



National Outsourcing Strategy for Nigeria

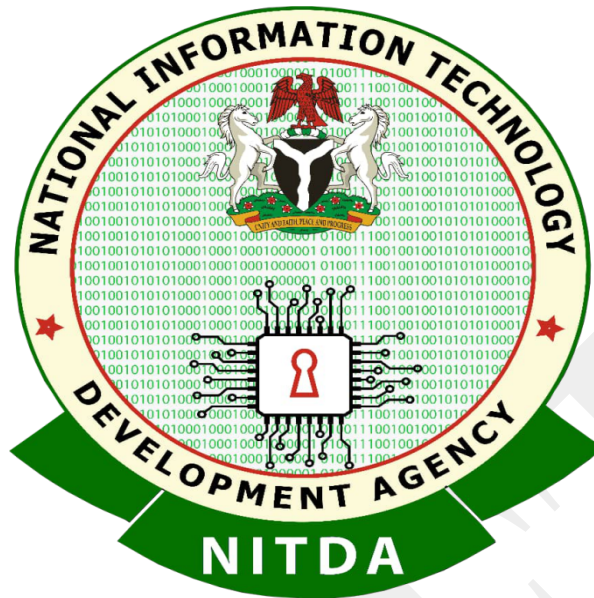
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**FEDERAL MINISTRY OF
COMMUNICATIONS AND
DIGITAL ECONOMY**

Leveraging ICT for National Development

National Outsourcing Strategy



**National Information Technology
Development Agency
(NITDA)**

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List of Acronyms

ADB	Africa Development Bank
AI	Artificial Intelligence
BOI	Bank of Industry
BPO	Business Process Outsourcing
BVN	Bank Verification Number
CAC	Corporate Affairs Commission
CAMA	Companies and Allied Matters Act
CBN	Central Bank of Nigeria
CERRT	Computer Emergency Readiness and Response Team
CSR	Corporate Social Responsibility
DBI	Digital Bridge Institute
DSA	Defence Space Administration
DFS	Digital Financial Services
ECC	Emergency Communication Centre
EGDPR	European General Data Protection Regulation
ECOWAS	Economic Community of West African States
EFCC	Economic and Financial Crimes Commission
ERGP	Economic Recovery and Growth Plan
FCTA	Federal Capital Territory Administration
FMB	Federal Ministry of Budget & National Planning
FMC	Federal Ministry of Labour and Productivity
FMF	Federal Ministry of Finance
FMoCDE	Federal Ministry of Communication and Digital Economy
GBB	Galaxy Backbone LTD
GDP	Gross Domestic Product
GDPR	Global Data Protection Regulation

GEEP	Government Enterprise and Empowerment Programme
GSM	Global System for Mobile Communications
ICPC	Independent Corrupt Practices and other Related Offences Commission
ICT	Information and Communication Technology
IMF	International Monetary Fund
IT	Information Technology
ITES	Information Technology Enabled Services
ITU	International Telecommunication Union
KPI	Key Performance Indicator
KPO	Knowledge Process Outsourcing
MDA	Ministries Departments and Agencies
MNO	Mobile Network Operator
MSME	Micro, Small and Medium Enterprises
NAITEOC	Nigeria Association of Information Technology Enabled Outsourcing Companies
NASRDA	National Space Research and Development Agency
NCC	Nigerian Communications Commission
NDIC	Nigeria Deposit Investment Council
NDPR	Nigeria Data Protection Regulation
NIBSS	Nigeria Inter-bank Settlement System PLC
NIGCOMSAT	Nigerian Communications Satellite LTD
NIIEV	Nigeria ICT Innovation and Entrepreneurship Vision
NIMC	National Identity Management Commission
NIN	National Identity Number
NIPC	Nigerian Investment Promotion Council
NITDA	National Information Technology Development Agency

NOTP	National Outsourcing Training Programme
NOS	National Outsourcing Strategy
NTA	National Television Authority
ONSA	Office of National Security Advisor
PMO	Project Management Office
QoS	Quality of Service
SDG	Sustainable Development Goals
STEM	Science, Technology, Engineering and Math
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
WB	World Bank

Executive Summary

The Digital Age is here and is changing the way people live, work and interact. Technology has the potential to enable the achievement of sustainable development for Nigeria. In transitioning from a resource based economy to a knowledge based economy, Nigeria is investing in its people, increasing the competitiveness of the economy and aiming for higher growth rates while leaving no one behind. In May 2019, President Mohammed Buhari made a pledge to lift 100 Million Nigerians out of poverty in 10 years. In order to achieve this target, growing the services sector is necessary to give the needed direct and indirect jobs.

Digital technology offers Nigeria the opportunity to diversify its economy from resource based to a knowledge-based economy. With the largest population in Africa (more than 200 Million people) and a median age of 18 years, Nigeria has a large youthful population majority of which are quite fluent in English. This fact, coupled with relatively high capacity first mile broadband infrastructure, gives the country tremendous opportunity for lifting the standard of living of its citizens through effective implementation of the Digital Economy policy and strategy by growing the Local IT Enabled Outsourcing services sector to serve both the Public and Private sectors onshore and offshore.

Rapid growth of the IT enabled Outsourcing services sector will address various socio-economic challenges faced by the country including the need to grow its economy, create jobs and expand the tax base, improve technology transfer and foreign direct investment.

The Honourable Minister of Communications and Digital Economy (FMoCDE), Dr. Isa Ali Ibrahim Pantami led the development of a National Digital Economy Policy and Strategy, which was unveiled by the President in November 2019. This Policy and Strategy document is based on the FMoCDE's 8-pillars for the acceleration of

the National Digital Economy for a Digital Nigeria. The 8 pillars are Developmental Regulation, Digital Literacy & Skills, Solid Infrastructure, Service Infrastructure, Digital Services Development & Promotion, Soft Infrastructure, Digital Society & Emerging Technology and Indigenous Content Promotion & Adoption.

Indigenous Content Promotion & Adoption as one of the 8 pillars seeks to make Nigeria a global outsourcing destination for digital jobs. The strategies within this pillar also actively pursue Impact sourcing business process outsourcing (BPO) model, where digital jobs are deliberately outsourced to economically disadvantaged areas in order to improve their economic conditions.

The *National Outsourcing Strategy* is aimed at delivering 1 (one) Million jobs in Nigeria by 2025. In order to achieve these ambitious targets, the plan is focused on recommendations in 7 critical pillars:

1. Infrastructure
2. Skill and Human Capital Development
3. Branding and Promotion
4. Finance and Incentives
5. Innovation and Entrepreneurship
6. Trust, Privacy and Security
7. Multi Stakeholder Governance

Strategic Thrusts

The key strategic thrusts are:

1. To promote the contribution of the services sector to GDP by coordinating stakeholders' involvement in developing a vibrant Digital outsourcing sub-sector;
2. To grow and promote Nigeria's image internationally, as the preferred global Digital Outsourcing destination and ICT business hub by developing a globally competitive Information Technology Enabled Services (ITES) Sector;
3. To diversify the economy through growing the outsourcing sector by actively engaging the private sector in public private partnership arrangements;
4. To facilitate the development of foundational digital infrastructure including Digital identity, Digital Financial systems, Electricity and broadband infrastructure;
5. To build the needed skills and capacity for the outsourcing sector to fully take advantage of the 4th industrial revolution;
6. To improve financing and incentives of the sector through greater transparency and improved ease of business;
7. To improve trust, confidence and security of the Nigerian Digital environment through better regulations, policies and collaborations;

Strategic Objectives

The overall Strategic objective is the promotion of an enabling institutional, legal, regulatory, technological, and infrastructural environment for the sustainable development of the IT Enabled Outsourcing industry in Nigeria. The specific objectives include:

1. Actualization of the goals of the Economic Recovery and Growth Plan (ERGP) and the Digital Economy policy and strategy of the Federal Government in the areas of diversifying the economy, investing the Nigerian people and increasing global competitiveness through Technology Development;
2. Developing a globally competitive Information Technology Enabled Services (ITES) Sector in Nigeria towards making Nigeria a Global Digital Outsourcing hub;
3. Promoting Local and Foreign Direct Investment in Digital outsourcing infrastructure development;
4. Developing an Export-Oriented Digital Product and Service industry with improved funding for R&D;
5. Facilitating the diversification of the national economy through the development of a vibrant Digital outsourcing sector and further strengthen the economy;
6. Accelerated Human Capital Development and ICT Infrastructure to support the growth in the Digital Economy and outsourcing industry;

7. To achieve lower unemployment rates, particularly amongst the highly skilled graduates that are increasingly being faced by a competitive job market;
8. Identification of potential e-government services that outsourcing can Jump-start for improved government services.
9. Ensure an integrated and coherent effort and coordination between the States, Local Government Areas and the Federal Government in the development of appropriate capacity and conducive environment for the growth and development of the digital outsourcing sector.

Strategic Targets

Based on the objectives listed above, the targets of the strategy are to:

1. Facilitate the creation of a minimum of 1,000,000 direct and indirect jobs in the Digital service outsourcing sector within five years of implementation of the policy.
2. Initiate the development of adequate human capital capacity through partnerships with the private sector and development partners.
3. Enhance by 300%, the contribution of the Digital outsourcing sector to national GDP within two years.
4. Through the MSME initiative, grow 500 new outsourcing entrepreneurs employing an average of 50 staff within the next three years of implementing the strategy.
5. Achieve global recognition as a preferred destination for outsourcing business by the end of 2025.
6. Develop adequate infrastructure to ensure service quality to global standards by the end of 2023.

1. Introduction

Nigeria is Africa's largest country with an estimated population of over 200 million people as at 2019, according to both World Bank^[1] and United Nations^[2] reports, with about 50% of the country's population under the age of 30. It is worth noting that Nigeria's population accounts for about 47% of the West African population, with its GDP reported to be \$445B as of Q4 of 2019 according to the IMF. It has a well-developed mobile telecommunications market with 126 million lines connected to the Internet out of the 185 million phone lines in the country. The largest contributor to Nigeria's GDP is Services with 53.64%, followed by Agriculture, at 26.09% and Industries accounting for 20.27%.

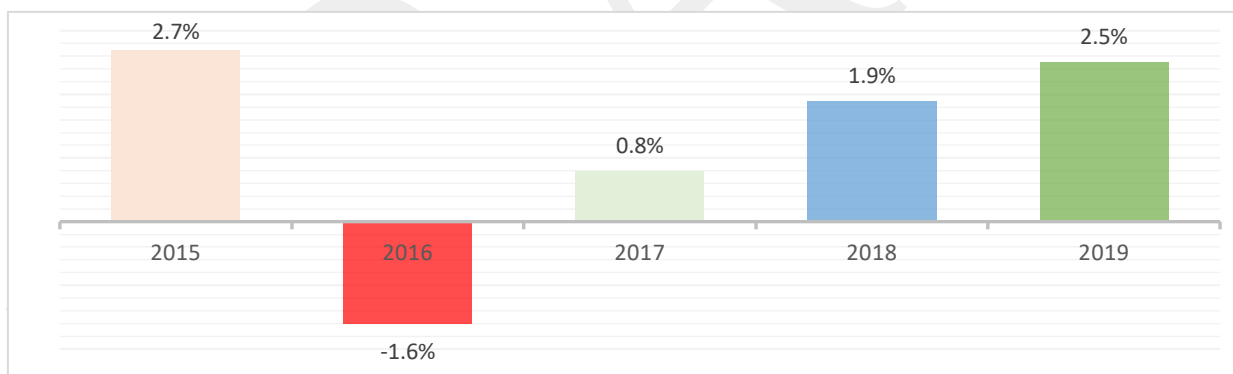


Figure 1: Nigeria's 2019 Real GDP Growth. (Source: NBS)

Recovering on the back of the crash in oil prices, the Nigerian economy regained positive GDP numbers in 2017 and achieved a growth rate of 2.5% in 2019 as shown in Figure. 1. The National Development Plan of Nigeria termed the “*Economic Recovery and Growth Plan*” has 3 broad objectives of restoring growth, investing in the Nigerian people and building a globally competitive economy through

[1] <https://www.worldbank.org/en/country/nigeria/overview>

[2] https://nigeria.unfpa.org/sites/default/files/pub-pdf/SWP19%20-%20EN%20report-web-%204%20April_3.pdf

[3] ["World Economic Outlook Database, October 2019". IMF.org. International Monetary Fund](#)

investing in infrastructure, improving the business environment and promoting digital-led growth.

Due to advances in technology especially in the transportation and communications sectors, the world has become a global village with international trade, investments, people and technology transfer taking place at ever-increasing pace. Economies now seek to develop competitive strengths to take advantage of the free flow of trade and investments available. Businesses all over the world are seeking for economies with cheaper labour, readily available skills and expertise to improve their profitability. This win-win scenario is what Nigeria seeks to key into for economic growth given its large youthful population.

Along with all the benefits of a large population, Nigeria is also well positioned geographically to fully take advantage of the markets in North America, Europe, Middle East and Africa. The Economic Recovery and Growth Plan (ERGP) of the Federal Government of Nigeria spells out the measures to maintain Nigeria's position as the largest economy in Africa and position it as the premier investment destination. It also provides measures to create new jobs through spurring economic growth and several other related interventions.

Outsourcing of non-core operations or jobs to an external entity that specializes in that type of operation is changing the landscape of business globally. In every developed economy, companies are taking the advantage of cheap and readily available expertise in other markets to strengthen their competitive advantage in local markets. India, Philippines, Bangladesh, and other South East Asian economies have made outsourcing an important emerging and key sector in the development of their economy. The essential requirements for the IT enabled services industry of cheap and readily available skills, expertise and proficiency in English language are very much available in Nigeria.

With English being the predominant language for global commerce and also Nigeria's official language, this represents a huge advantage for the country and warrants the need to develop a comprehensive strategy to harness the full-benefits of an outsourcing based economy.

Nigeria stands to gain tremendously from developing an outsourcing sector in both the short-run, and in the long-run. A viable outsourcing sector will assist in the diversification of the nation's economic base as oil prices have become unstable. It will also enable the nation to enjoy the benefits of free trade: lower cost, higher labour productivity and efficiency.

The competitiveness of the Nigerian vendors will be anchored on a low cost value creation strategy that is backed by a large youthful and highly skilled workforce. Key reforms in areas of ease of business, greater transparency in Government, data privacy and intellectual property and overall drive to diversify the economy will truly strengthen the Nigerian Market and favourably propel it to the world's prime outsourcing destination. Figure 2 highlights key factors that could improve the country's standing as an ideal ITES BPO destination.



Figure 2: The Nigerian Environment

The public sector is adapting to counter Nigerian challenges with implementation of the e-government master plan for Nigeria to improve government services for citizens, business and also to government. Consumer protection and intellectual property rights have also been areas of key government reforms recently with the Federal Competition and Consumer Act of 2018.

To achieve this goal of good governance and job creation, a National Outsourcing Strategy for Nigeria is needed to enable Government digitize services as well as create a vibrant global outsourcing services industry to service local and international clients.

Through this National Outsourcing Strategy, the Government’s Digital Economy Strategy can also be further enhanced for quick impact in various sectors as depicted in Figure 3 below. With such capabilities and potentials, the Nigerian economy can harness digital data and new technologies, generate indigenous content, connect citizens with markets and with public services, and roll out innovative and sustainable business models.

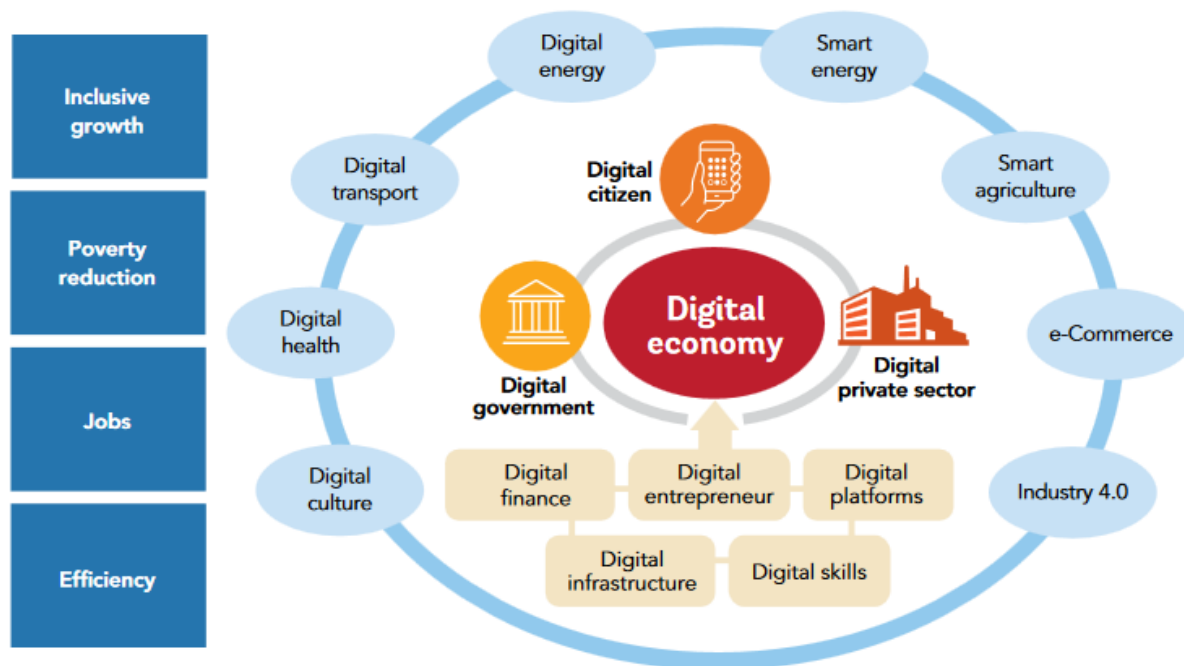


Figure 3: Sectors impacted by Digital Economy
 (Source: World Bank Digital Diagnostic for Nigeria 2019)

1.1 Demand Drivers For the Outsourcing Industry

The Digital Economy will transform how governments, businesses and citizens interact to create value and overall socio-economic development. This is expected to further improve efficiency, create new jobs, reduce poverty and ensure more inclusive growth.

The growing outsourcing industry in Nigeria is envisioned to play a key role in all sectors of the Nigerian Economy. Notably IT enabled outsourcing is playing an ever-increasing role in the local and international markets in areas of Digital Government for supporting e-Government services, Digital Businesses, Digital Financial services and Digital platforms. With increased technology adoption and the Fourth Industrial revolution, support services will be highly in demand to support the ecosystem. Growth in the Digital Economy will need growth in the digital services sector which will be filled by the outsourcing sector and new forms of work including freelancing and work from home arrangements. A collaborative multi stakeholder and multi - level strategic approach is needed to scale up the existing ecosystem capacities and streamline the key enabling foundational systems required to grow the sector.

This approach includes streamlining of the ICT sector's job creation policies and programs to provide clear and coherent policies for supporting private sector job creation efforts to service both public and private clients onshore and offshore.

Outsourcing, or more formally Business Process Outsourcing (BPO), provides a great opportunity for Nigeria to leverage on its key competitive advantages of a vibrant, young and literate population, a fast-growing digital services sector, a robust telecommunication industry and a favourable political climate in order to foster economic growth. Outsourcing provides several key advantages to Nigeria including an increase in foreign direct investment, knowledge transfers and job creation.

1.2 Enabling Mandate

The NITDA Act of 2007 mandates the creation of a framework for the planning, research, development, standardization, coordination, monitoring, evaluation as well as regulation of Information Technology and outsourcing practices/activities in Nigeria.

In 2007, the Federal Government of Nigeria recognized the potential of the outsourcing industry and developed the National Outsourcing Policy and Institutional Framework for Nigeria. However, due to heavy inertia and over reliance on the oil and gas sector, the industry has not thrived as envisioned in the early years. The current National Digital Economy policy and Strategy as well as the updated National Broadband plan 2020 are positioned to provide the most needed impetus in terms of infrastructure and coordination for the further contribution of IT enabled services to Nigeria's GDP.

2. Background

The World Bank defines Outsourcing as the subcontracting of a process, such as product design or manufacturing, to another company – called a third-party service provider, either within or outside a country ^[4]. For outsourcing, the services most typically outsourced are IT, Business Process and Knowledge Process as illustrated in Figure 4 below.

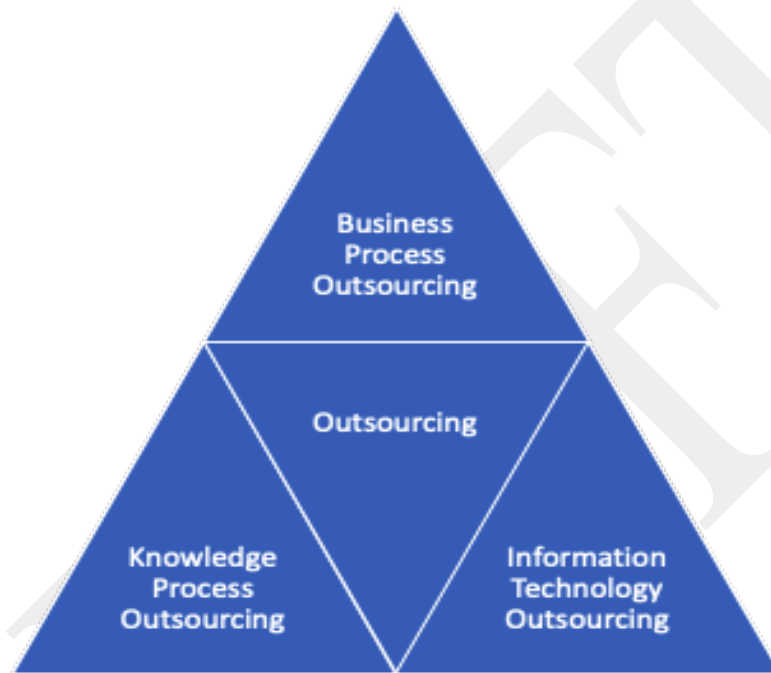


Figure 4: Types of Outsourcing

Business process outsourcing (BPO) is the contracting of non-primary business activities and functions of an enterprise called a consumer to a different enterprise called a supplier. Offshore BPO involves the outsourcing of services between entities across different countries. Information Communication Technology Enabled Services (ITES) outsourcing is a type of BPO that is driven by ICT. IT enabled Services (ITES) are operations which exploit information technology for improving efficiency of an organization. ITES provide a range of IT-intensive processes and services, which include business process outsourcing (BPO) and knowledge process outsourcing (KPO), provided from a distant location and delivered over telecom networks. ITES focus on areas such as customer interaction services or call centres,

content management, software development, finance and accounts, research and analytics segment. Information Technology BPO (IT-BPO) is a type of ITES BPO, which involves the outsourcing of information technology services exclusively.

2.1 Potential and Opportunities of BPO for Nigeria

The global BPO market was estimated to be worth US\$86.6 billion in 2018, while it was estimated to be worth US\$745 million in Nigeria as at 2016 and projected to be worth around US\$1.8 billion dollars in 2022 according to data from Frost and Sullivan 2018 as presented in Figure 5. Figure 6 further shows global BPO industry size in billions of dollars over an 11- year period (2007 -2018).

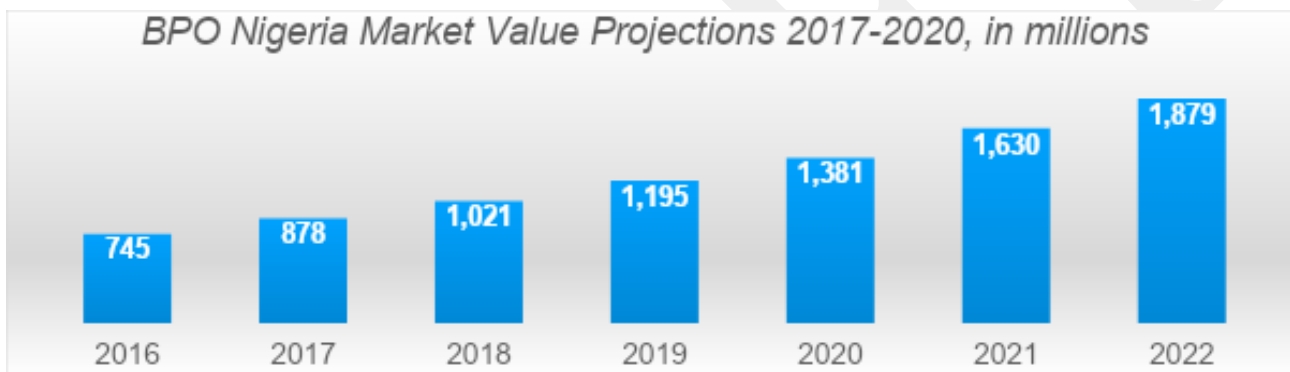


Figure 5: Growth Prediction of the BPO Market In Nigeria
(Source: Digital Market Overview Nigeria, Frost & Sullivan, 2018)

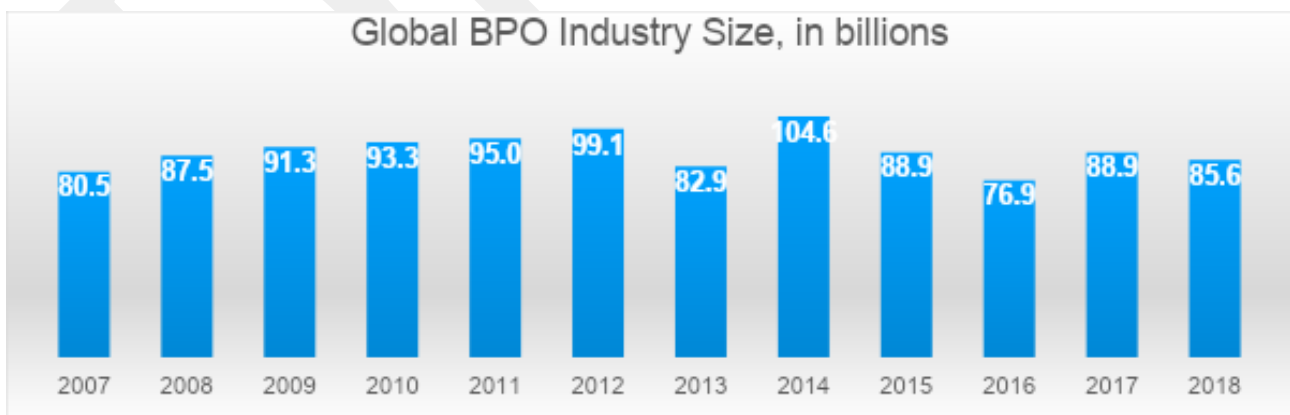


Figure 6: Global BPO Market Size (Source: Statista 2019)

2.1.1 Workforce Potentials

Nigeria is home to a large youthful and literate population. It is estimated by the National Bureau of Statistics that in the third quarter of 2018, Nigeria had a labour force of about 90 million people from which 69 million people were employed. The country's unemployment rate is considered quite high at 23.1% as at 2019. This presents an ample opportunity for outsourcing to become a quick solution since it has the proven ability to create jobs in the shortest possible time. The Nigerian workforce is predominantly young and skilled as evidenced by data from Figures 7, 8 and 9 respectively. This implies a relatively high educational level and trainability, both critical components of an ideal BPO destination. Furthermore, the English language proficiency of the Nigerian workforce gives the country a reasonable competitive edge in the global BPO supplier market potentially enabling the country to provide quality and affordable outsourcing services. Nigeria also has a very high student mobility with over 70,000 students in 2015 outbound to study in North America, Europe, Middle East, Asia and other African Countries. This is a strong indication of the diversity of the talent pool available to serve the global markets.

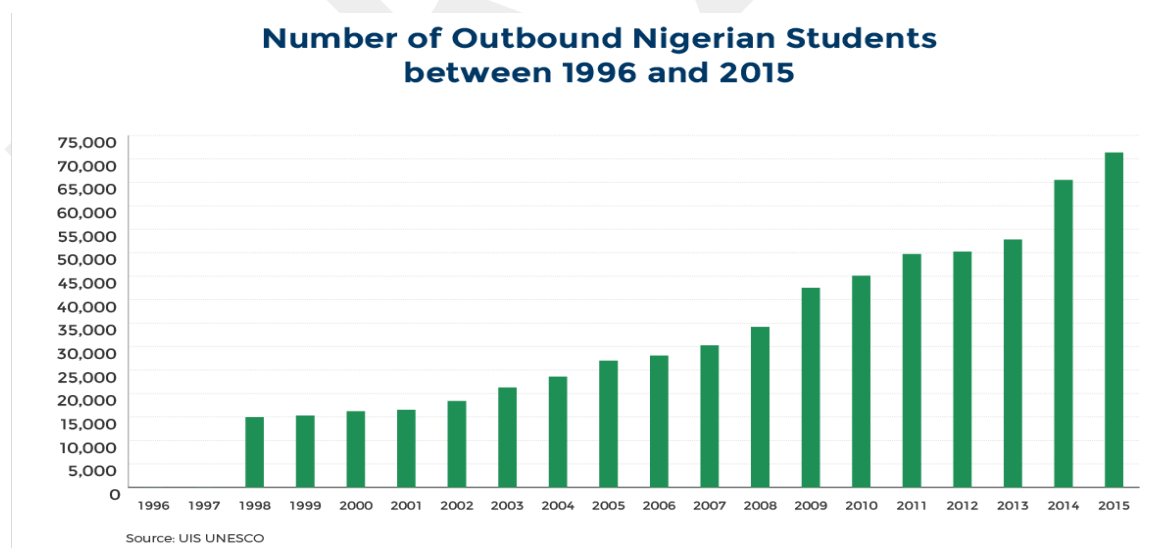


Figure 7: Number of outbound Nigerian students between 1996-2015
(Source: UIS UNESCO 2017)

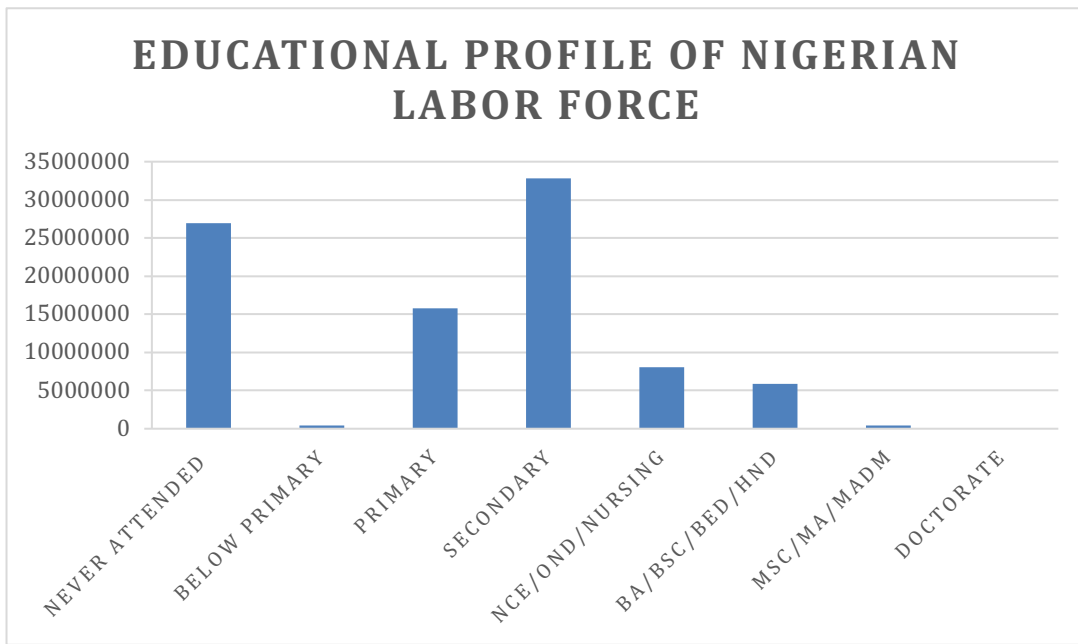


Figure 8: Educational Profiles of the Nigerian Labour Force
 (Source: Nigeria Bureau of Statistics 2019)

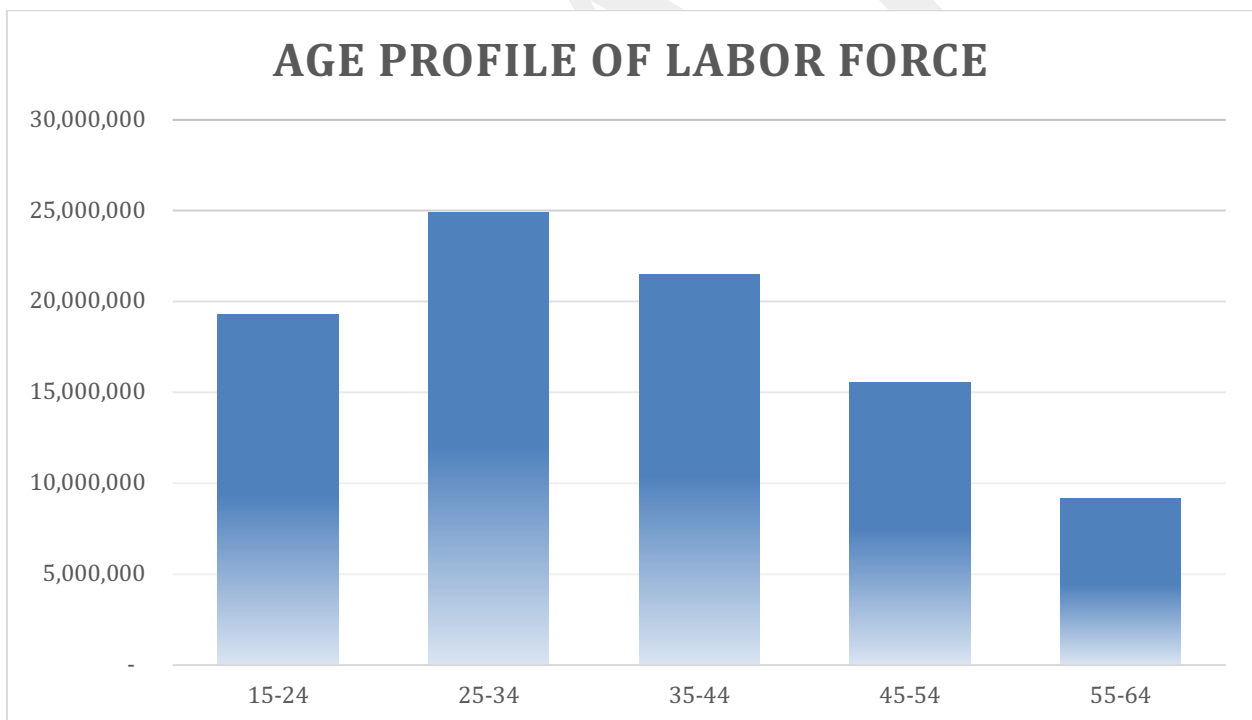


Figure 9: Age Profile of the Nigerian Labour Force
 (Source: Nigeria Bureau of Statistics 2019)

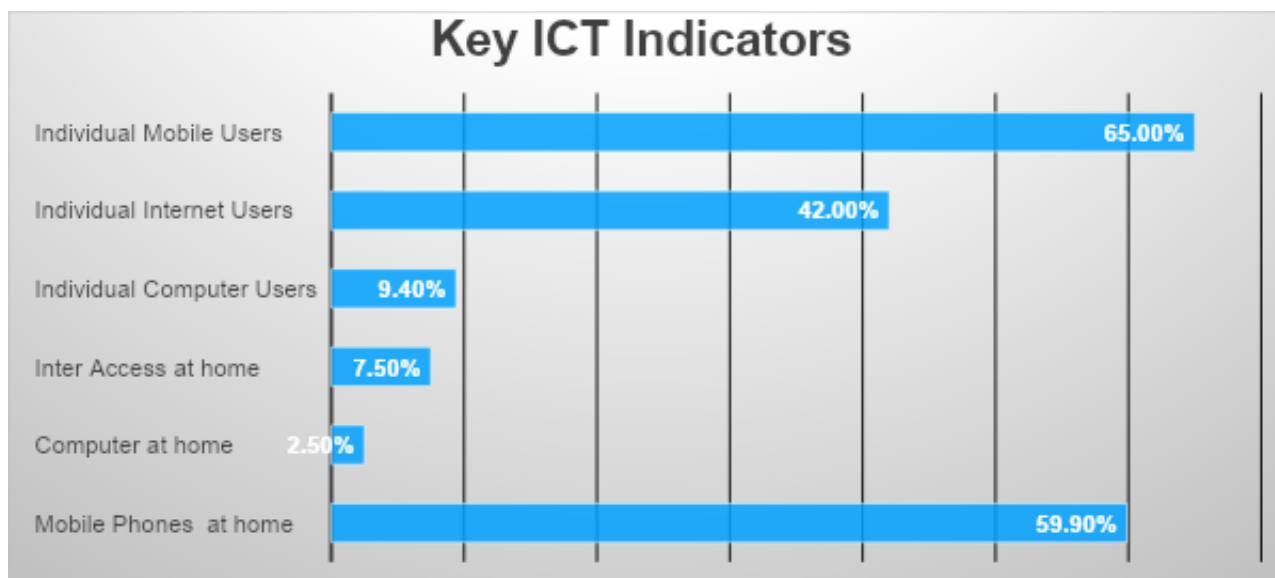
2.1.2 Infrastructure Potentials

Nigeria has substantial ICT infrastructure with a broadband penetration of over 37% and about 123 million active Internet subscriptions as at October 2019 as highlighted in Table 1. Most Nigerians connect to the Internet via mobile telecom networks. Nigeria has the largest deployment of mobile towers in Africa, with about 30,000 towers across the country and significant investments in fibre optic backbone networks linking all the major cities. Presently, all the telecommunication operators together contribute about 33,000 km of fibre installation. Despite these gains, there is room for improvement. Fixed broadband infrastructure and penetration and quality of service are improving with the launch of the revised broadband plan in 2020. Table 2 provides more insight into the key ICT indicators for Nigeria as at 2019 according to ITU reports.

Table 1: Nigeria Telecom Sector Overview

Mobile Subscriptions	172,871,094 (2018)
Tele density	123.48% (2018)
Broadband Penetration	37.87% (2019)
Internet Subscriptions	123,559,596 (2019)

Table 2: Key ICT Indicators (Source: ITU 2019)



2.1.3 Industry Potentials

The Nigerian ITES-BPO industry has grown in the last couple of years. The sector has been dominated by Call Centre services operators providing services to both onshore (local) and offshore clients. As at December 2019, the Nigerian Communication Commission (NCC) has issued licenses to 12 companies providing call centre services and 5 companies providing call directory services. These local call centre providers provide services to the banking sector, telecommunication companies and Government. In the local telecommunication industry, BPO is very common. Several mobile network operators outsource their base station and transmission sites management to servicing companies. In 2014, a major telecommunication operator, Etisalat outsourced the management of most of its technical aspects to Huawei, a Chinese telecom company. Local ICT infrastructure and cloud service providers also provide outsourcing services to many companies by managing and administering the companies' ICT assets.

Government is also increasingly looking to outsource some of its non-core services. The Nigerian Communications Commission (NCC) currently runs an Emergency Communications Centre (ECC) to handle emergency calls in all states of the federation. The NCC mandates all telecommunication operators to route emergency calls through the dedicated three-digit toll free number, 112, to the ECC. These centres are managed by several local licensed call centre service providers. Government and its agencies should continue to seek opportunities to outsource their services in order to aid the growth of the industry.

2.2. SWOT Matrix

Figure 10 highlights the strengths, weaknesses, opportunities and threats for the ITES-BPO sector in Nigeria.

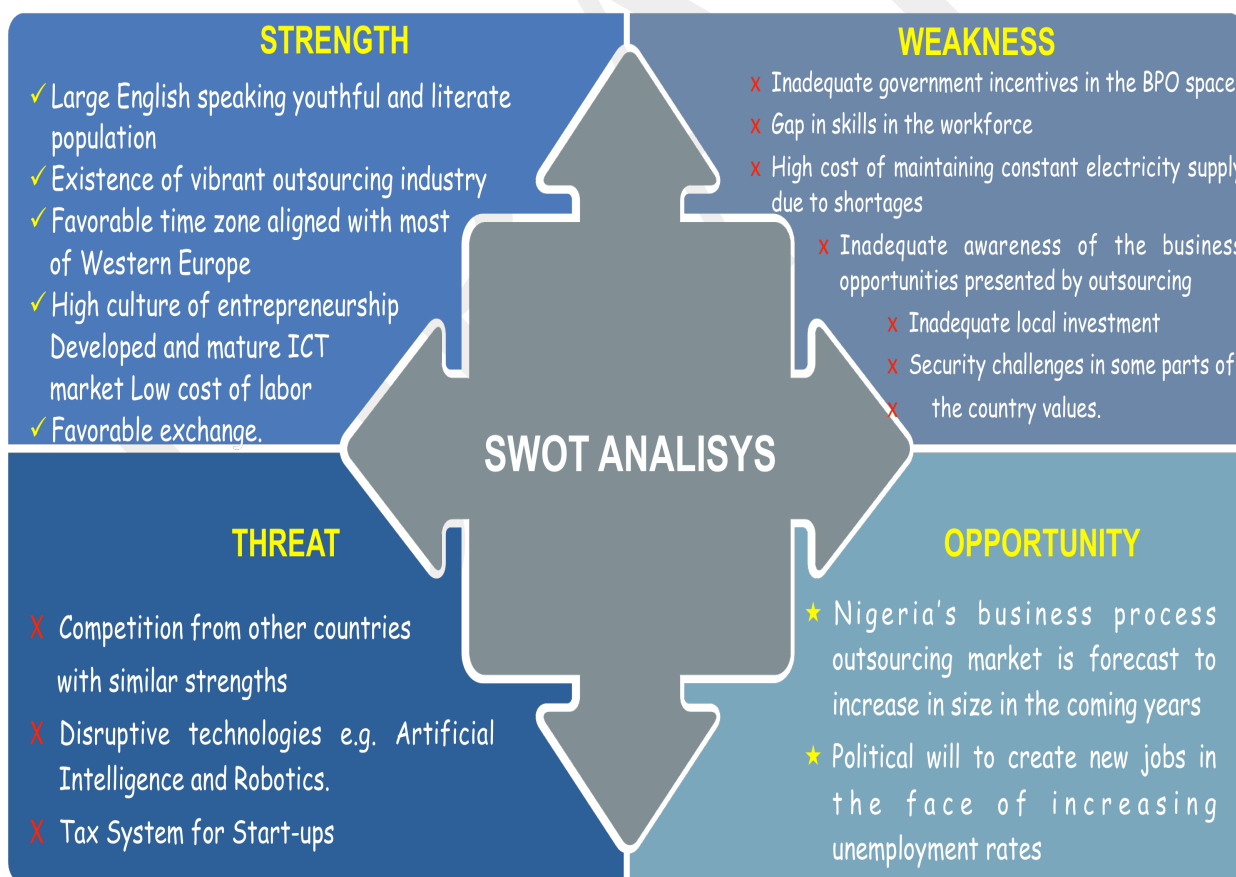


Figure 10: SWOT Matrix

2.3 Industry Policies Review

The National Outsourcing Policy and Institutional Framework was released by the Federal Government of Nigeria in 2007. It proposed some key measures to be taken to grow the ITES outsourcing industry. Some of its key recommendations include:

1. A special Outsourcing Development Fund is to be established as part of a sustainable funding mechanism for outsourcing. Outsourcing is also proposed to be a key beneficiary of the National Information Technology Development Fund.
2. Development of a database of companies engaged in ITES outsourcing.
3. A self-regulation model was proposed for the ITES outsourcing industry.
4. Implementation of a National Outsourcing Training Program (NOTP) as a tool to build capacity and institutionalize global best practices.

As part of the self-regulation proposal, Nigeria Association of IT-Enabled Outsourcing Companies (NAITEOC) was established in July 2013 with a grant from NITDA. The association has a mandate to support the development of Nigeria's ITES BPO sector. NAITEOC is saddled with the responsibility of proposing and advocating for long-term plans for the sector, which includes but not limited to proposing new guidelines and Strategy advisories aimed at encouraging Nigerians to set up new companies in this sector. Efforts to promote outsourcing, the then Federal Ministry of Communication and Technology (FMCT) launched the Naija Cloud initiative, in order to boost awareness amongst Nigerians of the opportunities in online outsourcing in an effort to create new jobs. The ministry hosted a workshop in 2013, which involved training 2000 Nigerians on how to use online job platforms, with a focus on finding outsourcing jobs.

2.4 Key Stakeholders For IT Enabled Services Industry

1. Federal Ministry of Communications and Digital Economy

The FMCDE is responsible for promoting and facilitating the development of the ICT industry and increasing the contribution of the ICT industry to gross domestic product. It is the supervising ministry for all developments, regulations and policies within the ICT space.

a. National Information Technology Development Agency (NITDA)

NITDA is chief custodian, owner and driver of this Strategy. It is the coordinating agency responsible for issuing regulations and Strategy to govern ITES-BPO industry in Nigeria. The agency is also responsible for bringing together all stakeholders in order to facilitate the development of the industry.

b. Nigerian Communications Commission (NCC)

The NCC is the agency responsible for regulating the telecommunication industry in Nigeria. The NCC is a key stakeholder since the infrastructural development requirements of this Strategy such as Internet connectivity are largely dependent on telecom networks.

2. Ministry of Trade and Investment

a. Nigerian Investment Promotion Commission

The NIPC is the agency of the Government for initiating and supporting measures, which enhance the investment climate in Nigeria and promoting investments in and outside Nigeria through effective promotional means.

3. Ministry of Finance

The ministry of finance and its agencies can provide crucial guidance in the area of tax reliefs, funding pipelines and government revenue generation.

4. Ministry of Education

The ministry of education oversees all government efforts and policies on education including ICT education.

5. Ministry of Labour and Employment

The ministry of labour and employment is responsible for the development and promotion of productive employment policies and programs for employment generation.

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3. Strategy Framework

In order to realize the vision of diversifying the Nigerian Economy and becoming a knowledge-based economy, the following strategic framework has been developed to clearly identify the key pillars that will drive the transformation of IT enabled services sector and make Nigeria the Prime Global Outsourcing destination for the 4th industrial revolution.

This strategy will coordinate the creation of a more enabling environment for increasing jobs, improve efficiency of government services, facilitate local content creation, ensure growth and competitiveness of the economy, reduce capital flight from Nigeria and position the country to derive maximum benefits from the fourth industrial revolution. Furthermore, the strategy will also provide a means of harnessing and actualizing the potential economic benefits of the ICT industry on Nigeria's growth and development.

The services industry is made up of companies that primarily earn revenue through providing intangible products and services, such as Information Technology Enabled services, Business Process outsourcing and Knowledge Process outsourcing. The industry has quick conversion timelines typically 18 months. NITDA is employing a multilevel approach to the development of the services sector focusing on the ecosystem and the enabling environment integrated with the private sector.

The strategy will be based on 7 Key Pillars and is designed to support the Government's Economic Recovery and Growth Plan (ERGP) as well as other key ICT regulatory frameworks and development policies as illustrated in Figure 11.

The 7 Pillars of the National Outsourcing Strategy are listed below.

1. Infrastructure
2. Skill and Human Capital Development
3. Branding and Promotion
4. Digital Finance and Incentives
5. Innovation and Entrepreneurship
6. Trust, Privacy and Security
7. Multi Stakeholder Governance

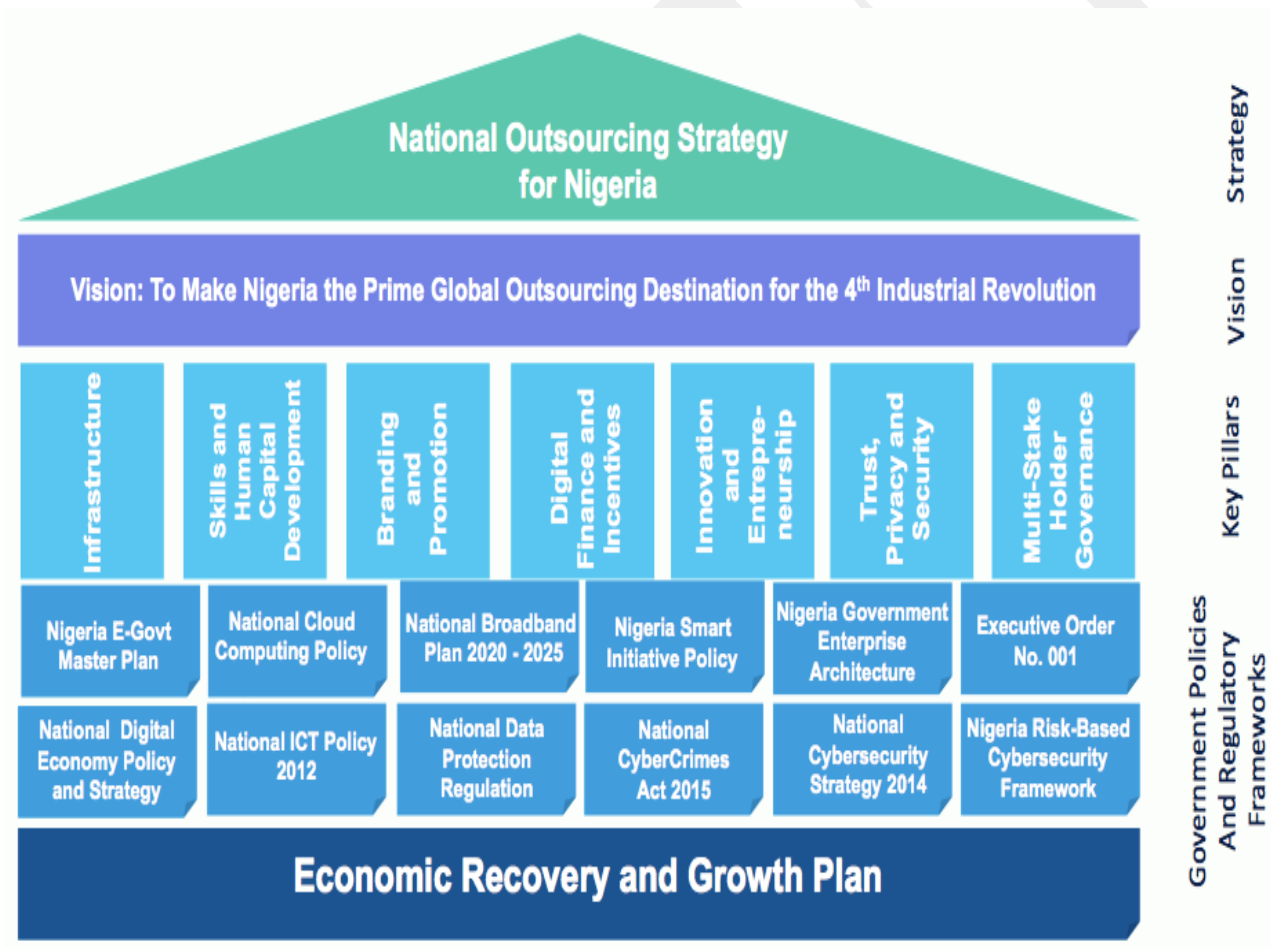


Figure 11: National Outsourcing Strategy

3.1 Infrastructure

Infrastructure is an important component in this strategy as it has a direct correlation for socio-economic development for Nigeria and more specifically for the outsourcing industry. Nigeria has accelerated the development of its National Infrastructure in order to support the Digital Economy including the outsourcing sector. This is evident in the National Development Plan (Economic Recovery and Growth Plan) with considerable investment going into the power, transportation and ICT sectors for increased global competitiveness. Infrastructure is the most essential foundation for the digital economy and the IT enabled services sector.

3.1.1 Situation Analysis

3.1.1.1 Electricity

According to the Global Competitiveness Report 2019 from the World Economic Forum, Nigeria currently ranks 130th out of 140 on the infrastructure component for the enabling environment. Electricity access as a percentage of population stands at 117/140 countries.

3.1.1.2 Broadband

The Nigerian National Broadband Plan 2020-2025 has several initiatives that are aimed at improving Broadband penetration in Nigeria, overcoming challenges with the deployment of a national fibre optic-based network to distribute approximately ten terabytes of capacity already delivered to landing points in Nigeria. The Nigerian Communications Commission (NCC) has pegged the current broadband penetration in the country at 37.87%, indicating a 7-percentage point increase from the 30% broadband target of 2018. The Federal Government's target is to grow the country's Broadband penetration to 70% by 2023 and to ensure that all parts of the country are

provided high-speed Internet connectivity for equitable distribution of the benefits of the digital economy and BPO potentials.

3.1.2 Principles

1. The Public and private sector will invest in network infrastructures, power and technologies, providing Nigerian citizens with platforms and systems that are accessible, affordable, reliable and secure.
2. High quality service and affordable access will be the cornerstones in infrastructure planning
3. The design and implementation of Public sector network infrastructure and applications will be based on open standards to ensure interoperability and collaboration at national and international levels in line with the Nigerian Government Enterprise Architecture and the Nigerian e-Government Interoperability Framework.

3.1.3 Objectives

1. To facilitate and support the development of efficient and secure nationwide ICT infrastructure, including power, data and computing centres, which will deepen National broadband penetration and expansion of digital services.
2. To provide reliable, accessible, secure and reasonably priced ICT connectivity to national and international ICT Infrastructure.
3. To accelerate the penetration of reasonably priced broadband internet and bridge the digital divide across the country;
4. To foster broadband usage for national development; and
5. To ensure the rapid development of a broadband Strategy support and implementation framework.

3.1.4 Strategies

1. Advocacy for implementation and realization of the Nigerian National Broadband Plan 2020-2025
2. Encourage and facilitate the upgrading and expansion of ICT infrastructure and power with emphasis on the establishment of data and computing centres across the country through PPP;
3. Support the accelerated deployment of fibre optic and wireless backbone infrastructure that ensures high bandwidth availability, and universal access throughout the country;
4. Advocate the acceleration of the on-going power sector reforms, which are critical to the development of the ICT industry.

3.2 Skills and Human Capital Development

Transformation to a knowledge-based economy requires significant investment in the development of skills for a large percentage of the population. These skills are required to support innovation, competitiveness, enterprise, business and e-governance as well as all sectors of the economy. STEM skills are needed in the IT enabled services industry needs can be satisfied through education policies, training, lifelong learning incentives and outsourcing.

3.2.1 Situation Analysis

Training and Education in Nigeria are predominantly under the Ministry of Education for the Public Sector and overall educational policies and strategies. There are several private sector investments in Education in Nigeria as well as a vibrant start-ups ecosystem. Several on-going initiatives are part of government efforts at closing skill gaps in the digital space as well as STEM skill. The MSME initiative includes capacity building components by the Central Bank and other Agencies of Government with NITDA championing key programs for Women in ICT. Capacity building is also part of the pillars of the Digital Economy policy and strategy. Skill set of graduates in Nigeria according to the WEF 2019 Global

Competitiveness Report is ranked 2.8/7. The ranking for digital skills among the active population is 3.4/7 and ease of finding skilled employees is 3.9/7. Although these numbers may not be considered on the high side, the large population of the country still leads to a considerable number of skilled employees to be hired.

With recent advances in ICT and emerging technologies such as Cloud computing, Big Data and Data analytics, machine learning and Artificial Intelligence,

Augmented/Virtual Reality, 3D printing new businesses are emerging. NITDA as well as other Agencies are taking appropriate steps to equip the youth with the right skills needed for these new jobs and opportunities. Therefore, strengthening of ICT human capital is accorded high priority.

3.2.2 Principles

1. Prioritization of STEM skills in education policy and strategies to feed into the innovation and entrepreneurship component of the strategy
2. Inspiring innovation and creativity for enterprise in the youth supported by mentorships, networks, open platforms
3. Use open standards in the development of systems
4. Clear focus on special needs groups
5. Recognizing champion especially women in various STEM fields to encourage participation
6. All training institutions including non-formal education will create a conducive digital environment for promoting skills needed to participate in Digital services market
7. Close collaboration, engagement and synergy between Government, industry and academia to ensure the right skill and future needs are planned for and addressed.

3.2.3 Objectives

1. To close the industry-academia gap by regular gap assessment in areas of STEM;
2. To promote the culture of lifelong learning using e-education platforms;
3. To promote the development of specialized skilled personnel through targeted trainings;

4. To deliberately encourage and facilitate training and development on new critical and in demand skills in line with recent emerging technologies and global industry trends
5. To support training and capacity building among public sector employees in the development and use of ICT tools and applications to improve the delivery of Government services.

3.2.4 Strategies

1. Facilitate the establishment of globally competitive training institutions in the field of STEM;
2. Coordinate internship opportunities for undergraduate students by liaising with the Industrial Training Fund, Industry association, Private sector and International organizations
3. Coordinate post-graduate internship through the National Youth Service Corps and Suitable Outsourcing players.
4. Introduce mandatory training and appropriate courses in STEM at all tiers of education;
5. Encourage continuous training for professionals on ITES-BPO related matters through specialized training institutes (e.g. Digital Bridge Institute, Abuja; NTA College, Jos; Radio Nigeria Training School, Lagos; etc.);
6. Foster an ICT driven educational administration environment;
7. Train and retool teachers and facilitators at all levels, to enhance their STEM competence;
8. Promote STEM awareness and proficiency in mass and non-formal education with emphasis on children, youth, women, and the physically challenged;
9. Promote the development of instructional materials in electronic format; Develop and implement ICT training programs for public sector employees,

in connection with the implementation and institutionalization of e-Government and other digital functions within Government offices.

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3.3 Branding and Promotion

The National image of a country determines its ability to attract and sustain positive FDI flows, investor confidence and outsourcing activities. It tends to have significant effects on acceptability and perceived quality of their brands, products and services.

Country perception could also determine the successes or failures of its products and services in the market with respect to branding and perceptions, which has been evident in many cases globally.

Nigeria currently ranks 131 out of 190 in the World Bank's 2020 'Doing Business Report'. This represents an improvement on its previous ranking of 146th position. For the second time in a row, Nigeria has been ranked as one of the top ten countries with commendable improvements in terms of business activities. According to the report, Nigeria has improved in areas including 'starting a business, electricity, trading across borders, construction permits and enforcing contracts.' These indices have a direct effect on the success of outsourcing activities. In addition, from UNCTAD's World Investment Report for 2019, Nigeria ranks third place as FDI host economy in Africa. Nigeria also shows positive growth indications with investor attractions across different sectors. With its commitment towards diversification of its economy from an oil driven nation, it has exploited strategies towards promoting other sectors to ensure productivity and enhance its position on the global value chain.

3.3.1 Situation Analysis

The Nigerian Brand image needs to be enhanced. Some initiatives were undertaken in the past in this regard to rebrand Nigeria but more needs to be done given the need to improve the National image and safety of the country.

3.3.2 Principles

1. Promotional Information and content will be objective and evidence based
2. Branding and promotions will be co-led by public and private sector
3. All sub sectors will be given equitable priority as needed

3.3.3 Objectives

1. To improve National image in order to attract local investments, Foreign Direct Investments, service exports, skilled workforce and outsourcing opportunities.
2. To encourage value adding business activities and build strong brand recognitions
3. To enhance trust in the markets and improve perceptions on qualities of products and services.
4. Building positive perceptions will enhance the country's resilience during financial crises in order to stimulate positive business and economic activities.

3.3.4 Strategies

The strategies that will be utilized to enhance Nigeria's outsourcing capabilities include:

1. Local and international outsourcing Conferences and trade shows will be organized and attended by industry players to create opportunities for networking and promotion of outsourcing opportunities.
2. Marketing strategies including media and publicity campaigns will be utilized to enhance the image and perceptions of companies thereby improving their ability to compete on an international scale.
3. Funding of objective market research will be carried out by credible and renowned firms to explore avenues for competitive sectors to harness ICT opportunities.
4. The Government will encourage the spread of good news to create positive brand perceptions through awareness campaigns, creating excitement through celebration of successes and achievements, and enhancing brand experiences.

5. Corporate Social Responsibility (CSR) practices will be encouraged to promote brands; and policies will be implemented to ensure that activities are carried out in line with ethical practices according to international best practices.
6. The development of a skilled and talented workforce will be encouraged through capacity development programmes like ICT training and up-skilling. By focusing on unskilled and semi-skilled workforce, employability and mobility of workforce will be encouraged thereby creating a positive image.
7. Collaboration of key players in the industry will be encouraged to pool resources to generate value adding product and services. Incentives will be offered for companies to invest resources towards Research and Development and creation of enhanced marketing methods.

3.4 Digital Finance and Incentives

The growth in supply and usage of digital financial services (DFS), as envisioned in the country's Economic and Recovery Growth Plan 2017–2020, will surely benefit the Nigerian economy and will create the 'rails' that will enable the outsourcing sector in particular and the digital entrepreneurs from other sectors in general to market their products and services at scale. The regional and pan-African footprints of Nigerian financial institutions, provides the country with an opportunity to export its digital finance ventures beyond its borders, diversifying the economy and

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fostering regional integration within the ECOWAS. Better DFS will also strengthen the links with the Nigerian diaspora, thus boosting the inward remittance streams, encouraging investments, and facilitating the exchange of human capital.

It is however imperative to mention that there are also existing potential threats from online and financial fraud as well as data leakages and cybercrime among others, but with the right and adequate regulation and oversight, the DFS and the ease of obtaining instant credit and making real-time domestic and international money transfers is no doubt a key pillar in enabling economic and social growth in the digital economy.

3.4.1 Situation Analysis

Lending for microenterprises and SMEs is particularly underdeveloped: 33% of firms identified access to finance as a major constraint. Only 3.4% of investments and 3.9% of working capital were reported to be financed by bank loans while only 3.6% of such loans supports the ICT sector.

It is clear that the country is investing a lot of effort to improve its digital financial sector, but the figures clearly show that such effort needs to be intensified and re-strategized to ensure that Nigeria is in its rightful position and ready to support the growth of the country's ICT especially the Outsourcing Sector.

Funding Opportunities

Funding for start-ups and new enterprises in Nigeria is mostly dominated by non-traditional funding sources. There are three main sources of funding for start-ups

1. Government Initiated Funds: Both Federal and State governments provide seed loans to businesses at attractive interest rates. The Bank of Industry provides loans for specific industries like fashion and beauty, agro food and

processing, Nollywood film funding and youth entrepreneurship funds. The Federal Government introduced both the Government Enterprise and Empowerment Program (GEEP) and YouWin project to finance small and medium scale enterprises. The Central Bank of Nigeria also provides funding in the form of loans to specific sectors of the economy. The Central Bank has focused majorly on agriculture and manufacturing sectors. Some state governments also provide incentives for businesses resident in their state. Lagos state government provides the Lagos state Employment Trust Fund with the primary aim to create more job opportunities and encourage innovation and creativity. Other States have provided support for innovation hubs and ICT centres to help emerging entrepreneurs.

2. Private Funds: The Tony Elumelu Foundation Entrepreneurship program provides support for over 1000 entrepreneurs across Africa with a \$100 million fund. The Dangote Foundation provides a N5 billion matching fund in tandem with the Bank of Industry for companies engaged in the manufacturing, agro-processing and merchandising sectors for made in Nigeria goods. Start-up Nigeria provides a 3-month incubation program, designed to support innovative idea-staged companies across Nigeria with funding, mentorship and trainings. Grofin provides the 500 million US dollar GrofinFund. GroFin is a private development finance institution specialising in the finance and support of small and growing businesses across 15 countries in the Middle East and Africa.
3. Multinational and State Backed Funds: Since 2014, the United States Africa Development Foundation has directly supported over 180 youth entrepreneurs in 30 countries, providing them with nearly 4 million US dollars of grant funding to launch and expand their businesses across Africa.

It is clear that there is considerable support for new enterprises from both government and non-government sources. However, funding support for Outsourcing as a sector is not currently reflected in the available funding opportunities.

3.4.2 Principles

1. Funding will be prioritized to companies providing services that impact Nigerian jobs the most
2. Funding will be jointly financed with public, private and donor funds
3. Adequate supervision of the industry will be ensured.

3.4.3 Objectives

1. To accelerate the acceptance of digital financial products by the country's financial institutions and to improve and scale up the services offered by the digital platforms provided by those institutions
2. To increase the presence of banks that are of international banking groups in the country that are financing the sector
3. To promote innovative use of data and integrating with digital products within the Fintech sector to facilitate freelance working.
4. To ensure the availability of required DFS infrastructure and services that will facilitate financial inclusion and equality across gender, geographical location and businesses.
5. To encourage the usage of digital payments among individuals and corporate entities for increased transparency

6. To ensure that adequate security and protection is provided within the DFS in order to promote subscribers'/users' confidence and trust.
7. To provide funding and support to the ITES outsourcing sector through public sector grants and waivers
8. Increase local financing and FDI in the Nigerian industry by the private sector
9. Diversify the current sources of funding for the industry in local, regional and international levels
10. Integrate the IT enabled services industry into current SME funding available.

3.4.4 Strategies

The government should ensure the following strategies are put in place in order to achieve the above objectives.

1. Provide tax credits for training by outsourcing companies
2. Provide tax breaks for high impact companies and establish ICT parks
3. Increase funding for the sector through the BOI, NEXIM, CBN and other institutions
4. Engage regional and international organizations for increased funding like the IMF, WB and AFDB
5. Nigeria should actively participate in efforts to develop international payment systems for high-value and service payments, both at the Pan-African level and within the West African Monetary Institute and ECOWAS member countries.

6. CBN should encourage development of infrastructure for streamlined processing of foreign currency transactions and international payments.
7. Government must support Outsourcing directly by providing funds specifically for Outsourcing and by refocusing existing funds to prioritize the sector as a funding option.

To promote Outsourcing as a viable funding destination to private fund sources and coordinate efforts to sensitize Outsourcing entrepreneurs on alternative funding sources.

3.5 Innovation and Entrepreneurship

Nigeria's Economic Recovery and Growth Plan 2017-2020 (ERGP) has recognized the need for a digital-led strategy through the prioritization of digital entrepreneurship to make the country's economy more competitive in the 21st century. Digital entrepreneurs include digital start-ups and digital scale-ups firms that have digital technologies at the core of their business model. The Global Entrepreneurship Monitor estimates that more than a million tech start-ups are created worldwide each year, and that these contribute to a dynamic \$3 trillion ecosystem. Considering Nigeria's large, young and entrepreneurial population, the

potential to drive economic transformation and set up for interesting dynamics and implications for current and future players looking to claim their space in this dynamic sector will put Nigeria on a new growth trajectory that is inevitable.

To support the development of the digital economy as highlighted in the ERGP, the Nigerian government adopted the Nigeria ICT Road Map 2017–2020 and the Nigeria ICT Innovation and Entrepreneurship Vision (NIIEV) released in 2018. NIIEV sets up three ambitious goals to be achieved by 2025: (i) 95% of the population to access broadband Internet; (ii) reach 75% digital literacy rates; and (iii) ICT to contribute 25% of GDP.

3.5.1 Situation Analysis

Despite its enormous entrepreneurial potential, Nigeria remains a minor player in the global digital economy in terms of exports of digital goods and services. The ICT sector expanded in the last decade as shown by Figure 14, with its contribution to Gross Domestic Product (GDP) doubling between 2010–2017 and accounting for 12.2% of the GDP in 2018.. However, in 2017, only 5% of Nigeria’s exports were in the ICT sector as depicted in Figure 15.

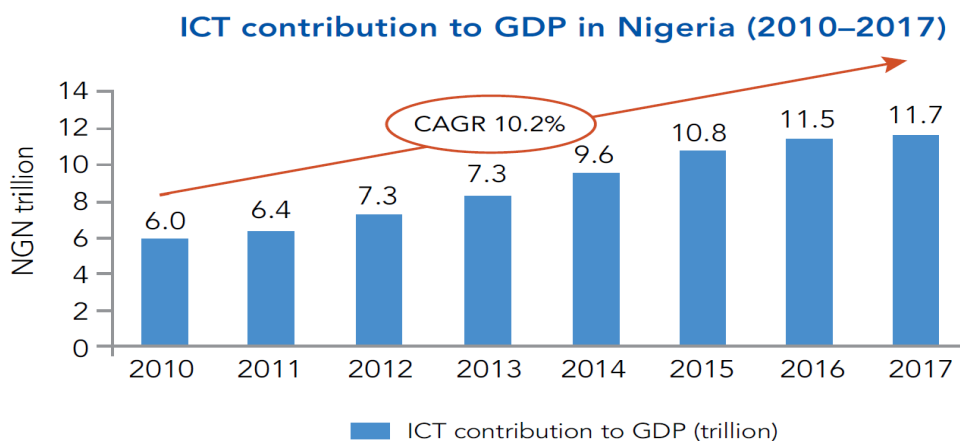


Figure 14 ICT Contribution to GDP

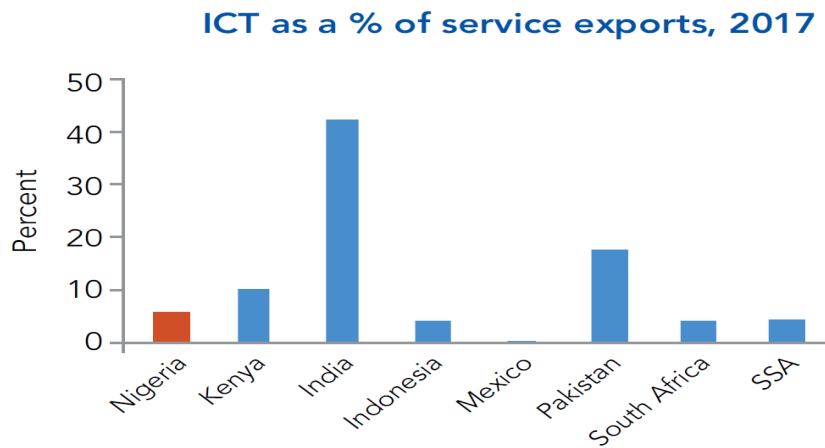


Figure 15: ICT as a percentage of service exports, 2017

Digital entrepreneurship is still at an early stage in Nigerian markets, but with implementation of the Digital Economy policy and strategy this should scale up the number and value of local innovation solutions and increase enterprise by the Nigerian youth.

3.5.2 Principles

1. Strategies will be executed having in mind underserved and persons with disabilities
2. All persons regardless of background will be given fair and equal opportunities

3.5.3 Objectives

1. To achieve digital literacy rates of 75% of the total population which will position Nigeria to have a global competitive workforce
2. To facilitate economic growth by improving ease of doing business through simplifying access opportunities for indigenous innovators and provide support for hubs and linkages for nationwide collaborations, thus making ICT contribute to the national GDP immensely.

3. To position Nigeria as a global hotspot for innovation through policy reform, messaging, and participation at global technology events

3.5.4 Strategies

1. Simplify procedures for opening and closing a business through the provision of funding for innovation to simplify access to subsidized credit facilities for start-ups and provide incentives for tax relief to encourage entrepreneurship.
2. Expand Research and Development with adequate funding, adequate infrastructure, adequate institutional capacity, simplified tax incentives and alignment with national development plans. This will encourage entrepreneurship by guaranteeing intellectual property rights and will ensure a vibrant innovation-based economy with a clear enforcement of patenting and licensing system which then the invention can move to a company for market place development.
3. Reform the national education system and curricula to include ICT and digital literacy skills from Early Childhood Development to tertiary institution which will improve entrepreneurship, technical skills and participation in the private sector amongst youth to encourage digital job creation and empowerment

3.6 Trust, Privacy and Security

Trust, data privacy, Cybersecurity and cybercrime preventive measures are very important requirements for providing minimum baseline services in the high-trust BPO industry. A strengthened data privacy culture leads to increase in trust, which is paramount in today's business world, dealing with enormous amounts of data. Countries will need to advance their data protection and privacy regulations to adequately safeguard against emerging cyber threats and data breaches, thereby attracting investor confidence in the ITES BPO market.

In this context, Privacy refers to the right of an individual/s to determine when, how and to what extent his or her personal data will be shared with others. For a BPO, privacy includes all the data of the client and its customers. Hence a BPO firm is required to maintain the confidentiality of data through physical security, technology, policies/regulations etc. and shall use this data only for the purposes as agreed by its owner. This may include non-disclosure of National Identification Numbers (NIN), passport details, bank details, Bank Verification Number (BVN), Tax Identification Number (TIN), health information, financial/loan details etc.

On the other hand, Data protection refers to national laws drafted to protect the confidentiality of personal data of a country's citizen or citizens. This is largely due to escalating cases of data breaches occurring globally prompting many countries to draft updated, stringent laws for data protection such as the EUGDPR (European General Data Protection Regulation).

Cybersecurity and cybercrime prevention are the other critical components for a modern day ITES BPO sector, particularly for a country such as Nigeria, which is reported to have lost around \$649 Million to cyber-attacks in 2017 as shown in Figure 16. This amount is estimated to have risen to around \$800 Million in 2018 with a huge skills gap in Cybersecurity professionals in the country ^[5].

Cybercrime threats such as malware, impersonation, malicious code, misuse of data and hacking are some of the major issues that require urgent attention. Another area needing urgent attention and that could have an adverse effect on the outsourcing capabilities of the country is the issue of "Disinformation" or "Fake News", largely amplified by use of the internet/technology, particularly social media. As most of the social media algorithms prioritise virality and addiction, it often leads to masking out of truth as well as authentic rankings, reviews and feedback. Thus, critical

Infrastructure Programmes, robust data privacy regulations and proactive data integrity measures are needed through the mutual collaboration of government and the private sector to preserve the confidentiality, integrity and availability of information and cyber systems.

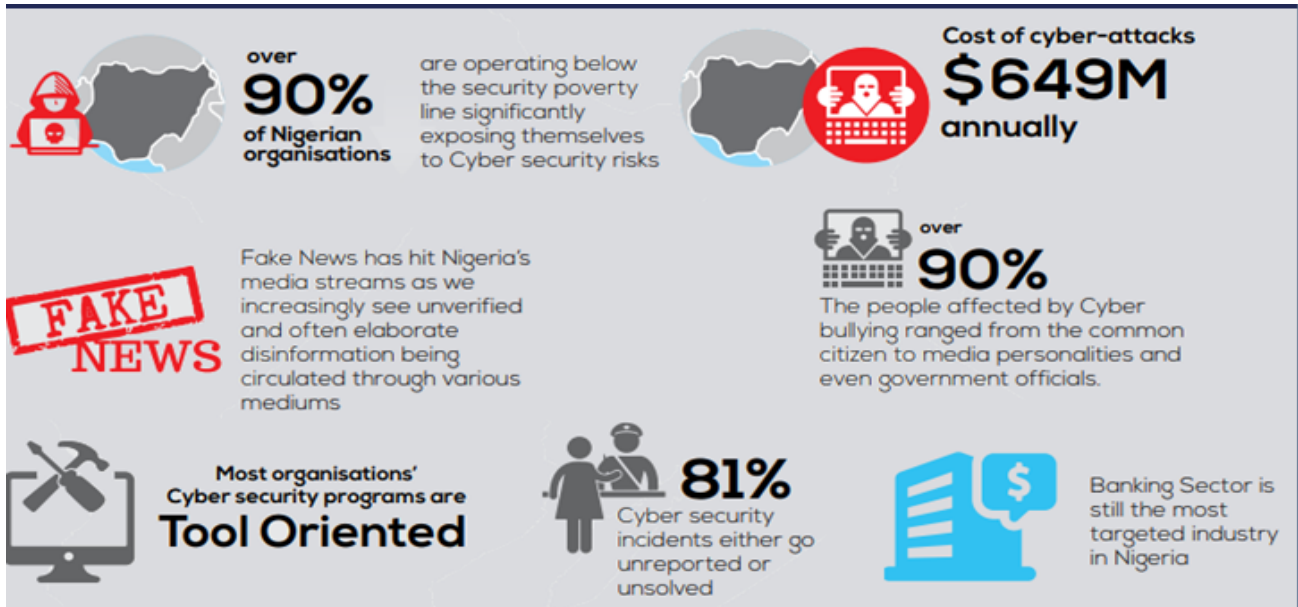


Figure 16: Impact of Cyber security Attacks on Nigeria
(Source: Nigeria Cyber Security Report 2017)

3.6.1 Situation Analysis

Although Nigeria is yet to have a fully ratified Privacy and Data Protection Act, the country, through NITDA, recently established the Nigeria Data Protection Regulation (NDPR) guidelines in 2019, which aims to better protect data privacy, preserve integrity of personal data and grant the requisite safe-guard for Nigerian businesses to thrive globally while complying with international standards and best practice regulations. The country also has a Cybercrimes (and Cybersecurity) Act 2015, which provides a framework for the prevention, detection and punishment of cybercrimes and the protection of critical national information infrastructure.

However, it is noteworthy that a legislative review of the Cybercrime and Cybersecurity Act 2015 jointly conducted with the World Bank in 2018 found that it was pertinent to separate this law into to distinct regulations for more effective

combating of both components, especially Cybersecurity which was not comprehensively addressed in the existing Act. It should also be recalled that in 2014, the Federal Government of Nigeria developed the National Cybersecurity Strategy and Policy to lay out the roles of Nigeria's current and future institutions and governance for Cybersecurity assurance of national critical information infrastructure assets. Similarly, the Central Bank of Nigeria (CBN) in 2018 developed a Risk-based Cyber security Framework to help curtail cybercrimes within the financial sector – for Banks and payment service providers.

All these signify deliberate, conscious efforts by the country at sanitizing cyberspace and enforcing stringent penalties for violation of data privacy, trust and security, recognizing the need to change the narrative and perception of the country globally in data privacy protection and Cybersecurity issues.

3.6.2 Principles

1. The rights and privacy of entities in the digital space will be protected.
2. The interests of safety and security will take priority over other interests
3. Dialogue and consultations will be with all stakeholders in developing policies

3.6.3 Objectives

1. To ensure that services provided are reliable, safe and trust-worthy while also ensuring the utmost protection of fundamental rights, personal data and privacy.
2. To ensure strict compliance with existing domestic and international data protection and Cybersecurity regulations – NDPR, GDPR, Nigeria Cyber Crimes Act 2015, CBN Risk-based Cybersecurity Framework etc.
3. To protect the rights of individuals/businesses by ensuring that personal data held is used only for the intended purpose and not shared without prior consent.

4. To strengthen the regulatory instruments and institutional frameworks that govern data protection and privacy; and
5. To review and strengthen Cybersecurity instruments in order ensure that Nigerians are secured online;
6. To improve Nigeria's rankings globally in terms of Data privacy and protection, Cybersecurity and Cybercrime prevention.

3.6.4 Strategies

1. Advocate for a new Data Privacy Act for Nigeria, which shall provide the legal framework needed for protection of personal rights, data use/sharing, as well as clearly defined punitive measures for violators of the regulation.
2. Prioritize and advocate the separation of Cybercrimes and Cybersecurity regulation (as currently contained in the Cybercrime Act 2015) using two different laws, and consequently amend the Cybercrime Act 2015 for the regulation of only Cybercrimes, while a new Cybersecurity Act is established, as recommended by the 2018 joint legislative/World Bank review of the Cybercrimes Act 2015.
3. Conduct a review of the 2014 National Cybersecurity Strategy with a view to reflecting current realities and challenges, and particularly provide clear delineation of mandates of the various Government MDAs involved and well-defined collaborative action plans.
4. Organize and initiate a strategic joint task group comprising key Government Agencies in charge of Cybercrimes and Cybersecurity to work in a more collaborative, proactive and effective manner, avoiding current overlaps, misunderstandings and redundancies. This may include representatives from Federal Ministry of Communications and Digital Economy (FMoCDE) and its Agencies, Ministry of Justice, NIMC,

- CBN/NDIC, NFIU, Defence Space Administration (DSA), EFCC, ICPC etc. to be coordinated by the Office of National Security Advisor (ONSA).
5. Simplify the process for authentication to access Government online services.
 6. Ensure the acceleration of the Digital Identity Programme and the enrolment of majority of Nigerians in the National Identity Management Database within a reasonable time frame, and facilitate the integration and mapping of all Government databases into the NIN database.
 7. Deployment of the National Public Key Infrastructure
 8. Initiate the establishment of sectoral Computer Emergency Readiness and Response Teams (CERRT) in government regulatory agencies.
 9. Support for the retooling of security institutions to build capacity for incidence management of Cybercrime and Cybersecurity and digital forensics.
 10. Improve multi-stake holder engagement for effective advocacy and public enlightenment - from Government to private sector, civil society, non-governmental organizations, academia as well as development partners and media houses on dangers of Cybercrimes, Cybersecurity and importance of Data Privacy and complying with existing National and international regulations.
 11. Reduce the Cybersecurity skills gap in the country by institutionalizing more bespoke trainings for IT professionals and partnering with the private sector to build capacity in these areas,
 12. Promote and facilitate all forms of regulatory and legal frameworks that will support e-business and ICT enabled activity as well as address law enforcement, electronics contracts, consumer protection, intellectual

property rights, dispute resolution, privacy, cybercrime and data protection and other aspects of information security;

13. Constantly conduct reviews of existing regulatory and legal frameworks to be in line with industry trends, emerging technologies and international best practice.

3.7 Multi- Stakeholder Governance and Regulations

The reality of technological evolution, market convergence, changing consumer needs and modern trends in Nigeria as captured by the Economic Recovery and Growth Plan (ERGP) and executive orders imply that existing policies and governance roles relating to the IT Enabled Outsourcing sector in Nigeria need a review to facilitate a more enabling environment. Most of the objectives in the existing policies have been overtaken by technological advancements, Strategy changes and market transformations worldwide. A key requirement is the development of appropriate policies and governance structures, coordination mechanisms as well as legal and regulatory frameworks that foster an enabling, and agile environment.

3.7.1 Governance

Governance is arguably a critical success factor for the ITES BPO sector. It is aimed at ensuring that the environment is conducive for investment. All parties must play their roles accordingly under a favourable working environment with necessary guidance, monitoring and support. The various organizational roles are clearly

defined, and processes that are to be performed jointly will be formally described with responsibilities that link roles to processes.

3.7.2 Situation Analysis

The nature of the IT enabled services industry is cross cutting in areas of ICT, cross border trading, financial systems, skills and education as well as the private sector that employs labour. There are various organizations both public and private that regulate and license several services across these sectors. Most notably for the call centre services is the Nigeria Communications Commission that license call centre services. NITDA as the Nations ICT regulator also plays a major role with a dedicated unit focused on the regulation and development of the outsourcing sector in Nigeria. Figure 12 depicts the interactions between various industries in the ITES sector.

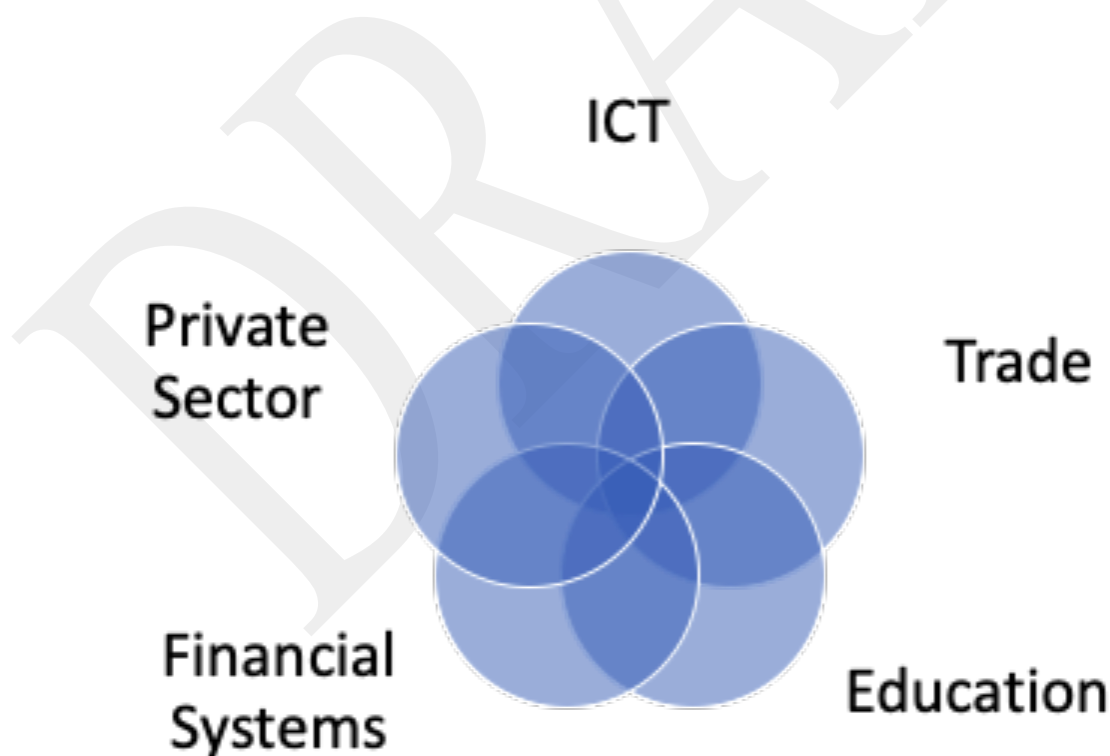


Figure 12: Cross cutting industries in the ITES sector development

3.7.3 Principles

1. Vendor neutral policies, legislations and policy to ensure fair markets. This is to enable health growth and competition in the market
2. Objective and continuous review and benchmarking exercises against other jurisdictions to find gaps and ensure competitiveness.
3. Government Agencies will employ whole of government approach in carrying out tasks.

3.7.4 Objectives for Governance

1. To provide clarity and transparency in the process, with unambiguous role classifications, formal description of joint processes and allocation of responsibilities linking roles to processes in the ITES-BPO sector.
2. To improve the image of the country and showcase the potentials of ITES-BPO using marketing branding campaigns.
3. To provide effective monitoring and regulation of Nigeria's outsourcing industry.
4. To work with all stakeholders in providing guidance relating to all IT Outsourcing issues in Nigeria.
5. To monitor companies with tax breaks and ensure compliance with the conditions of tax breaks.
6. To provide sustainable funding for the support of IT outsourcing in the country.

3.7.5 Strategies for Governance

1. Support the industry with appropriate regulations and guidelines for overseeing development of BPO in Nigeria.

2. Support industry associations with funding to conduct functions necessary to stimulate growth.
3. Conduct massive branding and marketing campaigns both locally and abroad on the ITES-BPO capacities and potentials for Nigeria.
4. Provide tax relief where necessary, as incentives to reduce barriers of entry and encourage new investments and also encourage reinvestment by estimating tax payments on profits and not revenues.
5. Encourage government outsourcing of non-core services to help develop the ITES-BPO industry.

Service Providers:

1. Support the Government through compliance with regulation and maintaining high ethical standards.
2. Register with regulators and comply by guidelines established to ensure trust in the Nigerian market.
3. To invest profits in the country to promote the development of the industry in the country.

Industry Associations:

1. Register all IT outsourcing service providers Nigeria to promote the industry collaboration.
2. Work in collaboration with service providers and Government to improve Quality of Service (QoS) and preserve integrity of the system.
3. Help promote healthy competition among service providers by ensuring good practices.
4. Organize campaigns and seminars to promote ITES BPO in Nigeria and seek more citizenry engagements.

5. Support the Government in monitoring the activities of the service providers to ensure the health of the market.

3.7.6 Proposed Governance structure for the IT enabled services industry

A clear governance and implementation framework, as depicted in Figure 13, is essential to ensuring the (National Outsourcing Strategy) NOS is brought from concept to reality by the identification of key public and private sector stakeholders. The nature of the industry is cross cutting including technology, cross border trading, labour, skills, finance and promotion. In addition to the dedicated Unit on outsourcing under NITDA, the governance framework should include an Advisory Council led by the Honourable Minister of Communication and Digital Economy and consisting of CEOs of major private and public sector players in the Nigerian ICT, Finance, Trade, Education, Development and logistics sector, as well as a multidimensional, multi-stakeholder steering committee to monitor and guide overall progress.

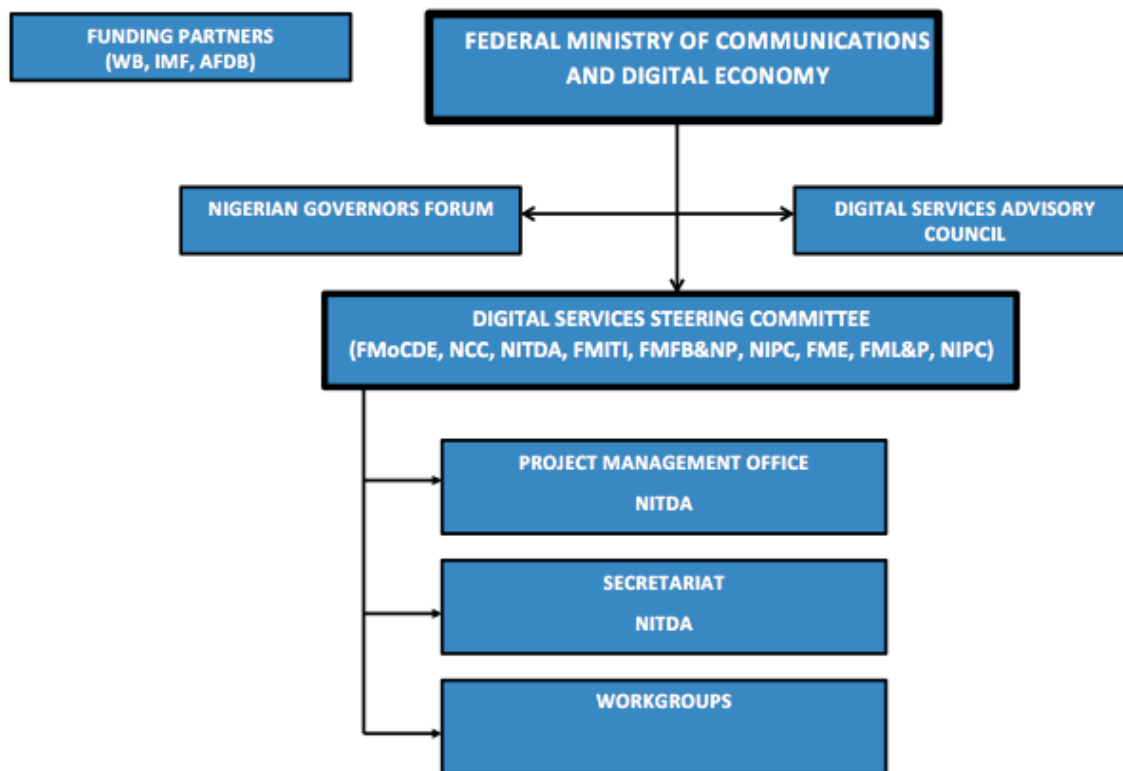


Figure 13: IT Enabled Services Sector Multi-Stakeholder Governance Framework

3.7.6.1 Digital Services Advisory Council

The Advisory Council has a critical role to play in ensuring the achievement of the plan in partnership with the Honourable Minister. Considering that the digital services outsourcing industry is largely private in Nigeria and that the achievement of the NOSIF strategy will be heavily dependent on investment and alignment of private and public sector interests, open and frequent engagement between government and the very senior leadership of the major services companies, industry associations and other players will be required to ensure successful outcomes.

Ideally, all parties would have benefits to be derived from achievement of the plan, for the government, realization of developmental objectives and for the private sector, expansion of the services market in Nigeria through a stronger enabling environment and reduction of red tape. As such, the government will work with these

private companies to ensure the enabling environment is created for the requisite levels of investment that would ensure realization of the plan.

3.7.6.2 Implementation Steering Committee

The Implementation Steering Committee under the guidance of the Honourable Minister will be tasked with providing the high-level political support and strategic direction and interventions.

Membership of the steering committee should include public and private sector representatives across the ICT services ecosystem and the Outsourcing industry including regulators, supply and demand side players and associations.

It is imperative that stakeholders cut across all national geographic zones, State Governments and FCTA. The critical agencies responsible for the implementation of the plan including FMoCDE, FMFB&NP, FMITI, FMFA, FME, FML&P, NCC, NITDA, GBB, NIGCOMSAT, etc. will be effectively represented in addition to nominees of relevant ministries such as Ministry of Power, Works & Housing etc. Representation of International Development agencies/ Not-for-Profit bodies will be useful to provide guidance in line with the achievement of UN SDGs, international development and global best practice.

3.7.6.3 Project Management and Results Delivery Office (PMO)

The implementation delivery teams to be created under the PMO should report to the Director E-Government Development and Regulations Department under the Director General NITDA and should be specifically tasked with KPIs in line with the NOSIF strategic plan.

The Programme Director heads the PMO function and has overall accountability for achieving the outcomes of the NOSIF plan. The PMO defines the project management approach and standards, reporting guidelines for the various project

delivery teams, handles change management requests and assists in decision making regarding prioritization, dependencies, funding and resourcing of the various result delivery units.

The project delivery teams will provide monthly progress reports, which will be collated by the PMO, and team leads will meet with the steering committee on a Quarterly basis. Documentation and project history including lessons learned.

In order to build confidence with the public, KPIs should be simple and transparent with progress reports published on a website or in the newspapers every 6 months.

3.7.7 Regulations

A conducive regulatory environment is necessary for the growth and development of the sector. In this regard several regulatory instruments have been created to protect the investments and promote the safe conduct of business in the all sector.

3.7.7.1 Situation Analysis

The key regulatory frameworks, policies and guidelines that currently pertain to Digital Services outsourcing industry are:

1. Economic Recovery and Growth Plan 2017-2020:

The ERGP document recognizes the importance of outsourcing by encouraging local content support for MDAs (e.g., call centres, outsourcing).

2. National Digital Economy Policy and Strategy 2020

3. National ICT Strategy 2012:

The National ICT Strategy dedicates Section 7.1.8 to Outsourcing and proposes, among other recommendations, that Government promotes human capacity development, as well as an enabling, legal, regulatory, technological, and infrastructural environment for the sustainable development of the outsourcing sector in Nigeria.

4. Nigerian Data Protection Regulation 2019:
Data security and privacy is a main concern globally in the BPO market space. The Nigerian Data Protection Regulation states the measures that entities must take to safeguard and protect private individual data.
5. National Cybercrimes Act 2015
6. CNB Risk-Based Cybersecurity Framework
7. National Cybersecurity Strategy and Policy 2014
8. Guidelines for Nigerian Content Development in Information and Communication Technology (ICT).
9. Nigerian e-Government Master Plan
10. Nigerian National Broadband Plan 2020-2025
11. National Outsourcing Strategy and Regulatory Framework 2007
12. Executive order 001
13. Nigeria Government Enterprise Architecture
14. Nigeria Smart Initiative Policy
15. Nigeria Cloud Computing Policy

3.7.7.2 Strategy Objectives

1. To review existing policies and regulations that would enhance the development of ICT Outsourcing for National growth.
2. To harmonize all existing ICT-related policies and propose a comprehensive document that will guide all stakeholders in the ICT outsourcing value chain.
3. To ensure compliance with global data protection standards so as to establish readiness of Nigeria's outsourcing companies to global outsourcing markets.
4. To review comprehensive requirements and guidelines needed for registration as an IT Outsourcing firm with NITDA apart from statutory registration with the Corporate Affairs Commission as per the CAMA 2016.

5. To ensure the objectives of the Outsourcing Framework are in line with National Government development initiatives and policies such as the ERGP.

3.7.7.3 Strategies

1. Review and harmonize all existing Regulations and Policies to encourage IT investments and ITES-BPO uptake
2. Provide a template and guideline for outsourcing government services (local/onshore) and encourage government agencies to outsource their services to support local ITES industry and cut the cost of governance;
3. Provide new, flexible and responsive regulations and policies to fill gaps and further support development of the sector with considerations to changing consumer demands driven by dominance of data and information globally, and emerging technologies; and
4. Sensitize stake-holders on the new government policies and regulation on ITES.
5. Thrive to provide overall regulatory certainty to improve investor confidence

4. Review and Updates

In consideration of the fast-evolving nature of IT and ITES-BPO industry, it is important that the Strategy remains up to date and reflects the needs of the ITES-BPO industry and other global requirements/standards at any time. As such, there is need for the framework to be reviewed and updated from time to time. The framework will be reviewed and updated biennially (i.e. every two years) or whenever there is an urgent need for review. Any such review shall go through a transparent and multi-stake holder process for buy-in and confidence building within the industry.

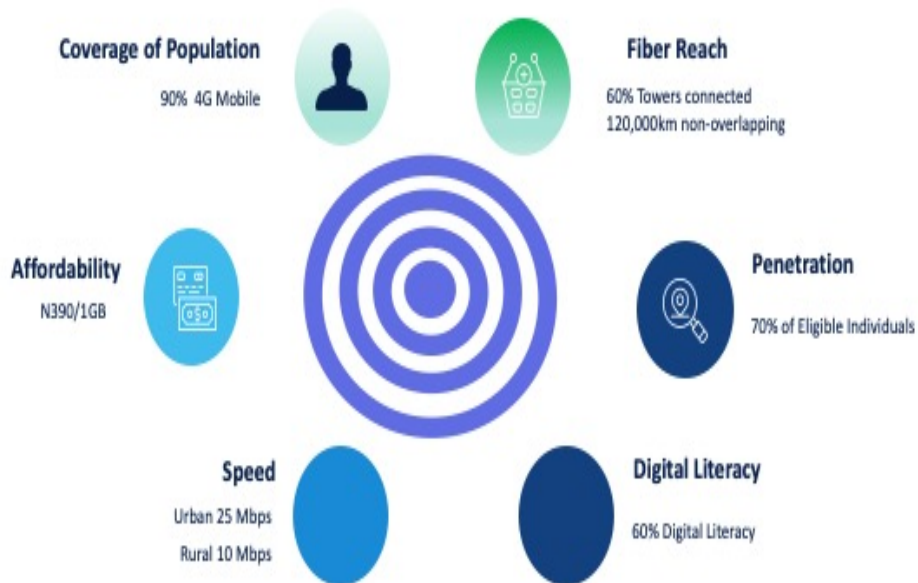
5. Conclusion

Government has identified the need for facilitating the development of the ITES-BPO sector for the purpose of the creation of new jobs to respond to the economic downturns caused by the global covid-19 pandemic in order to sustain the Nigerian economy. It also seeks to increase foreign direct investment and knowledge transfer. With this Strategy, Government commits to the rapid development of the sector and would strengthen and fund NITDA, which is the primary institution that will effectively implement Government's Strategy in this regard. It is anticipated that this Strategy shall help propel Nigeria into the top global ITES-BPO destination and open up the country to limitless opportunities in a fast-paced, data-driven world.

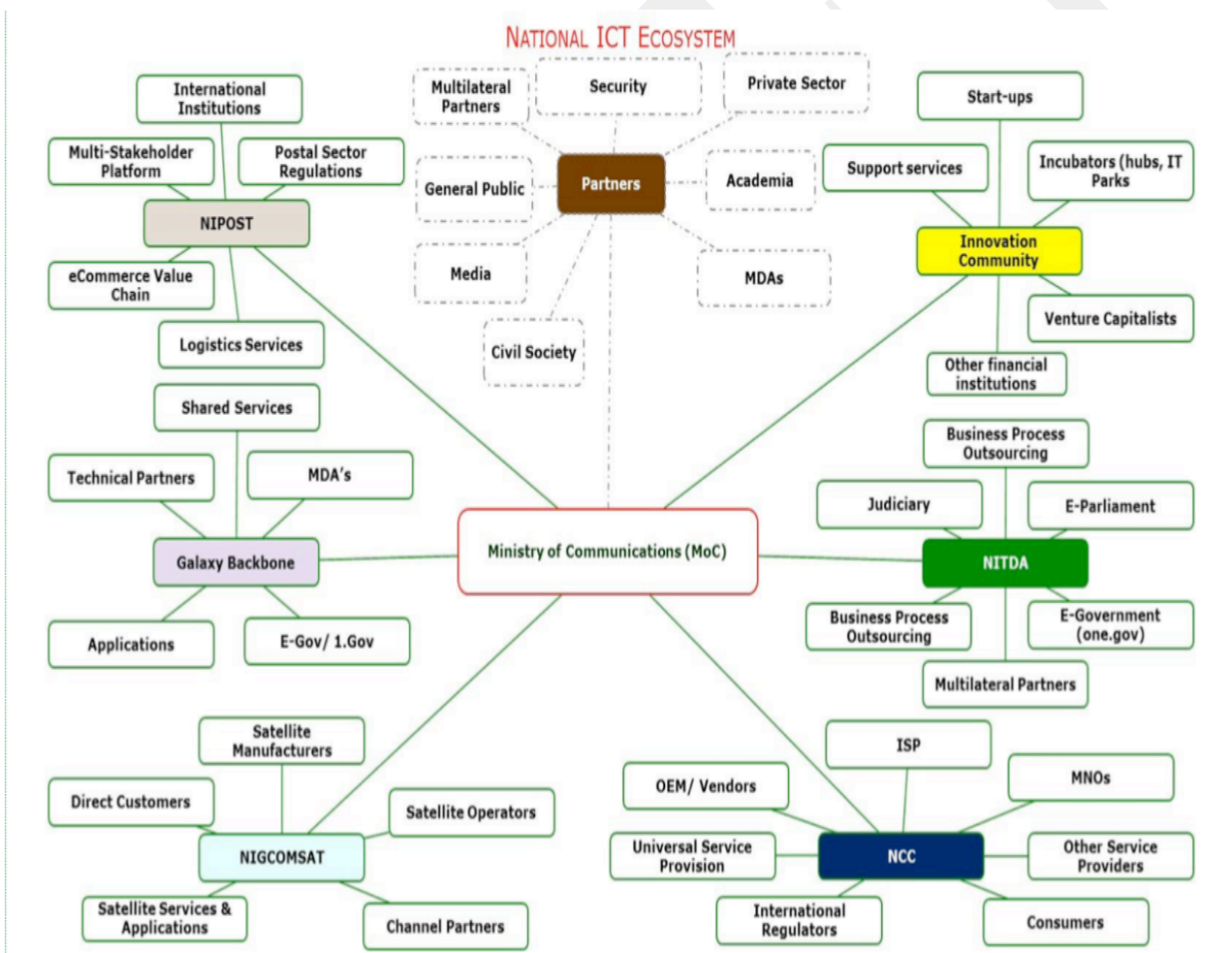
Appendix I.

Nigeria National Broadband Plan Targets for 2025

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Appendix II



Source: Nigeria ICT Roadmap 2017-2020

To provide feedback and comments, kindly download feedback and action plan templates from www.scb.nitda.gov.ng and send to umaaruf@nitda.gov.ng.

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