relevant institutions.

Build the right technology stack

Software integration with NIMC systems is critical. Plan for a Master Data Management system that has a real time link to the NIMC National Identity Database.

Biometrics must remain ring-fenced within the NIMC system, but a real time backend link for the MDM enables the State to carry out biometric verification.

Ensure the MDM is able to integrate with wider state digital platforms including those in MDAs, enabling those MDAs to update resident records with data specific to their operations.

IDENTITY

Driving adoption of digital identity



Understand the barriers to enrolment

Citizens face many different barriers to enrolment in identity schemes, from security challenges, proximity to enrollment centres, cultural and religious norms or simply a lack of trust in government. Understanding these barriers is essential to building the right interventions.

Balance incentive and enforcement

Enrolment is easiest when there is a clear incentive for citizens to participate.

The balance between incentive and enforcement is critical. Linking enrolment to the provision of essential services, like social payments is a strong driver for adoption, but making it mandatory to access services like healthcare, before enrolment is easily accessible, will embed rather than decrease exclusion.

Make ID mandatory when it is clear there is equitable and affordable access to enrolment services.

Make enrolment easy and affordable

Proximity to an enrolment location and a fast, easy and free enrolment process are essential.

Leverage wider state infrastructure to ensure you have enrolment centres as close to every citizen as possible. Schools, health care facilities, or other existing state services can be excellent co-locations.

Where physical centres are not viable, go to the communities directly, and integrate mobile enrolment devices that can quickly and easily collect enrolment data.

Strategic sensitisation can accelerate enrolment

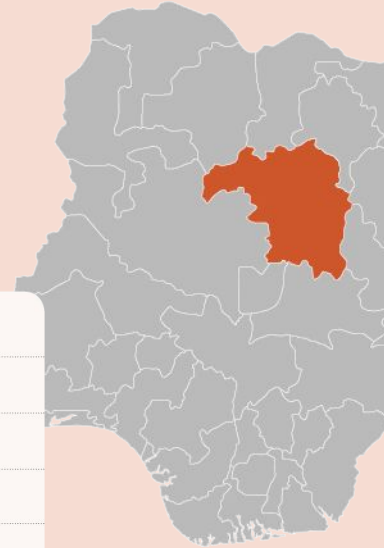
General awareness and education, on a continual basis, will help to drive enrolment in urban areas, but the barriers to enrollment are always local.

Recognising the specific barriers in communities and designing hybrid sensitisation strategies that combine awareness with direct interventions to address those barriers, delivers the best results.

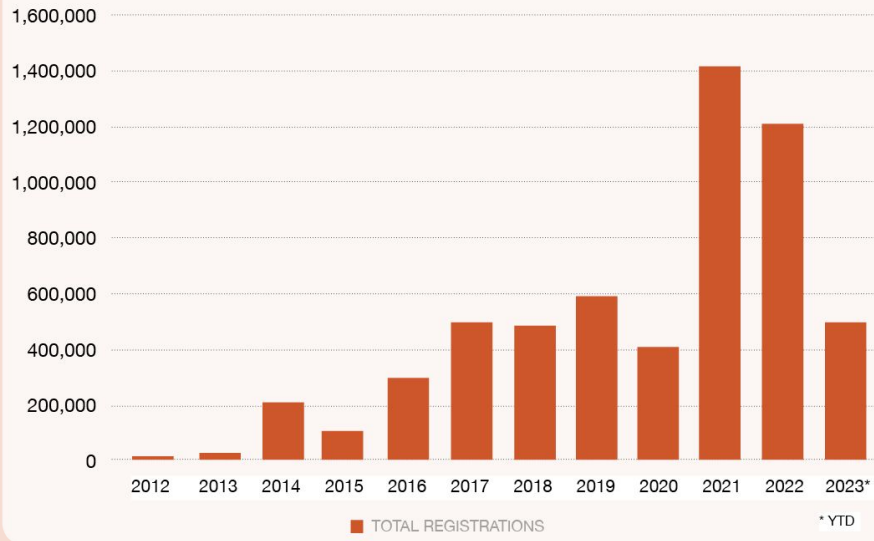


IDENTITY

The impact of a focus on enrollment



TOTAL ID TRENDS



Year	Registrations
2012	763
2013	28,200
2014	235,721
2015	126,915
2016	300,482
2017	541,635
2018	556,319
2019	595,284
2020	471,858
2021	1,434,331
2022	1,256,479
*2023 YTD	505,104
TOTAL	6,053,091

* January to April 2023

IDENTITY



Targeting underserved areas: Lessons learnt from KADRIMA's identity enrolment sensitisation process for marginalised communities

Specific targeting

Identify the localities with the lowest levels of enrolment.

Assess the major challenges hindering enrolment in the regions

Designing intervention that cater to the peculiarity of each region.

Identifying local assets within each region that can be leveraged for facilitating enrolments.

Leverage donor support and local implementation partners

Enrolment is more effective when done in collaboration with local partners within the underserved areas.

Integrating the enrolment process as part of wider government or donor interventions have also been proven to be effective.

Engage community, tribal and religious leaders

Ethnicity, religion and associations have strong influence especially in remote and rural areas.

Engaging and securing the support of community, tribal and religious leaders is critical to driving enrolment in several rural areas.

Exploring various media channels in different languages

Leveraging the multiple media and communication channels is central to the enrolment drive.

Design messaging in the different languages in the region and distribute them via traditional media channels, social media, town criers, and embarking on road shows were also a success factor.

SOCIAL PROTECTION

Social protection as a **use case**

The ability to provide social payments to citizens in a targeted, efficient and cost effective way is a key objective for many state governments and digitising the social register and the payments system help achieve this, while establishing a platform over which more sophisticated support can be delivered.

SOCIAL PROTECTION AS A USE CASE

Establishing a state level social protection system



Leverage working relationship with the Federal level social protection agencies

The National Social protection policy of 2017 establishes the framework within which social protection programmes in Nigeria are implemented and delivered.

Federal level programmes are implemented across States and so establishing a handshake with the Federal implementing agency is essential.

Understand the existing social protection activity in the state

Social safety net activities take place at National as well as state level, and are often distributed across various implementing MDA's.

Mapping and understanding the existing structures helps establish a baseline for action.

Establish an integrated governance structure, empowered to act

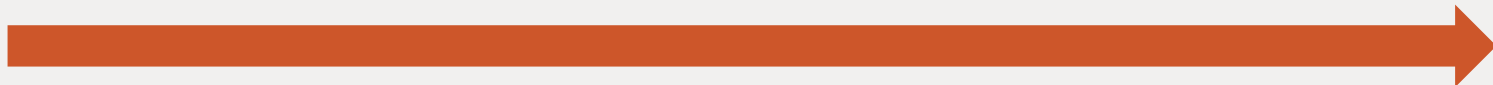
A specific multi-sectoral committee, empowered to ensure centralised coordination, good governance and joint oversight of social investment activities is essential.

A centralised governance structure also enables the appropriate allocation of advisory and technical support, the identification of cross-cutting barriers to programme goals and the delivery of fast and effective remedial action.

Determine your priorities and develop a state specific policy framework

The social protection framework in Nigeria includes four levels of social protection provisions. Protective, preventive, promotive and transformative. Determining where and how you want to intervene is essential.

Codifying this in a state level social protection policy helps articulate these priorities and communicate them to the state level ecosystem.



SOCIAL PROTECTION

Driving digitisation in social protection



Identify beneficiaries, understand their needs and behaviours and establish accountability

It is essential to engage the communities directly to drive trust in the process. Working with the communities through a bottom to top approach that allows the community to develop their own criteria for poverty and self identify people who meet that criteria.

Then establishing a community grievance and redress mechanism, staffed by members of the community creates a transparent accountability mechanism that the community trusts.

Assess the barriers to user digitisation

The beneficiaries of social programmes are by their nature likely to be highly marginalised. Understanding the barriers they face when trying to access digital services is critical to designing relevant and effective solutions.

These barriers can include a lack of proof of identity, or other documentation required to open a bank account, lack of ownership or access to a phone, a lack of network coverage in their community or a simple lack of trust in digital platforms.

Build the right technology solutions and financial products, tailored to local context and then sensitise beneficiaries

Ensuring easy and affordable access to the technology that enables digitisation is essential. Beneficiaries need low bandwidth, simple to use applications in languages that are understood and they need simple financial products with minimal entry requirements.

Partnerships with MNO's and micro-finance banks or payment providers can help ensure SIM card access and wallets are available.

Test, measure, review and scale

Products and solutions need to be tested in the field, ideally by targeting areas already known to have a high proportion of marginalised populations. Testing and measuring the impact before reviewing and then launching at scale maximises the chances of success.

A strong M&E framework for the full project is important to drive reporting into governance structures, to mobilise and justify access to domestic and development partner resources and to help demonstrate to the communities themselves that government programmes are working.



SOCIAL PROTECTION AS A USE CASE

The impact of a focus on enrollment



Social register enrolment

S/No	Year	PVHHs	Individual
1.	2016	Targeting and generation of the SSR began in 2017. However, core institutional and coordination arrangements necessary for the take-off and implementation of the Project in the State were carried out in 2016.	
2.	2017	16,494	71,305
3.	2018	30,396	133,545
4.	2019	91,368	361,112
5.	2020	524,424	2,051,972
6.	2021	680,888	2,656,993
7.	2022	991,533	3,718,601

STRUCTURING GOVERNANCE FOR SOCIAL PROTECTION

Governance at a project level is as important as governance at a State level, especially where a use case cuts across multiple MDA's and so strong coordination is required. This needs to be supported by equally strong delivery structures that have access to the capabilities and resources required.

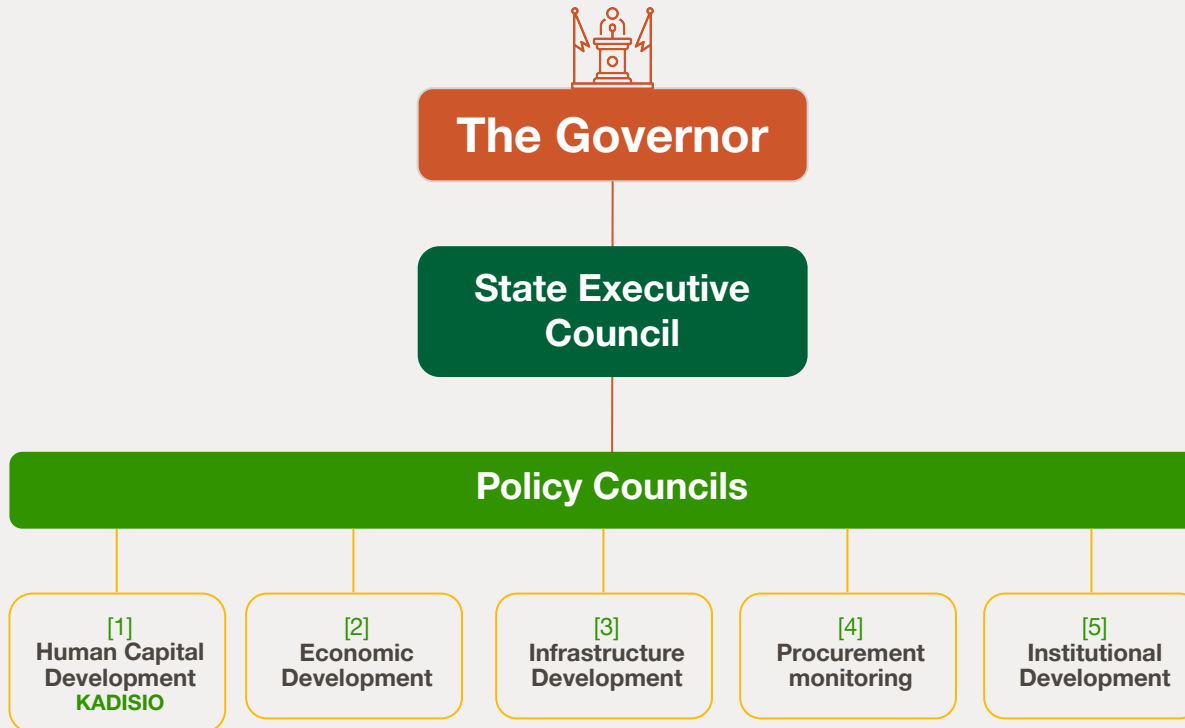
GOVERNING SOCIAL PROTECTION

State level governance



KADUNA STEERING COMMITTEE STRUCTURE

INSERT LINK TO KADUNA SOCIAL PROTECTION POLICY



GOVERNING SOCIAL PROTECTION

State level policy



Overview

The [Kaduna State Social Protection Policy 2020](#) represents a comprehensive framework aimed at addressing social and economic challenges faced by vulnerable populations within the state. The policy underscores the government's commitment to ensuring the well-being and dignity of its citizens, particularly those living in poverty or facing various forms of vulnerability. It encompasses a range of interventions and seeks to create a robust social protection system that addresses the multifaceted dimensions of poverty. It emphasises inclusive economic growth, social justice, and equitable access to opportunities. By integrating various programs and services, the policy aims to provide a safety net for vulnerable individuals and households, safeguarding them from economic shocks and enhancing their resilience.

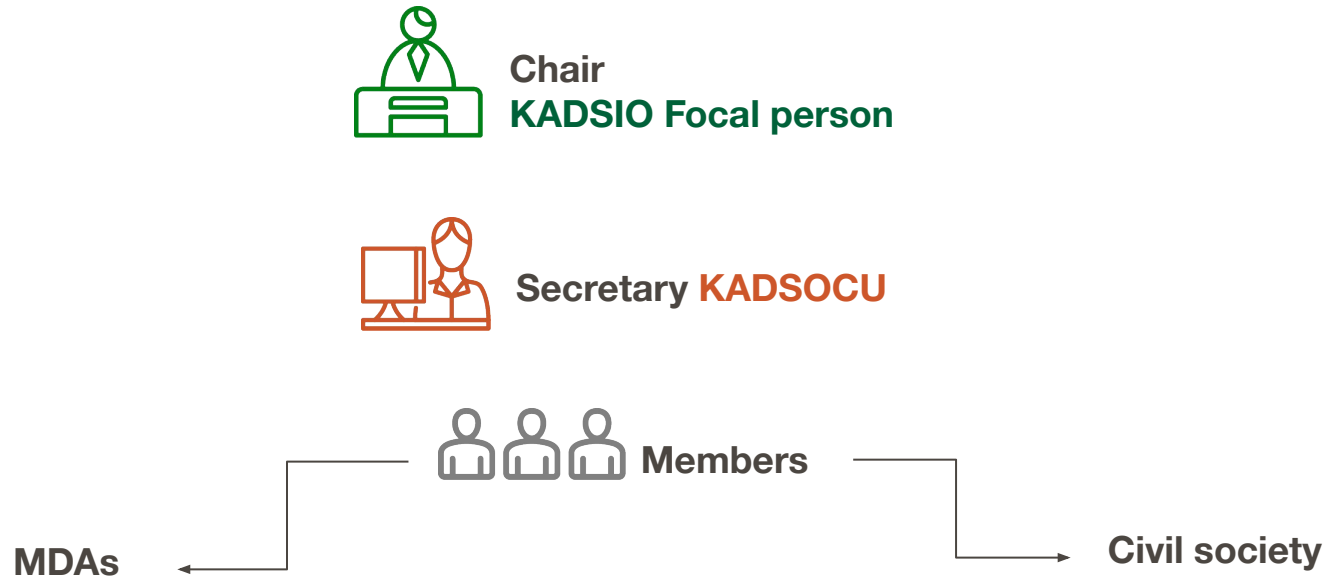
Key Components

The policy's key components include targeted cash transfer programs, livelihood support initiatives, healthcare services, and educational interventions. It places a particular emphasis on vulnerable groups such as women, children, the elderly, and persons living with disabilities. Through conditional and unconditional cash transfers, the government aims to alleviate immediate financial hardships, while livelihood support programs empower beneficiaries to engage in sustainable income-generating activities. Additionally, the integration of health and education components ensures a holistic approach to addressing the root causes of vulnerability.

Implementation and Impact

Implementation strategies outlined in the policy focus on collaboration with development partners, civil society organizations, and the private sector. Monitoring and evaluation mechanisms are embedded to assess the impact of interventions, ensuring accountability and continuous improvement. As the policy unfolds, its success will be measured not only by the reduction of poverty and vulnerability but also by the enhanced social inclusion and economic empowerment of the marginalized populations in Kaduna state.

Establish strong delivery structures



TECHNICAL ASSISTANCE

Delivering a robust digital public infrastructure programme requires strong technical expertise in a range of different areas. This section provides a guide to the technical skills required and where you can find them.

TECHNICAL SUPPORT GUIDANCE



Delivering a strong feasibility study, selecting the right use cases and developing a viable roadmap all require specialist support to ensure that they are delivered to the standard required. This page maps out some of the specialist skills required and where they can be sourced.

Capability	Source
Feasibility study	BMGF, FCDO
Payments system design	MasterCard Foundation, USAID
Data analytics	World Bank, IMF
Field research	World Bank, Rockefeller Foundation
Community sensitisation/awareness	World Bank, IMF, FCDO, USAID
Monitoring and evaluation	FCDO, USAID, BMGF

DATA AND RESEARCH

There is a significant library of research available to understand the value and methodology for digitisation to help guide state level strategy and planning. We have included a summary of some of the key sources here.

DATA SOURCES



There is a wide range of existing data available to support some of the work that you will need to do, while proprietary data held within the State will also be needed to ensure relevance and appropriate solutions are developed.

Data type	Uses	Source
Financial Inclusion data	Determining current inclusion levels Building relevant products	EFINA FINDEX
Electronic payments data	Understanding highest potential use cases	NIBBS
Population data	Understanding and setting target	National Population Commission
Social register data	Determining current levels of residents accessing social welfare digitally	KADSIO
Identity enrolment data	Determining current levels of residents registered and exclusion	KADRIMA

RESEARCH



There is a wide range of existing research available to support some of the work that you will need to do.

Research topic	Relevance	Source/link
Digitisation	Leveraging adoption of technology to improve governance	<i><u>Digitisation for improved governance</u></i>
Women's economic empowerment	Understanding the levels of economically empowered women in the state	<i><u>The impacts of digital financial services on women's economic empowerment</u></i>
ID systems	Improved mapping of residents	
Social protection	Ensuring improved targeting of social interventions	
Mobile money	Leveraging mobile money as a pathway for financial inclusion and poverty alleviation	<i><u>The impact of mobile money on poverty</u></i>