



***PROMOTING E-GOVERNANCE THROUGH
PUBLIC-PRIVATE PARTNERSHIP:***

***A STUDY OF NIGERIA'S PENSION
ADMINISTRATION***

By

'Sanjo Faniran and Kayode Olaniyan



Presented At The

**1st International Conference on Theory and Practice of
Electronic Governance (ICEGOV 2007)**

Macao, China.

10 -13 December, 2007

Outline of Presentation

1. E-governance

2. Rationale / Theoretical Considerations

3. The Nigerian Pension System: Brief Overview

4. The New Pension Administration System

1. Overview

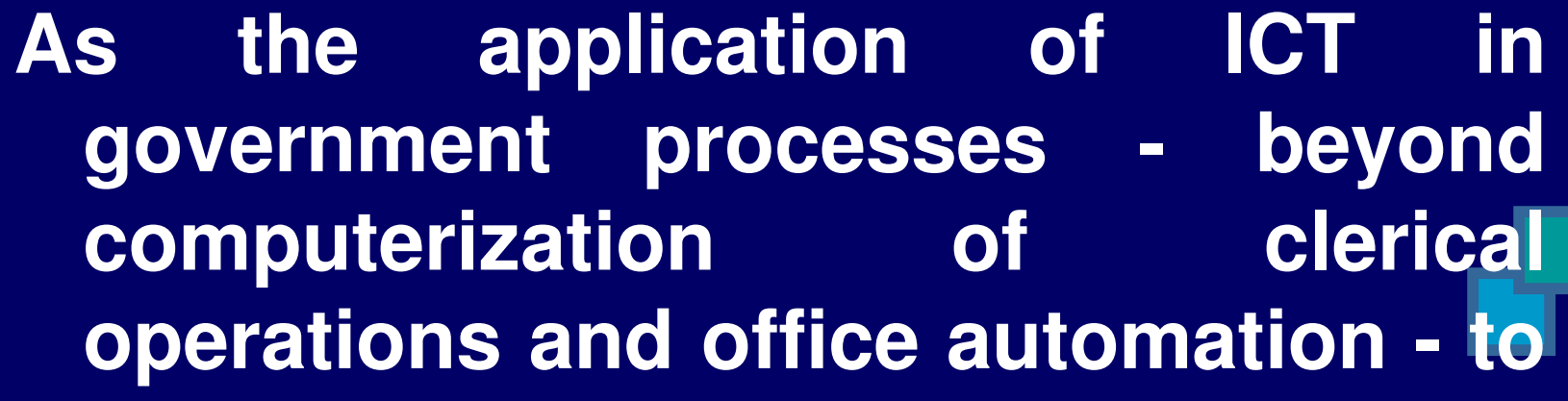
2. ICT infrastructure

3. Service Features

5. Lessons Learnt / Recommendations



E-governance may be defined...



As the application of ICT in government processes - beyond computerization of clerical operations and office automation - to deliver public services to citizens and businesses in a transactional and interactive way

Rationale:

- **Government is the largest employer of labour**
- **Improving the living standards of civil servants- for now and the future - will have significant implications on national poverty level**

Theoretical considerations:

- **ICT provides new and more efficient methods of production, facilitating delivery of (government) services to large and dispersed populations and enabling the economy reach greater economically-feasible options i.e. the production possibility curve shifts outwards due to greater efficiency in the production system**
- **Greater efficiency leads to greater benefits for the poor.**

The Nigerian Pension System: Brief Overview

- * Pension Ordinance 1951
- * National Provident Fund 1961
- * National Social Insurance Trust Fund 1994

...Mainly Characterised by

- Weak Regulatory mechanism
- Inadequate budgetary provision
- Non-compliance by private sector
- Non-availability of comprehensive database of current and prospective pensioners
- Demographic shifts which affected the support ratio: pensioners living longer but no pensions

To address the challenges of the existing system...

The New Pension Administration System

(1) Overview

Pension (Reform) Act 2004

- **Sole Regulator (Government): National Pension Commission**
- **Operator (Private Sector): Pension Fund Administrators, Pension Fund Custodians, etc**
- **ICT driven: secure infrastructure, integration with existing platforms**
- **"Contributory Pension Scheme", 100% funded;**

The New Pension Administration System

(2) ICT Infrastructure

■ Major components

- VPN Link / Broadband Internet Access
- Biometrics-enabled access restrictions
- Standard ODBC database platforms
- Legacy Operating System at backend

The New Pension Administration System

(3) Services

■ What Pensioners can do:

- Client registration: Download and fill forms, etc
- Updating account profiles: Changing passwords, monitoring remittances
- Balance Request/Notification: 24Hrs via SMS, online, call (interactive voice response, IVR)
- Monitor price movements of their PFA's investments with option of switching between PFAs.
- However, pensioners cannot access funds until retirement, age 50 or "not able to work".

The New Pension Administration System

(3) Service Features Continued...

What Operators (PFAs/PFCs) can do:

- **Daily reports in XML format to the Regulator, National Pension Commission**
- **Physical confirmations/accessibility restrictions to secure ICT network**
- **Switching systems for collections / remittances which are well integrated with already existing communications platforms especially banking platforms, GSM, Internet.**
- **Transparency is also ensured by the requirements for published rate of returns, regular statements of contributions and earnings and annual audited accounts.**

Major Lessons Learnt:

Lesson 1: IT Solutions can work even in an environment of low literacy levels

Lesson 2: The use of ICT has drastically reduced the level of corruption and inefficiency associated with the previous system

Lesson 3: Private sector will cooperate with the public sector for the overall good of the economy where rules/sanctions are applied fairly and appropriately

Lesson 4: Sub national governments can evolve E-governance strategies and systems since infrastructure already exists and the population is largely IT-compliant



THANK YOU ALL!



NOUS VOUS REMERCIONS!

