



The World Bank

Nigeria Digital Identification for Development Project (P167183)

REPORT NO.: RES60497

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RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
NIGERIA DIGITAL IDENTIFICATION FOR DEVELOPMENT PROJECT
APPROVED ON FEBRUARY 18, 2020
TO
FEDERAL REPUBLIC OF NIGERIA

DIGITAL DEVELOPMENT

WESTERN AND CENTRAL AFRICA

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I. BASIC DATA

Product Information

Project ID P167183	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 18-Feb-2020	Current Closing Date 31-Dec-2024

Organizations

Borrower Federal Republic of Nigeria	Responsible Agency National Identity Management Commission
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Project Development Objective (PDO)

Original PDO

The Development Objective of the project is to increase the number of persons with a national ID number, issued by a robust and inclusive foundational ID system, that facilitates their access to services.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
COFN-C2020	18-Feb-2020	07-Dec-2021	14-Dec-2021	30-Jun-2026	100.00	3.12	88.53
IDA-65270	18-Feb-2020	20-Feb-2021	14-Dec-2021	31-Dec-2024	115.00	42.08	69.96

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

Project Status

The Nigeria Digital Identification for Development project was approved by the Board of executive director of the International Development Association (IDA) on February 18, 2020, and the associated Financing Agreement (FA), which was signed in February 2021, declared effective on December 14, 2021. The PDO is "to increase the number of persons with a national ID number, issued by a robust and inclusive foundational ID system, that facilitates their access to services". The project's total financing amounts to US\$430 million equivalent, US\$115 million of which from IDA, US\$100 million equivalent from the French Development Agency (AFD), and US\$215 million equivalent from the European Investment Bank (EIB). The project has four components: (1) Strengthening the Legal and Institutional Framework; (2) Establishing a Robust and Inclusive Foundational ID System; (3) Enabling Access to Services through IDs; (4) Project Management and Coordination. National implementation is done with the National Identity Management Commission (NIMC) Project Implementation Unit (PIU) and the Ecosystem Coordination Strategic Unit (ECSU).

Project performance is currently rated moderately satisfactory (MS) for both progress towards achievement of the PDO and overall implementation progress. The project disbursement rate stands at 37.37 percent as of June 2024. From the outset, the project faced 22 months of implementation delays, primarily due to (i) longer than anticipated time needed to meet effectiveness conditions and to secure the National Assembly's approval of borrowing plan; (ii) constraints associated to disbursement conditions hinging on the enactment of the data protection law; (iii) extended time needed for the recruitment of key PIU staff; (iv) high turnover of project coordinators (with a total of 2 hired since project inception); and (v) hosting of the PIU by 3 different government agencies during the course of project implementation.

In more recent months, the project has made considerable progress on project activities and has now met the two critical disbursements conditions to enabling nationwide NIN enrollment. The first condition was met following the enactment of the data protection law in June 2023 (as well as the establishment of the data protection commission). Fulfilling this disbursement condition also unlocked access to financing from the two other project co-financiers (AFD and EIB). The second disbursement condition pertained to the acceptability of the national identity management system (NIMS). This condition was fulfilled in March 2024 following improvements made to the NIMS (upgraded android Enrollment Software; a mobile device management system; a metadata module; a licensing and assurance framework; Information security and privacy reinforcements through audits and penetration testing; and ISO 270001 recertification). The lifting of both these disbursement conditions has enabled the project to commence nationwide enrollment and to disburse against (NIN) issuance. One final disbursement condition which has yet to be met is the amendment of NIMC Act to promote an inclusive and nondiscriminatory legal and regulatory framework. However, significant progress has been made toward fulfilling this condition. Following extensive consultations, the amendments have been drafted and enactment is pending with the National Assembly. Enactment is expected by September 2024. In parallel, the completion of the expansion of the ABIS to allow for storage of 250 million NIN is scheduled for March 2025. A total of 36 licenses have been issued to new frontend NIN enrollment partners (FEPs) as part of enrollment readiness. Four (4) mobile network operators (MNOs) have also been authorized to enroll for NINs to support the ongoing World Bank-funded National Social Safety Net Program-Scale Up (NASSP-SU) project (P176935).

The project is collaborating with NASSP-SU project to expand NIN enrollments for poor and vulnerable individuals of households captured in the National Social Register (NSR). The GoN is providing shock responsive cash transfers to



poor and vulnerable Nigerians and the Central Bank of Nigeria (CBN) policy mandates the use of NIN for account ownership, as NIN are required for recipients of the cash transfers. MNOs who have been authorized as FEPs will enroll individuals in the NSR for NIN in collaboration with State Office Coordination Units (SOCUs).

Rationale for Restructuring

The Government remains fully committed to the PDO, which remains achievable with the closing date extension and the implementation adjustments proposed in the restructuring. The extension is necessary given that the government recognizes the transformative opportunity that digitalization offers and is keen on replicating models like those of India and Singapore, in building cross-cutting digital public infrastructure (DPI) (including access to digital IDs) as the 'rails' for digital service delivery. The extension is indispensable for the project to respond to the increasing demand for an inclusive and trusted digital ID system that will strengthen the transparency, efficiency, and effectiveness of governance and the delivery of public services and programs.

Due to the implementation delays, key activities under Component 2 (Establishing a robust and inclusive foundational ID system) aimed at enhancing the resilience, security and reliability of the NIMS have experienced setbacks. For example, ABIS, which processes all biometric data (fingerprint and facial), is almost at full capacity as it currently holds 80 million records. It is essential that the ABIS capacity is extended to accommodate 250 million enrollments considering that Nigerians population is now 210 million. The associated system upgrade process has commenced and is estimated to be completed by March 2025 and will therefore be supported through the co financers whose closing dates extend beyond the proposed six-month duration. Another key activity that has been affected by earlier delays is the design and build of a new NIMS that will enable service delivery demands, such as authentication, in an inclusive and scalable manner. The new NIMS infrastructure is a priority, and its deployment is expected to be completed by September 2025. The six-month extension will prioritize the design and procurement of the new NIMS. Additional activities that have faced delays include: (i) procurement of power backup systems (ii) improvement of telecommunication links between NIMC's critical backend sites; (iii) procurement of a Computer Emergency Response Team (CERT) and Security Operations Center (SOC); (iv) upgrade of the data recovery center (DRC); and (vi) procurement of a contact center and Customer Relationship Management (CRM) solutions.

The restructuring will also allow the project to accommodate changes that reflect latest realities and priorities of the GoN. The Government is prioritizing digitalization of all government-to-person (G2P) payments by leveraging the NIN. The most recent example is the ongoing collaboration between NIMC and the Federal Ministry of Humanitarian Affairs and Poverty Alleviation on the conditional cash transfer programme. This collaboration will focus on the expansion of NINs in the national social register, supported by the NASSP-SU project. The collaboration would streamline the distribution of G2P payments to 15 million of the poorest households to cushion the effects of the recent removal of petrol subsidies and other economic shocks for vulnerable groups in Nigeria.

The World Bank is the lead implementer for this project which is co financed by French Development Agency (AFD) and European Investment Bank (EIB). Both AFD and EIB have closing dates in 2026 and 2027 respectively. Both co financers have indicated that they will cancel their financing if the World Bank is no longer the lead financier and implementor of this project. As such it is critical that the World Bank extend the closing date of the project to allow continuity across all co financers and avoid any disruptions to good progress made so far and to safeguard the positive impact it has had on Nigeria's digital identity infrastructure.

In conclusion, the investment in the digital infrastructure including the design and development of an interoperable, scalable, technology neutral national identity management system (NIMS) that enables authentication, the increased



in NIN enrollment and the facilitation of access to services for the poor and vulnerable will enable the project to meet its PDO and achieve its result framework.

DESCRIPTION OF PROPOSED CHANGES

The proposed changes are reflected in component 2 (Establishing a robust and inclusive foundational ID system) and include:

- a. reducing the scope of activities in component 2.1
- b. replacing the current activity in sub- component 2.2 with a new activity.
2. Reallocation of funds between sub-components; and

Extension of the project closing date by 6 months to allow for the completion of critical remaining project activities and successful achievement of the project development objectives (PDO).

Revision of the Results Framework to include (i) changes to the end target associated to select PDO & intermediate indicators, (ii) the deletion of non-relevant indicators and (iii) changes in the unit of measurement for select PDO and intermediate indicators.

Launching some activities under subcomponent 2.2. is no longer realistic due to limited timelines as such a few activities will be cancelled. This includes activities under subcomponent 2.2 “reinforcing the foundational ID ecosystem.” In that context, and considering the limited time and resources available, it is proposed that the following activities be cancelled: (i) collaborating to building links with a digitized CR (ii) conducting and financing a capacity assessment and institutional mapping of NPopC (iii) creating a national CR database with interoperability with the NIMS and (iv) the development of new mechanisms for continuous digital birth registration with NIN generation. The funding that was allocated to these activities will be utilized for the development of a new national identity management system (NIMS).

The proposed extension will require an adjustment of the Results Framework to reflect changes to realign with Government priorities whilst remaining in line with the PDO. The project includes twenty-three indicators, consisting of 7 PDO and 16 Intermediate Results Indicators. This restructuring will adjust the Results Framework to align with new Government priorities and the extended timeframe. The proposed modifications include (i) adjusting the end targets for select PDO and intermediate indicators, (ii) deleting non-relevant indicators, and (iii) changing the measurement values for select PDO and intermediate indicators. These changes will realign priorities without diminishing the project's scope, ensuring the development objective is achievable within the extended timeframe.

The results framework will reflect cancellation of indicators related to cancelled activities. One of the key reasons that the project is being extended is to enable NIMC to design and deploy a new NIMS which will enable access to services through authentication. It is expected that the design for the new NIMS will be completed by August 2024 and the procurement will launch by September 2024. Based on progress related to this activity, additional extension will be considered. Authentication will be a critical measurement of the new NIMS and the results framework has been adjusted to reflect that successful authentication will be enabled. The project will not be able to achieve 10,000 authentications within the extension period from deployment of NIMS to project closure and as such, the RF has been amended from numbers to text to reflect the presence of the authentication feature. As mentioned earlier, the GoN is prioritizing access to services through cash transfers and the ID4D project is collaborating with the NASSP-SU. As such the indicator related to measuring persons in the bottom two poverty quintiles will be revised to measure persons with NIN in the National Social Register and the target will be 15 million. Indicators related to the number of offices of



the Nigerian Government abroad equipped to register Nigerians for a NIN will be deleted as the Government is now prioritizing issuing NIN within Nigeria in order to ensure access to services for the poor and vulnerable.

The proposed closing date extension meets the requirements of World Bank Investment Project Financing Policy regarding extension of closing dates, namely: (i) the project objectives will be achieved; (ii) the performance of the Borrower remains satisfactory; (iii) the World Bank and the Borrower agree on actions that will be undertaken by the Borrower to complete project critical activities; and (iv) there are no outstanding audits, or interim financial reports (IFRs) for the credit.

Other aspects of the project will remain unchanged, including the project components and structure, implementation arrangements, Environmental and Social Safeguards (ESF), fiduciary modalities, and SORT risk assessment.

III. DETAILED CHANGES

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
COFN-C2020	Effective	30-Jun-2024	30-Jan-2026, 30-Jun-2026	30-Jun-2026	30-Oct-2026
IDA-65270	Effective	30-Jun-2024	31-Dec-2024	31-Dec-2024	30-Apr-2025