**G2P Concept Note Summary**

**Why**

Nigeria’s National Cash Transfer Office’s (NCTO) has a target of reaching 10 million cash transfer recipients through digital payments. In order to achieve this, NCTO will require support in 1) scaling the digital disbursement efforts and 2) segmenting recipients based on those that are more ready to receive digital payments. In many areas where cash transfer support is disbursed, there is simply not a strong enough digital payment infrastructure (e.g. agents, ATMs, point-of-sale terminals) to ensure recipients can access cash or pay for things digitally. Yet this is not the case for all recipients, as some live in more populated areas where payment infrastructure does exist and have an elevated level of digital capacity to manage their own account. Issuing cash transfer payments digitally can improve the digital financial inclusion of cash transfer recipients, supporting their broader economic empowerment and resiliency.

**What**

This concept note proposes segmenting digital payment-ready recipients based on NCTO’s existing recipient registry data as well as issuing digital cash transfers to these recipients. Digital financial literacy training is a critical element to this concept note as is measuring the impact of the digitization after three payments rounds. Establishing a recipient segmentation strategy that uses existing registry data sources could 1) inform the key challenges and barriers faced by recipients as NCTO transitions to digital disbursements, 2) offer suggestions for how NCTO can prioritize and scale its transition, 3) support the broadening of the local digital payment infrastructure through PSP collaboration and 4) support digital financial literacy education through a dedicated curriculum. This can lead to program recipients accessing and using these accounts to help manage their financial lives productively and confidently. Following the segmentation, this concept note proposes issuing open-loop digital payments to the recipients most ready to receive digital payments. Open-loop payments are linked to the broader financial ecosystem and allow recipients to access a broader suite of financial services beyond the context of the cash transfer programme.

**How**

This concept note proposes seven phases starting with narrowing down the pilot geography, which will be informed by conversations with payment service providers (PSPs) and scoring geographies based on 1) data available in the National Social Safety Net Coordinating Office’s (NASSCO) community profiling database, 2) existing digital financial ecosystems and 3) safety / security of the location. The second phase will involve an analysis of the existing types of information held on program recipients in NCTO’s poor and vulnerable household (PVHH) survey to finalize the list of proxy indicators for recipient segmentation. The third phase will involve running the segmentation model using the indicator list finalized in the prior phase. The fourth phase will include scoring, and contracting with, PSPs to determine the financial partners best suited to support the pilot implementation. The fifth phase will include implementing the digital payments as well as conducting digital financial literacy training with the recipients. The sixth phase will involve measurement and evaluation with the recipients through focus group discussions to understand recipients’ experience with both the digital payments and digital financial literacy campaign. The last phase will include updating the segmentation model based on the pilot experience and developing a roll out plan based on the area where the model indicates the largest segment of recipients who are ready to begin using an open loop DFS account.