Mrs. Zainab Ahmed  
Honorable Minister for Finance  
Federal Ministry of Finance  
Finance Headquarters  
Central Business District  
FCT, Abuja

Attention: Mr. Aliyu Ahmed, Director, IERD

Project Preparation Advance No. V2290

In response to the request for financial assistance made on behalf of the Federal Republic of Nigeria ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank") proposes to extend to the Recipient an advance out of the World Bank's Project Preparation Facility in an amount not to exceed three million United States Dollars (US$ 3,000,000) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed project designed to promote the development of robust and inclusive identification systems with mutual recognition in ECOWAS that facilitate access to services ("Project"), for the carrying out of which the Recipient has requested the World Bank's financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the notice of effectiveness from the World Bank to the Recipient, confirming in accordance with the provisions of Section 6.02 of the Annex to this Agreement that the World Bank has accepted the
supporting document provided by the Recipient to the World Bank to establish that the condition of effectiveness listed in Section 6.01 of the Agreement has been satisfied.

Sincerely,

[Signature]

By Rachid Benmessaaoud
Country Director, Nigeria

AGREED:
REPUBLIC OF NIGERIA

By Authorized Representative

Name MRS. ZAINAB S. AHMED

Title HONOURABLE MINISTER OF FINANCE

Date: January 15, 2019

Enclosures:

(1) “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility”, dated July 31, 2010; and

(2) Disbursement Letter for the Advance of the same date as this Agreement, together with “World Bank Disbursement Guidelines for Projects”, dated February 2017.
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility” dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the following additional terms shall have the following meanings:


(b) “FOCU” or “Federal Operation Coordination Unit” means a coordination unit established in the Office of the Vice President, currently implementing YESSO Project (Cr.5212-NG).

(c) “Implementing Entity” means FOCU, hereinafter defined.

(d) “National Identification Management Commission” and “NIMC”, each means an industrial and commercial establishment created and operating in Abuja.

(e) “Operating Costs” means any reasonable operating expenses incurred by the Recipient on account of the implementation, management and monitoring of the Activities, including consumable materials and supplies, communication, mass media and printing services, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts, travel, lodging and *per diems*, but excluding salaries of officials of the Recipient’s civil service.

(f) “Training and Workshops” means expenditures incurred in connection with training and workshops and study tours, related to the carrying out of the Activities, consisting of travel and subsistence costs for participants, cost (other than consulting services) associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training
and workshops materials, and other costs directly related to course or workshop preparation and implementation.

(g) “YESO” means Youth Employment and Social Support Operation.

**Article II**

**Execution of the Activities**

2.01. **Description of the Activities.** The Activities for which the Advance is provided consist of the following parts:

Providing technical support to:

(a) prepare manual of procedures and financial management software;
(b) prepare a detailed project implementation manual;
(c) prepare resettlement policy framework;
(d) prepare environmental and social management framework;
(e) design a monitoring and evaluation plan;
(f) organize citizen engagement, including consultations with beneficiaries and stakeholders during project preparation;
(g) develop communication strategy and organize communication and awareness campaigns;
(h) design the project grievance redress mechanism and social accountability tools;
(i) organize communication and awareness campaigns;
(j) review the existing legal and regulatory environment for digital identification and access to services by the public and private sectors, including recommendations for necessary changes;
(k) conduct a study to define the organizational framework for implementing the ecosystem (administrative procedures);
(l) conduct a study on human resource capacity-building strategy for NIMC, including revised organizational arrangements and staffing plan;
(m) execute effective risk management plan;
(n) undertake inventory of existing identification ecosystem and enrollment procedures to develop technical harmonization strategy;
(o) develop new enrollment protocols and data-collection mechanisms to be used in the e-ID ecosystem;
(p) cybersecurity and data protection assessment for identification ecosystem and action plan;
(q) develop technical system specifications for selected enrollment partners and functional users of the national identification registry;
(r) provide training to NIMC and FOCU staff; and
(s) organize study tours for south-south learning and knowledge sharing related to foundation ID system design and implementation.
2.02. **Execution of the Activities Generally.** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through FOCU (the “Implementing Entity”) in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

2.03. **Institutional and Other Arrangements.** Without the limitation to the provision of above-mentioned paragraph 2.02, the Recipient shall maintain, throughout the implementation of the Project, FOCU with functions, staffing and resources satisfactory to the World Bank.

2.04. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

   (b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

   (c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions.

      (i) If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.

      (ii) If, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Advance, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of the Recipient’s fiscal year in which the Refinancing Date occurs.

      (iii) Notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the World Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial
Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06.  Procurement

All goods, non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in the “World Bank Procurement Regulations for IFI Borrowers” dated July 2016, revised November 2017 and August 2018 (“Procurement Regulations”) and the provisions of the Recipient’s procurement plan for the Activities dated August 17, 2018, (“Procurement Plan”) provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

Article III
Withdrawal of the Advance

3.01.  Eligible Expenditures. The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance (“Category”), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Advance Allocated (expressed in Dollars)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, non-consulting services, consulting services,</td>
<td>3,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>Training and Workshops, and Operating Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>3,000,000</td>
<td></td>
</tr>
</tbody>
</table>

3.02.  Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an
aggregate amount not to exceed four hundred and fifty thousand United States Dollars (US$450,000) equivalent may be made for payments made prior to this date but on or after January 01, 2018, for Eligible Expenditures.

3.03. **Refinancing Date.** The Refinancing Date is August 31, 2019.

**Article IV**

**Terms of the Advance**

4.01. **Service Charge.** The Recipient shall pay a service charge on the Withdrawn Advance Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum. The service charge shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

4.02. **Repayment.** The Withdrawn Advance Balance shall be repaid by the Recipient to the World Bank (together with any service charges accrued thereon) in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the World Bank (together with any service charges accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such service charges, in accordance with the provisions of the Refinancing Agreement.

(b) **Repayment in the absence of a Refinancing Agreement:** If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date or at any time thereafter, it has been so executed but terminates without becoming effective, then:

(i) if the amount of the Withdrawn Advance Balance does not exceed $50,000, it shall be repaid by the Recipient to the World Bank (together with service charges accrued on the Withdrawn Advance Balance to the date of repayment) on such date as the World Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and

(ii) if the amount of the Withdrawn Advance Balance exceeds $50,000, it (together with service charges accrued on the Withdrawn Advance Balance to the Notice Date) (the “Aggregate Balance”) shall be paid by the Recipient to the World Bank in ten approximately equal semiannual installments, in
the amounts and on the dates ("Payment Dates") which the World Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date ("Notice Date") of dispatch of such notice. The Recipient shall pay a service charge on the Aggregate Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum, payable in arrears on each Payment Date. The service charge shall be computed on the basis of a 360-day year of twelve 30-day months.

Article V
Recipient's Representative; Addresses

5.01. **Recipient's Representative.** The Recipient’s Representative referred to in Section 9.02 of the Standard Conditions is its minister responsible for finance.

5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 9.01 of the Standard Conditions is:

Federal Ministry of Finance  
Ahmadu Bello Way  
Abuja, Nigeria

Cable address:  
FEDMINFIN  
Facsimile:  
234-9-2343609

5.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 9.01 of the Standard Conditions is:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America  
Telex:  
Facsimile:

248423 (MCI) or (1)-202-477-6391  
64145 (MCI)