

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**JAMAICA**

**IMPLEMENTATION OF THE  
NATIONAL IDENTIFICATION SYSTEM (NIDS) FOR ECONOMIC GROWTH**

**(JA-L1072)**

**LOAN PROPOSAL**

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**ABBREVIATIONS**

AML	Anti-Money Laundering
AOP	Annual Operating Plans
BOJ	Bank of Jamaica
CDD	Customer Due Diligence
EA	Executing Agency
EOJ	Electoral Office of Jamaica
FATF	Financial Action Task Force
FID	Financial Investigations Division
FSC	Financial Services Commission
GHG	Greenhouse Gas
IIC	Inter-American Investment Corporation
ICT	Information and Communication Technologies
IDB	Inter-American Development Bank
IDBG	Inter-American Development Bank Group
IMF	International Monetary Fund
ITF	Implementation Task Force
JCF	Jamaica Constabulary Force
JCPD	Jamaica Council for Persons with Disabilities
MDA	Ministries, Departments and Agencies
MDB	Multilateral Development Banks
MOFPS	Ministry of Finance and Public Service
MOU	Memorandums of Understanding
M&E	Monitoring and Evaluation
NCID	National Civil and Identification Database
NIDS	National Identification System
NIN	National Identification Number
NIRA	National Identification and Registration Authority
NIS	National Insurance Scheme
OPM	Office of the Prime Minister
PATH	Programme of Advancement Through Health and Education
PEP	Pluriannual Execution Plan
PEU	Project Executing Unit
PICA	Passport, Immigration and Citizenship Agency
POM	Project Operating Manual
PP	Procurement Plan
RGD	Registrar General's Department
RM	Results Matrix
TAJ	Tax Administration Jamaica
TC	Technical Cooperation
TRN	Taxpayer Registration Number
UNFCC	United Nations Framework Convention on Climate Change

**PROJECT SUMMARY**  
**JAMAICA**  
**IMPLEMENTATION OF THE NATIONAL IDENTIFICATION SYSTEM (NIDS) FOR ECONOMIC GROWTH**  
**(JA-L1072)**

Financial Terms and Conditions				
<b>Borrower:</b> Jamaica			<b>Flexible Financing Facility<sup>(a)</sup></b>	
			<b>Amortization Period:</b>	24 Years
<b>Executing Agency:</b> Office of the Prime Minister (OPM)			<b>Disbursement Period:</b>	6 Years
			<b>Grace Period:</b>	6.5 Years <sup>(b)</sup>
<b>Source</b>	<b>Amount (US\$)</b>	<b>%</b>	<b>Interest rate:</b>	LIBOR Based
<b>IDB (Ordinary Capital):</b>	68,000,000	100	<b>Credit Fee:</b>	(c)
			<b>Inspection and supervision fee:</b>	(c)
<b>Total:</b>	68,000,000	100	<b>Weighted Average Life (WAL):</b>	15.25 years
			<b>Currency of Approval:</b>	Dollars of the United States of America
Project at a Glance				
<p><b>Project Objective/Description:</b> The National Identification System (NIDS) aims to preserve the universal right to personal identity providing a secure and safe environment for citizens and legal residents identity information. The main objective of this project is to reduce the transactional costs associated with identity verification for citizens to access and providers to deliver services both in the private and public sectors in Jamaica. This objective will be achieved through: (i) the establishment of a reliable and universal identification system; and (ii) the reduction in the constraints experienced in accessing birth certificates, especially for mothers and persons with special needs.</p>				
<p><b>Special Contractual Clauses prior to the first disbursement of the financing:</b> The Borrower, directly or through the Executing Agency (EA), as the case may be, shall have presented evidence to the Bank that: (i) a Project Executing Unit (PEU) has been created and the following personnel has been selected pursuant to the terms of reference approved by the Bank: Project Director, Project Coordinator, Procurement Specialist, Financial Specialist, Monitoring and Evaluation (M&amp;E) Specialists; (ii) the Project Operating Manual (POM), including fiduciary management arrangements and execution plan, has received the Bank's non-objection; (iii) initial report prepared in accordance with the guidelines indicated by the Bank, including, the project's pluriannual execution plan, the procurement plan, financial plan and the results matrix has been submitted to the Bank; and (iv) Memorandums of Understanding signed with E-Gov Jamaica Limited and the Post and Telecommunications Department (Jamaica Post), specifying the collaboration activities to be performed by each one of these entities. (¶3.8).</p>				
<b>Exceptions to Bank policies:</b> None.				
Strategic Alignment				
<b>Challenges<sup>(d)</sup>:</b>	SI <input type="checkbox"/>	PI <input type="checkbox"/>	EI <input type="checkbox"/>	
<b>Cross-Cutting Themes<sup>(e)</sup>:</b>	GD <input checked="" type="checkbox"/>	CC <input checked="" type="checkbox"/>	IC <input type="checkbox"/>	

(a) Under the Flexible Financing Facility (FN-655-1), the borrower has the option to request modifications to the amortization schedule as well as currency and interest rate conversions. In considering such requests, the Bank will take into account operational and risk management considerations.

(b) Under the flexible repayment options of the Flexible Financing Facility (FFF), changes in the grace period are possible as long as the Original Weighted Average Life (WAL) and the last payment date, as documented in the loan agreement, are not exceeded.

(c) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors during its review of the Bank's lending charges, in accordance with the relevant policies.

(d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

(e) GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

## I. DESCRIPTION AND RESULTS MONITORING

### A. Background, Problem Addressed, Justification

- 1.1 **Background.** Being able to prove one's identity is more than a practical requirement; it is a critical condition in order to participate fully in society and to exercise one's rights. Article 6 of the Universal Declaration of Human Rights (1948) establishes that "everyone has the right to recognition everywhere as a person before the law." Moreover, identification is indispensable to ensure access to public and private programmes and services and is a key enabler for achieving development outcomes.<sup>1</sup>
- 1.2 The concept that each citizen should be issued with a unique number at birth, which would be used for transactions in both the public and private sectors, was first introduced in Jamaica in the 1970's. The idea at the time was the establishment of a National Civil Registration System and its introduction was one of the recommendations made by the then Electoral Advisory Committee.<sup>2</sup> Over the years, and with the increasing need to accurately identify individuals for the provision of services, the idea of the National Civil Registration System was recently complemented with the concept of an identity management system, leading to the submission to parliament of a Bill for the establishment of a National Identification and Registration Authority (NIRA).
- 1.3 The Government of Jamaica approved the National Identification and Registration Act in Parliament in November 2017. This legislation establishes: (i) the new NIRA, which will integrate civil registration<sup>3</sup> and a new National Identification System (NIDS) into the same agency; (ii) the regulatory framework for the NIDS; (iii) the creation of a National Civil and Identification Database (NCID) to be maintained and operated by the NIRA; (iv) the assignment of a National Identification Number (NIN) and the issuance of a national identification card to all Jamaican citizens and legal residents; and (v) a legal framework for the sharing and protection of identity and biometric data by the NIRA.
- 1.4 **Problem addressed.** Currently, in Jamaica, a country with a population of approximately 2.8 million,<sup>4</sup> there is no national identification database that can reliably verify the identity of all its citizens and legal residents. There currently exist several functional documents<sup>5</sup> being utilized by various public sector entities. These are designed to meet only the objectives of the issuing organizations for identification of its clients, such as the national insurance card, the Tax Registration Number (TRN), the farmer's identification, or the fisher's identification.

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<sup>1</sup> The recognition and authentication of an individual's identity, together with associated rights, is included as a Sustainable Development Goal (SDG). Target 16.9 refers to "free and universal legal identity, including birth registration by 2030." Identification is also key to the attainment of at least 10 other SDG goals.

<sup>2</sup> The Electoral Commission of Jamaica replaced the Electoral Advisory Committee that had been established in 1979.

<sup>3</sup> The Civil Registry previously under the Registrar's General Department (RGD) will be transferred to the NIRA.

<sup>4</sup> Statistical Institute of Jamaica (STATIN), 2016.

<sup>5</sup> Functional documents are introduced in response to a demand for a particular service or transaction. These documents identify individuals as users or beneficiaries of a particular service like

Given their diversity, these systems are not inter-related or inter-connected, and provide limited scope for data sharing and authentication of personal identity.

- 1.5 **The NIDS aims to preserve the universal right to personal identity providing a secure and safe environment for citizens and legal residents identity information. The main problem to be addressed by this project is the high transactional costs<sup>6</sup> associated with identity verification for citizens and providers delivery of services, both in the private and public sectors.** The current identity management system imposes high transactions costs on citizens, public agencies and the private sector. To access public and private services, citizens are commonly required to present multiple documents to prove their identity. For instance, to obtain a passport, citizens are frequently required to present up to three types of documents, including a birth certificate, a driver's license, an electoral card, as well as certified photographs.<sup>7</sup> The variety of documents required obliges citizens to make multiple trips to public and private sector institutions first to obtain these documents and then to present them in order to access the service. This imposes a significant burden on time and resources. For example, it is estimated that the average passport application process has an overall transactional cost of US\$115.09 per passport (equivalent to 96 times the hourly minimum wage<sup>8</sup>).<sup>9</sup> With approximately 200,000 passport applications per year, this translates to an annual transactional cost of US\$23 million and 1.05 million hours spent in obtaining passports.
- 1.6 **The current system also imposes important costs on government.** Ministries, Departments and Agencies (MDAs), which must undergo costly identity verification processes. The current situation forces institutions to invest in additional staff dedicated to perform identity verification tasks and storage space to adequately preserve all physical documents. More than half of the administrative steps required for the processing of a National Insurance Scheme (NIS) enrollment are associated with identity verification and manual inputting of associated information. Such is the burden of identity verification that the NIS currently employs 42 people dedicated only to this task, with an aggregate annual salary of over US\$296,000.<sup>10</sup>
- 1.7 The costs of identity verification have a similar negative effect on the private sector. For example, in the financial sector, to open a bank account clients are required to present at least three different proofs of identity plus two references, certified by a Justice of the Peace.<sup>11</sup> These burdensome requirements may result in a denial of service or customers giving up in the process and generate an estimated transactional cost of US\$92.86 (equivalent to 77 times the hourly minimum wage) to an individual to open a bank account.<sup>12</sup> With an average of 120,000 new bank

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<sup>6</sup> Transactional costs refer to the sum of all costs associated with providing or accessing a service.

<sup>7</sup> These photographs must be certified, usually by a Justice of the Peace.

<sup>8</sup> [The hourly minimum wage in Jamaica is US\\$1.20 \(JA\\$155\).](#)

<sup>9</sup> Transactional Costs survey done in public and private sector entities, 2016, (Analysis - [Main document in Word](#)).

<sup>10</sup> Transactional Costs survey done in public and private sector entities, 2016.

<sup>11</sup> Bank of Jamaica (BoJ), "Guidance Notes on the Detection and Prevention of Money Laundering and Terrorist Financing Activities", 2016.

<sup>12</sup> Transactional costs survey done in public and private sector entities, 2016, (Economic Analysis - [Excel document](#)).

accounts opened every year,<sup>13</sup> this translates into an annual transactional cost estimated at US\$11.1 million and 1.43 million hours spent in opening new bank accounts. For banks, the transactional cost of identity verification for the same procedure is estimated of US\$4.4,<sup>14</sup> only considering the value of employees' time,<sup>15</sup> with an aggregate annual cost of US\$528,000.

- 1.8 **The first specific problem is the fact that Jamaica does not have a universal and reliable identification system.** A universal identification system refers to the extent of coverage of the identification system to include the entire population. A reliable form of identification refers to the system attributing to each individual a single identification number, facilitating the integration of individual records across a wide range of data registers and having enough attributes to allow credible verification of an individual's identity.
- 1.9 This specific problem can be measured in the following ways in terms of universality and reliability:
- a. **Universality of the current functional documents.** Due to the absence of a NIDS, four main functional documents, are being primarily used by citizens for identification purposes: the TRN issued by Tax Administration Jamaica (TAJ), the driver's licence also issued by TAJ, the passport issued by the Passport, Immigration and Citizenship Agency (PICA) and the electoral card issued by the Electoral Office of Jamaica (EOJ). None of these documents were designed to meet the purpose of identity verification, but rather to meet the objectives of the respective issuing organizations.<sup>16</sup> Given the specific purpose of these documents, none of them covers, or intends to cover, the whole population. For instance: (i) only citizens over eighteen can have a driver's licence and only 22% of the total population have active driver's licences currently registered;<sup>17</sup> (ii) according to the voter's list, 78% of the whole population is registered and have an electoral card;<sup>18</sup> (iii) 58% of the population has a passport;<sup>19</sup> and (iv) there are 2.7 million TRN numbers registered, including active, inactive, deceased and visitors.<sup>20</sup>
  - b. **Reliability of the current functional documents.** One of the main problems of these functional documents for identity verification is reliability. For instance, for the TRN, the most widely used document, 29,124 numbers

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<sup>13</sup> BoJ, 2016.

<sup>14</sup> Transactional costs survey done in public and private sector entities, 2016, (Economic Analysis - [Excel document](#)).

<sup>15</sup> This does not consider the cost of storage space for banks, as they need to maintain physical records for no less than five years to comply with Anti-Money Laundering (AML) standards.

<sup>16</sup> For instance, the TRN has as objective to identify individual taxpayer, businesses and other types of organizations, as well as providing an identification number to any individual who wishes to make a payment to the Government of Jamaica (i.e. a tourist in Jamaica who wants to pay a traffic ticket needs to obtain a TRN number). In the same sense the driver's licence has as objective to identify the persons able to drive, the passport identifies Jamaican citizens for international travel and the electoral card identifies the persons registered on the voter's list.

<sup>17</sup> This is equivalent to 600,000 active driver's licenses. Information provided by TAJ.

<sup>18</sup> This is equivalent to 2.1 million persons; nevertheless, the voter's list has suffered from multiple registrations and difficulties identifying the true identity of electors. Information provided by EOJ.

<sup>19</sup> Information provided by PICA.

<sup>20</sup> This number is not included in % of the population, because it includes businesses, visitors and others, who have a TRN to make transactions with the government. Information provided by TAJ.



(1.07% of the total numbers in the database) have been retired in data cleaning processes, due to suspicion of duplications. Additionally, the document only provides a number and a bar code, but doesn't carry any biometrics or security marks. To obtain a TRN, the birth certificate produced by the RGD is required, but the absence of interconnectivity between RGD and TAJ in some cases may contribute to fraud, as no electronic identity verification is possible. In the case of the driver's license, the TRN is the required "breeder" document,<sup>21</sup> creating the possibility of obtaining multiple driver's licenses with multiple TRN. At the same time, the lack of interconnectivity with other data bases and the absence of biometrics makes it easier for fraudulent cards to be produced. For the passport, on average 84 confirmed cases of duplicated identity are discovered annually. There is no interconnectivity with other databases and even though one form of biometric data is linked to the document, the authenticity of the "breeder" documents presented is not verified. Finally, regarding the electoral card, there is no document required for identity verification in the application process. Even though it captures one form of biometric data, there is no interconnectivity with other databases, making it easier for an identity to be compromised.

1.10 The main determinants associated with the first specific problem are:

- a. **Jamaica lacks an institutional framework for identity management.** A legal and institutional framework for civil registration and identification, as well as its administrative robustness, are critical for the establishment of any identification system.<sup>22</sup> Currently, three entities (TAJ, PICA and EOJ) are issuing functional documents that, in the absence of an identification system, have been used as identity documents. Nevertheless, none of these entities has in its objective or mandate the management of civil identity.<sup>23</sup>
- b. Significant deficiencies in the current civil registry prevent the provision of a "breeder" document for an identification system. The RGD faces the following problems: (i) the limited scope of digitization of civil records, with only 569,653 records digitized, hindering electronic storage and retrieval of records;<sup>24</sup> (ii) birth and death records are not linked, nor are records for other life events, which weakens the system's ability to prevent identity theft; and (iii) 27% of deaths go unregistered, and for those that are registered, there are issues related to the validity, precision, completeness and timeliness of registration.<sup>25</sup>
- c. **The current information and communication technologies infrastructure is inadequate for the establishment of a NIDS.** An identification system is almost by definition "dispersed", meaning that multiple locations across the country should be involved in the service, either as an enrollment office or as a client institution using the identity verification services. In order to provide high-quality identification services, all actors involved in the system must be

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<sup>21</sup> "Breeder Document" refers to the document used to access other forms of legitimate identification.

<sup>22</sup> World Bank, "Identity for Development. Strategic Framework", 2016.

<sup>23</sup> The National Identification and Registration Act establishes the creation of the NIRA, whose mandate is the management of the civil identity.

<sup>24</sup> OPM, "National Identification System, Business Processes Review", 2016.

<sup>25</sup> Vital Statistics Commission of Jamaica, "Quality and Completeness of death registration", 2015.

inter-connected in real-time. The alternative would be to exchange information physically, not electronically, with all the disadvantages in time, costs and quality. Unfortunately, in Jamaica, Government data networks are operating in only 22 MDA (19% of the total MDA),<sup>26</sup> which rely mostly on internet-based connections that do not comply with security standards for identity verification.

- d. The current physical infrastructure is limited and is not equipped to capture the information needed to generate a secure identity document. Firstly, geographical coverage of the main entities that provide functional documents is limited. In the case of PICA there are only 9 offices and 31 in the case of TAJ, with no mobile registration units and limited coverage in the rural areas. Adequate coverage of enrollment sites is critical for the establishment of a universal identification system. Secondly, although two institutions, PICA and EOJ, capture biometrics during registration, the equipment used is outdated and there is neither a database for the central storage of biometric information nor the hardware and software necessary for identity management.<sup>27</sup>
  - e. **There are limited identity verification services in the public and private sector.** Electronic cross-reference checks to ensure the validity of certificates used to obtain any functional document (i.e. TRN, driver's license, etc.) have not been established. To access services, only one of the main entities providing functional documents (TAJ) has established a "subscription system" for document verification with 14 ministries and 17 private sector companies<sup>28</sup> through which the validity of a TRN number can be verified electronically.
- 1.11 The second specific problem is related to the reduction in the constraints experienced in accessing birth certificates, especially for mothers and persons with special needs. The absence of a birth certificate increases the transactional costs associated with the access to services like education. For instance, in the case of school enrolment, children that do not have a birth certificate cannot be officially enrolled and are required to travel to an RGD office and pay for a birth certificate.<sup>29</sup> In addition, having a birth certificate plays a critical role in identification, as the birth certificate serves as the "breeder document" for the acquisition of most types of functional documents and, most importantly, for a new national identification document.<sup>30</sup> The challenges encountered accessing birth certificates affect two segments of the population in particular: mothers and persons with special needs.
- 1.12 Firstly, it is noted that in Jamaica, 72% of the births are registered by the mother only, while 28% are registered by both the mother and the father.<sup>31</sup> This specific problem reveals a gender challenge, as the main responsibility for children's civil registration and birth certification is mostly assumed by the mothers.<sup>32</sup> This is

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<sup>26</sup> Information provided by OPM.

<sup>27</sup> Identification systems significantly gain efficiency and reliability when they are based on biometrics, that nowadays are based on information technologies for enrollment, verification and comparisons between individuals. IT systems for biometrics are more effective and efficient than previous paper-based technologies. Biometric comparisons that used to take weeks can be now performed in seconds and enrolment errors are detected and corrected by algorithms thus improving information quality.

<sup>28</sup> Information provided by TAJ.

<sup>29</sup> Unicef, "Every Child's Birth Right Inequities and trends in birth registration", 2013.

<sup>30</sup> Secure Identity Alliance, "Civil Registry Consolidation", 2015.

<sup>31</sup> RGD Published Birth Statistics, 2013.

<sup>32</sup> There is currently no legislation that makes it compulsory for the father's name to be on their child's birth

aggravated by the large number of female-headed households, which have a higher incidence of poverty, and are therefore more affected by the high transactional costs.<sup>33</sup> In addition, the process of registering a birth and obtaining a birth certificate are separate transactions in Jamaica. Furthermore, it is expected that some births will be registered in hospitals through bedside registration. RGD is present in all public hospitals, where 98% of the births occur.<sup>34</sup> However, only 30.7% of women register their children through electronic bedside registration due to the resource constraints of the RGD.<sup>35</sup> For those births not registered through bedside registration, it is the responsibility of the parent to go to an RGD office to register the birth. In addition, for both cases, parents must return to an RGD office to collect the child's birth certificate. The abovementioned data highlights efficiency problems with the process, as well as the level of accessibility of birth certificates and transactional costs. It is estimated that it costs an average US\$64.5 (equivalent to 53 the hourly minimum wage) to register a newborn and to obtain the birth certificate.<sup>36</sup> These costs are associated with transportation for the different trips to RGD offices, payment for the copy of the mother's birth certificate,<sup>37</sup> and the salary loss associated with the time used for this process. These costs increase as the distance to the civil registry office from the birth place or the residence of the parents increases.<sup>38</sup>

- 1.13 Secondly, in the case of persons with special needs, 90% of those registered with the Jamaica Council for Persons with Disabilities (JCPD) do not have birth certificates.<sup>39</sup> In the case of persons with special needs, the challenges experienced in obtaining a birth certificate are greater. It is estimated that, on average, the cost for a person with special needs to obtain a birth certificate is US\$72 (equivalent to 60 times the hourly minimum wage), provided that they have already been registered at birth.
- 1.14 The main determinants associated with the second specific problem (related to the reduction in the constraints experienced in accessing birth certificates, especially for mothers and persons with special needs) are:

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certificate. According to the Registration (births and deaths) Act, the father's name is only automatically added to a child's registration when the parents are married and when a father who is not married to the mother, appears at the time of registration and completes the form with his particulars and accepts paternity. There are no cases of registration only by the father in RGD statistics.

<sup>33</sup> According to the Jamaica Survey of Living Conditions 45.6% of households in Jamaica are Female-Headed, and 59% of these households are considered to be poor (quintiles 1 and 2).

<sup>34</sup> RGD, vital statistics report.

<sup>35</sup> RGD Statistics, 2016.

<sup>36</sup> Calculations based on survey done in three public sector entities and Banks, 2016.

<sup>37</sup> For birth registration of the child, the mother's birth certificate is required.

<sup>38</sup> Corbacho, A. et al. (2012), "Travelling the Distance: A GPS-Based Study of the Access to Birth Registration Services in Latin America and the Caribbean", Inter-American Development Bank (IDB). Quantitative analysis for countries in Latin America and the Caribbean, including Jamaica, shows that the cost of registration (out-of-pocket and indirect) and distance to the registration office increases the transactional costs of civil registration for mothers and determine whether parents register their children. The results suggest that increasing the distance to the nearest registry office by 25 kilometers is associated with a 4 percentage point increase in the probability of not registering a child's birth in Bolivia, and 12 percentage points in the Dominican Republic. These effects are as or more important than other socioeconomic characteristics that also affect birth registration, such as maternal education levels and the ability to deliver in a health center.

<sup>39</sup> JCPD, 2015. According to the Census Jamaica has 163,206 persons with special needs, while the JCPD has only 29,400 on their database.

- a. **Limited number of RGD (Civil Registry) offices.** The RGD is Jamaica's sole repository of birth, marriage and death records. Currently, the RGD has only 10 branches, resulting in 4 parishes not being serviced and limited coverage in rural areas. There is one civil registry office per 270,000 inhabitants, a proportion significantly above the average for other countries in the region.<sup>40</sup> The limited coverage of RGD offices, increases the costs to access birth registration services and obtaining a birth certificate.
  - b. **RGD (Civil Registry) has limited resources for reaching and providing adequate service delivery for persons with special needs.** Currently, the RGD only has one (1) mobile unit, which limits its capacity to reach citizens with mobility challenges, in accessing birth registration services and birth certificates. Furthermore, the RGD does not have sufficient staff trained to provide adequate services to persons with mental, physical, intellectual or sensory disabilities.
- 1.15 **Justification.** Having identity documents simplifies the interaction between the citizen, the public sector and the private sector by removing the burden of proof of identity each time individuals request services. The Government of Jamaica is therefore seeking to establish a NIDS, which will implement a reliable and universal method of authenticating an individual's identity. Each person registered under the NIDS will be issued with a NIN, which will be their unique identification number in the system. Information captured through registration for a NIN will be stored in a secure NCID. The use of the NIN as the primary key, will enable interconnectivity of the NIDS database and all records within existing Government databases.<sup>41</sup>
- 1.16 The implementation of the NIDS will simplify identity verification procedures and thus increase efficiency in the provision of transactional services in both the public and private sectors. Efficiency gains are expected to be generated in several ways. The uniqueness and reliability of the new identification and the significant range of information it contains about its holders will reduce the need to request multiple documents for identity verification purposes. For citizens, the consolidation of identity verification around the new ID will reduce the number of journeys between their residences and the points of service to gather required documentation. For service providers, it will reduce the number of documents needing review and thus the time required to do so. Additionally, the availability of identity information stored digitally within the identification document will reduce the burden for manual verification and inputting of data. All the gains in administrative efficiency are expected to produce shorter wait times for citizens.<sup>42</sup> Furthermore, the reduction in transactional costs will imply a reduction in the number of trips citizens have to make to public and private sector entities,<sup>43</sup> and therefore have an impact on Greenhouse Gas (GHG) emissions and the mitigation of climate change.<sup>44</sup> The

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<sup>40</sup> A study done by the IDB (2016) in 11 countries of the region shows that the average is one office per 65,700 inhabitants.

<sup>41</sup> See [NIDS Concept Note](#).

<sup>42</sup> Multiple functional documents and the absence of a unique and reliable identification system can result in inefficiencies, and high administrative and transactional costs for citizens and institutions. World Bank (2016), "Identity for Development. Strategic Framework", shows that in Morocco the operation of government agencies under different ID documents that were not harmonized, depending on individual or household identification, generated high administrative burden arising from the lack of a reliable unified system.

<sup>43</sup> This has been calculated based on the Transactional Cost survey done in private and public entities, 2017.

<sup>44</sup> Jamaica expressed in the [United Nations Framework Convention on Climate Change \(UNFCCC\)](#) its clear

NIDS implementation will require: (i) the implementation of the new legal and institutional framework; (ii) the implementation of a NIN and an identity management system; and (iii) an important set of activities aimed at facilitating the adoption of the NIDS by citizens, MDAs and businesses.

- 1.17 **Bank Experience and Lessons Learned.** This project has benefited from relevant lessons learned from other Bank operations that have supported the modernization of the civil registration and identification systems: (i) the Programme to Support the E-Government Management in Uruguay, phase I and II (1970/OC-UR and 2591/OC-UR); (ii) the Modernization of the National Civil Registration, Identification, Documentation System in Ecuador (2487/OC-EC); (iii) the Technical Cooperations (TC): Recovery of Identity in Huancavelica (ATN/OC-12005-PE); and (iv) Institutional Strengthening of the National Registry of Persons (ATN/II-13911-GU), the TC implemented in Jamaica: Design and Development of the NIDS in Jamaica (ATN/KP-12842-JA) and Civil Registration and Vital Statistics Systems Modernization Programme (ATN/OC-11745-JA);<sup>45</sup> and (v) the TC related to the Strengthening the Integrity of Financial Systems: Improving the Capacity (ATN/AA-13696-RG) and the Strengthening the Integrity of Financial Systems (ATN/AA-15291-RG), which support the Bank's Anti-Money Laundering (AML) agenda.
- 1.18 The main lessons learned from these projects are: (i) the design of digital solutions for public management must promote the participation of the different governmental agencies to strengthen the operational and institutional framework; (ii) institutional reforms must be accompanied by training programmes and good change management strategies; (iii) strengthening the network with local agencies can improve the coverage and quality of civil registration and identification services in vulnerable areas; (iv) business processes reengineering in the civil registry and identification agencies is key to providing better services; (v) the technological solutions must be aligned with the expected objectives and available resources; (vi) the involvement of the private sector is key to the development of identification systems; and (vii) proper communication strategies and education campaigns are key for improving the coverage of civil registration and national identification. The main lessons learned from the regional TC are: (i) the importance of the balance between enforcement, AML standards and financial inclusion; (ii) the importance of updating regulations related to AML in conjunction with the latest developments in international standards; and (iii) identification is critical in order for Banks to comply with AML. All these lessons learned were critical to the design of the activities, the understanding of the risks and necessary institutional arrangements for the project.
- 1.19 **Technical Cooperation to Support the NIDS Project.** The TC Enhancing Transparency and Service Delivery through the Implementation of the National Identification System (ATN/KR-16128-JA), currently approved, for the amount of US\$600,000 under the Public Capacity Building Korean Fund for Economic Development will provide operation support to this project. The objective of this TC is to complement this operation by coordinating strategic actions with the

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objective of reducing GHG emissions stemming from the transport sector.

<sup>45</sup> ATN/KP-12842-JA and ATN/OC-11745-JA were key to the development of this project. Both provided critical technical inputs that were used in the design of this project and for the preparation the National Identification and Registration Bill. Some of the main products have been included as electronic links in this document.

facilitating entities, improving their institutional capacity and creating linkages between the private and public sectors.

- 1.20 **Country alignment.** This project is aligned with the National Development Plan- Vision 2030 Jamaica. The establishment of a NIDS will contribute to the achievement of key 'Vision 2030' goals, including effective social protection, security and safety, effective governance, an enabling business environment, a technology-enabled society and improved national competitiveness. The project is also aligned to the strategic areas of the Medium Term Socio-Economic Policy Framework (2015-2018), namely, Development and Protection of Human Capital, National Security and Justice, Economic Stability and Competitiveness and Employment. Furthermore, the NIDS has been included as a key area in Jamaica's Stand-by-Arrangement with the International Monetary Fund (IMF) approved in 2016.<sup>46</sup>
- 1.21 **Strategic alignment.** This project is included in the 2017 Operational Programme Report (GN-2884). It is included as a strategic area under the improvement of the Public Sector Management and contributes to the strategic objective of strengthening the quality of administrative records included in the IDB Group Country Strategy with Jamaica 2016-2021 (GN-2868). The project is consistent with the Update to the Institutional Strategy (UIS) 2010-2020 (AB-3008) and is strategically aligned with the cross-cutting themes of: (i) Gender Equality and Diversity<sup>47</sup>; and (ii) Climate Change and Environmental Sustainability by increasing access to infrastructure services and quality public services. Additionally, the project will contribute to the Corporate Results Framework (CRF) 20162019 (GN-2727-6) output indicators of: (i) reduction of emissions with support of Inter-American Development Bank Group (IDBG) financing; (ii) government agencies benefitting from projects that strengthen technological and managerial tools to improve public service delivery;<sup>48</sup> and (iii) public registries strengthened.<sup>49</sup> According to the [Joint MDB Approach on Climate Finance Tracking](#), an estimated 35.58% of total IDB funding for this project is invested in climate change mitigation activities. This contributes to the IDB's climate finance goal of 30% of combined IDB and Inter-American Investment Corporation (IIC) operational approvals by year's end 2020. The project is also aligned with the Sector Strategy on Institutions for Growth and Social Welfare (GN-2587-2).

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<sup>46</sup> The NIDS is critical for the implementation of several activities outlined on the [Public Sector Transformation Policy](#).

<sup>47</sup> The operation's vertical logic and theory of change is related with "Increasing access to infrastructure services and quality public services" and is aligned with outcome "Increase in the number of women who register their children through bedside registration" and "Reduce the number of persons with disabilities without a birth certificate".

<sup>48</sup> This indicator is aligned with the following output indicators of the project: (i) Data center for the NIDS operating; (ii) card production site producing cards; (iii) MDA' employees trained in identity verification; (iv) Identity Management System Operating; and (v) Databases integrating the NIN.

<sup>49</sup> This indicator is aligned with the following output indicators of the project: (i) NIRA fully staffed and operating; (ii) Civil Records Digitized available in database; (iii) Mobile workstations for birth registration functioning; (iv) IT System for civil registration implemented; and (v) Communications Plan for the NIDS implemented.

## B. Objective, Components and Cost

1.22 The National Identification System (NIDS) aims to preserve the universal right to personal identity providing a secure and safe environment for citizens and legal residents identity information. The main objective of this project is to reduce the transactional costs associated with identity verification for citizens to access and providers to deliver services both in the private and public sectors in Jamaica. This objective will be achieved through: (i) the establishment of a reliable and universal identification system; and (ii) the reduction in the constraints experienced in accessing birth certificates, especially for mothers and persons with special needs.

1.23 **Component 1. Implementation of the Legal and Institutional Framework for the NIDS (US\$14.9 million).**<sup>50</sup> The objective of this component is to support the implementation of the legal and institutional framework for the NIDS as established in the National Identification and Registration Act, 2017. This component will finance: (i) the establishment of the new NIRA, including defining its business model (sources of income, pricing policy, cost projections, etc.), organizational structure, design and implementation of a service delivery quality framework, training for NIRA's personnel,<sup>51</sup> as well as hardware and software; (ii) improvement of the civil registry, including digitization of the records in the civil registry, development and implementation of new software to consolidate the birth, marriage and death database,<sup>52</sup> and updated hardware; and (iii) the design and implementation of a communications plan and behavioral change strategy for the NIDS, focused on marginalized and vulnerable populations and that will help promote the usage of the NIDS by the citizens and the private sector.<sup>53</sup> This component will also finance: (i) mobile workstations for civil registration,<sup>54</sup> including tablets with biometric reading and capture capabilities, to scale up electronic bedside registration; and (ii) dissemination services for birth certificates and ID Cards. Regarding persons with special needs this component will finance: (i) mobile workstations for civil registration of these populations; and (ii) the sensitization and training in partnership with the JCPD for the NIRA's personnel on appropriate service delivery for persons with special needs.

1.24 **Component 2. Implementation of a unique NIN and National Identification Management System (US\$45.8 million).**<sup>55</sup> The objective of this component is to support the enrolment of the population in the NIDS and the implementation of a national identification management system.<sup>56</sup> This component will finance: (i) the

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<sup>50</sup> According to World Bank (2016) a legal and institutional framework for civil registration and identification, are critical for the establishment of any identification system.

<sup>51</sup> This will include training in identity verification and the usage of the Identity Management System.

<sup>52</sup> This new software will help to create a linkage between civil events.

<sup>53</sup> The communications strategy will support the enrollment strategy for the NIDS and special attention will be given to groups which may be considered as the more vulnerable or difficult target groups to be enrolled.

<sup>54</sup> These mobile workstations will be for civil registration. Component 2 considers the acquisition of mobile workstations for enrollment in the NIDS.

<sup>55</sup> In terms of external validity, Zelazny, F. (2012) shows that the implementation of a NIDS in India using biometrics improved reliability of identification and transparency. For example, over 7 million duplicate ration cards, 255,000 duplicate pensioners and 347,000 duplicate housing beneficiaries were discovered. This was equivalent to an estimated \$6M per month savings in ration cards, \$1.6 million per month from pensioners and a one-time savings of \$5 million in housing. Overall, the document indicates that the implementation of the Universal identification system in India led to savings of more than \$20B per year.

<sup>56</sup> While enrollment will be open to the general public since the start of the enrollment in September 2018, the enrollment strategy will target different groups in four phases: (i) phase I, public sector employees, diplomats



implementation of the national identification management system for all the Jamaican citizens and legal residents, including two biometric characteristics; (ii) the establishment of 43 enrolment sites for the NIDS in current offices of the Jamaica Post and any other sites as may be determined,<sup>57</sup> including hardware and software for capturing biometric data<sup>58</sup> and the acquisition of mobile enrolling stations for the NIDS, to bring the services closer to the citizens; (iii) the establishment of a card production site for the NIDS,<sup>59</sup> and (iv) the adaptation of the data centre for e-Gov Jamaica Limited to host the national identification management system;<sup>60</sup> and (v) secure data sharing interconnectivity for the enrolment sites, as well as public and private sector entities.

- 1.25 **Component 3. Streamlined identity verification for public and private sector (US\$4 million).**<sup>61</sup> The objective of this component is to support public and private sector entities for the adoption of the NIN, the adaptation and cleaning of their information systems and the implementation of identity verification through the NIDS. This component will finance: (i) a consultancy to conduct a comprehensive review of the existing financial sector regulations to ensure the adoption of the NIDS by financial institutions,<sup>62</sup> and also to strengthen them in light of the recent Financial Action Task Force (FATF) mutual evaluation report, especially in relation to recommendations related to Know Your Customer (KYC) and Customer Due Diligence (CDD); (ii) training in identity verification for employees of the Bank of Jamaica (BOJ), the Financial Services Commission (FSC) and the Financial Investigations Division (FID); (iii) modifications of information systems in selected MDA to adopt the NIN and cleaning of beneficiary databases; (iv) equipment for

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and a specific constituency that will be used for impact evaluation purposes; (ii) phase II, students, parents and guardians; (iii) phase III, senior citizens, college and university students; and (iv) phase IV, private sector employees and self-employed persons. For more details please see "[NIDS Technical Concept Note](#)".

<sup>57</sup> In order to ensure financial sustainability of the NIDS different public sector institutions were assessed as possible enrollment sites. The JP was selected by the Government of Jamaica for the following reasons: (i) it is the only public institution with a distribution network of over 250 sites with island wide coverage; (ii) it can provide major savings by utilizing existing staff and distribution network, further contributing to the NIDS sustainability; (iii) it has an available building with high level security and space for card production, linking with the JP central sorting office; (iv) it is an essential service with available spaces to FastTrack the setup of enrolment centers without construction; and (v) it is also utilized by the Programme of Advancement Through Health and Education (PATH) for the delivery of cheque payments to beneficiaries.

<sup>58</sup> Gine et al. (2010) conducted a randomized field experiment in rural Malawi on Dynamic Incentives in Rural Credit Markets in a very similar context to Jamaica where there is a lack of unique identification system and limited access to credit. The experiment shows that biometric information (fingerprinting) of borrowers in a context where a NIDS is absent reduces asymmetries of information and that in the absence of an alternative national identification system, fingerprints could serve as the unique identifier that allows individual to be identified across multiple databases.

<sup>59</sup> Muralidharan et al. (2016), through a randomized experimental evaluation show the impact of biometric smartcards like the one that intends to be implemented in the NIDS, have an impact on the reduction in transactional costs for beneficiaries of social programs as they received payments faster and more reliably, spent less time collecting payments, received a higher proportion of benefits, and paid less in bribes.

<sup>60</sup> To ensure sustainability of the NIRA the identity management system will be hosted in E-Gov Jamaica, the official Information and communication technology services provider for the government.

<sup>61</sup> Gelb and Clark (2013) showed that a large number of developmental applications of biometric technology supply identification and/or authentication services for a specific developmental purpose. For example, biometrics have been used in creating beneficiary registries and authenticating cash or in-kind transfers at the point of service or fingerprint technology has been used for at least 20 years as a means of authentication of clients for commercial transactions in the financial sector.

<sup>62</sup> This review will be done in coordination and as an input for the BoJ, the Financial Services Commission (FSC) and the Financial Investigations Division (FID) in the Ministry of Finance and Public Service (MoF&PS) in charge of the regulation of the financial institutions. These institutions participate in the Working Groups of the ITF of the NIDS. The POM will include ITF's detail composition and functions.



MDA to capture biometric information, like cameras and fingerprint scanners; and (v) appropriate capacity building for all relevant MDAs in identity verification, data analysis and other related areas.<sup>63</sup>

- 1.26 **Beneficiaries.** The main beneficiaries of this project will be the citizens of Jamaica particularly those who face high costs associated with proving their identity to access public and private services. The Government and private sector institutions will also benefit from this project, as these entities will reduce the costs associated with identity verification.

### C. Key Results Indicators

- 1.27 The main impact of this project will be the reduction of transactional costs associated with identity verification for citizens to access and providers to deliver services both in the private and public sectors. The following outcomes will contribute to the expected impact: (i) number of citizens enrolled in the NIDS; (ii) reduction in the number of persons with special needs without a birth certificate; (iii) improvement in the reliability of identification; (iv) improvement in identity verification through the NIDS; (v) increase in the number of women who register their children through electronic bedside registration; and (vi) reduction in the transactional costs associated with identity verification for public and private service providers and citizens.<sup>64</sup>

- 1.28 **Economic Analysis.** The project is expected to reduce transactional costs associated with service provision in the public and private sectors by consolidating the identity verification process around the new identification, thus reducing the number of trips necessary per transaction, and expediting processing times for service providers and citizens. The ex ante economic analysis of the project estimated the monetizable benefits of the project associated with the implementation of the NIDS. Specifically, it estimated reductions in transactional costs for: (i) passport applications (new passports and renewals); (ii) NIS applications; (iii) opening a new bank account (for citizens); and (iv) opening a new bank account (for banks). The cost contemplated in the analysis is the entire value of the loan, US\$68 million, given that all loan activities are essential to produce the expected impacts. In the baseline scenario, the analysis produces a benefit-cost ratio of US\$1.89 (meaning that for every dollar the project invests, it produces US\$18.9 in benefits), an internal rate of return of 36% (clearing the IDB threshold of 12%) and a net present value of US\$40.2 million. In a conservative scenario (in which the demand for the services analyzed is 10% below projections), the results are still positive, with a benefit-cost ratio of US\$1.7, an internal rate of return of 32% and a net present value of US\$32.81 million. All estimates in this exercise are considered extremely conservative, as the analysis only contemplates a small

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<sup>63</sup> The MDA selected for the modification of information systems, equipment and training have been selected as the importance of the services they provide, the frequency of the interactions of the citizens with these services, as well as the readiness and willingness of the institutions to participate in the project. The following MDA have been selected: Ministry of National Security, TAJ, National Housing Trust, Ministry of Labor and Social Security, HEART Trust/National Training Agency and Ministry of Education, Youth and Information.

<sup>64</sup> These indicators are aligned with the indicators proposed by the World Bank for National Identification Systems on the Strategic Framework of "Identification for Development" and the Results Matrix (RM) (see Annex II). For more detail, see [Positive Externalities of the Project](#).

range of the public and private services that will benefit from reduced transactional costs resulting from the implementation of the NIDS.<sup>65</sup>

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing Instruments

- 2.1 This operation will be financed through a specific investment loan for an estimated total cost of US\$68 million chargeable to the Ordinary Capital (OC) of the Bank. Given the timeline of the project, an original disbursement period of six years is being proposed.

**Table 1. Project Budget (in US\$)**

Category	IDB
<b>Component 1: Implementation of the Legal and Institutional Framework for NIDS</b>	<b>14,923,000</b>
Establishment of the NIRA	5,637,000
Project Management and Coordination*	3,700,000
Improvement of the Civil Registry	3,332,000
Communications and Behavior Change	2,254,000
<b>Component 2: Implementation of a unique National Identification Number and National Identification Management System</b>	<b>45,894,000</b>
Data center and connectivity	10,824,000
Establishment of production site	867,000
Establishment of enrollment sites	4,585,000
Implementation of national identification management system	29,618,000
<b>Component 3: Streamlined identity verification for public and private sector</b>	<b>4,060,000</b>
Alignment of financial sector regulations for the adoption of the NIDS	460,000
Modifications of databases and biometric equipment in selected MDA	2,080,000
Training for employees in MDA in identity verification	1,520,000
<b>Auditing and M&amp;E</b>	<b>454,000</b>
<b>Contingencies</b>	<b>2,669,000</b>
<b>TOTAL</b>	<b>68,000,000</b>

\* This allocation relates to project management and coordination for all three (3) components of the project.

- 2.2 The disbursement period of the project will be six (6) years. Given the fiscal space and other limitations that could arise and the length of the procurement processes that may affect the project, it was agreed with the Government that the execution will be spanned over six (6) years to ensure that the desired outcomes and impact are achieved.

**Table 2. Project Disbursement Projections (in US\$)**

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
19,116,000	22,287,000	12,590,000	6,405,000	3,998,000	3,604,000	68,000,000

<sup>65</sup> See Economic Analysis.

**B. Environmental and Social Safeguard Risks**

2.3 According to the results of the IDB “Safeguards Policy Filter Report”, and the safeguard and Environmental Policies (OP-703), this operation is classified as Category “C”, given the low impact on environmental and social issues. The project will not finance any infrastructure or civil works.

**C. Fiduciary Risk**

2.4 As indicated in Annex III, the overall fiduciary risk of the project, which was evaluated using the Institutional Capacity Assessment System methodology, is deemed to be medium. Nevertheless, the evaluation indicates that the Office of the Prime Minister (OPM): (i) based on the current structures and fiduciary systems in place; and (ii) once it has the Project Executing Unit (PEU) established, will have the capacity to execute the project.

2.5 The following medium risks were identified:<sup>66</sup> (i) timely financial information for decision making, (ii) weak financial management capacity of the PEU; and (iii) lack of awareness of IDB procurement, disbursement and financial reporting procedures. To mitigate these risks, the following mitigation strategies were recommended for implementation: (i) acquisition of an accounting software that meets IDB minimum requirements for project financial reporting; (ii) recruitment of a procurement and financial specialist to be assigned to the project and identification of a dedicated area (physical space) to adequately house the PEU, their operations and file retention; and (iii) create capacity within the PEU through periodical training on IDB’s procurement and financial management policies, procedures and requirements.<sup>67</sup>

**D. Other Key Issues and Risks**

2.6 A risk analysis workshop was held with relevant stakeholders, during which of the six key risks identified, only one was rated as “high” and five were rated as “medium”. The project’s overall risk rating is medium. A summary of the risks and their corresponding mitigating measures is presented as follows:

**Table 3. Project Non-Fiduciary Risks (High and Medium)**

	<b>Risk</b>	<b>Mitigation measure</b>
Public Management and Governance	Medium: Delays in registering citizens or in the adoption of the NIDS-based identity verification services.	(i) Resources to support and advice MDAs and private actors will be available in order to change internal identity verification processes; and (ii) implementation of awareness campaigns that will promote the incentives for citizens of enrollment in the NIDS as well as businesses and institutions for using the NIDS for identity verification.

<sup>66</sup> These fiduciary risks were identified when the Bank conducted an independent Institutional Capacity Assessment, (ICAS) of the OPM, in April of 2017.

<sup>67</sup> For more detail, please see Annex III.

	<b>Risk</b>	<b>Mitigation measure</b>
Reputational	Medium: Trustworthiness of NIDS is questionable and/or public cases of fraud are committed while using NIDS verification services.	(i) Information security policy and procedures will be defined, approved and adopted for identification and civil registries management; (ii) an information security officer for NIRA will be appointed; and (iii) strong coordination with E-Gov Jamaica information security experts will be promoted.
Public Management and Governance	High: Weak coordination with other public institutions and with private sector may hinder project execution.	(i) Working groups integrated within the MDAs will be settled to coordinate the different activities of the project and their responsibilities; (ii) Memorandums of Understanding (MOU) will be signed between the OPM and MDAs to facilitate the work; and (iii) promoting consultations and engagement with the private sector for the adoption of the NIDS.
Public Management and Governance	Medium: Complex procurement processes and management of a complex new identity system could delay implementation.	(i) Experts on identity management systems will support the procurement and management process during the project; and (ii) an advisory committee on identity management with international experts will be established to support the Government of Jamaica during the implementation of the NIDS focusing on technical knowledge, good practices and lessons learned.
Fiscal Sustainability	Medium: The fiscal space allocated for the Executing Agency (EA) could be insufficient for the execution of the project.	A close dialogue will be maintained with the MOFPS to report the project progress and the PEU will foster dialogue with stakeholders for the fiscal space needed for seamless execution.

### III. IMPLEMENTATION AND MANAGEMENT PLAN

#### A. Summary of Implementation Arrangements

- 3.1 The Borrower is Jamaica and the OPM will be the Executing Agency (EA), One of the OPM's mandates is to support the Prime Minister in meeting constitutional responsibilities to provide quality leadership, strategic direction and control for an efficient, effective and economical Government. The OPM is the Government body with a wide enough mandate to ensure proper coordination among all concerned institutions.
- 3.2 The OPM will establish a PEU, which will be responsible for the project administration, including planning, budgeting, accounting, procurement implementation and monitoring and evaluation. The PEU will include a full-time Project Director, Project Coordinator, Financial Specialist, Procurement Specialist, and a Monitoring and Evaluation (M&E) specialist. Furthermore, the PEU will have staff working in the following areas: business processes, communications and change management, legal services, monitoring and evaluation, card and NIN management services and Information and Communication Technologies (ICT) services.

- 3.3 The PEU responsibilities will include: (i) preparation of semi-annual progress reports; (ii) preparation and implementation of the Annual Operating Plans (AOP); (iii) preparation of budgets, and disbursements; (iv) preparation of the Procurement Plan (PP); (v) financial administration of the project according to accepted accounting principles and presenting audited financial statements; (vi) ensuring the quality and efficacy of procurement processes and their compliance with both the policies of the Bank and that of the Government of Jamaica; (vii) ensuring the consistent alignment of expected project results with day-to-day project implementation as well as continuous data collection to enable the measurement of the indicators included in the RM (Annex II); and (viii) being project liaison with the Bank.
- 3.4 **Establishment and business model for the NIRA.** It is expected that the NIRA will be fully implemented by 2019, by which time both the civil registry (previously under RGD) and the NIDS will be operating under this new agency.<sup>68</sup> The PEU will remain in place until the end of the execution of the project. At this point, the PEU will keep the project administration responsibilities and support the transition of identity management activities into the NIRA. The OPM, as the EA of the project, will continue having overall responsibility for oversight of the implementation of the project. The Project Operating Manual (POM) will include detail information regarding the execution of the project, including the transfer of some responsibilities to NIRA.
- 3.5 **Governance structure.** An Implementation Task Force (ITF) has been established by OPM to provide high-level direction to the NIDS. The ITF will remain in place until the project is fully implemented. This ITF is chaired by OPM and integrated by high level officials of the main MDA related to the NIDS like BOJ, FID, Passport Immigration and Citizenship Agency (PICA), RGD, Tax Administration Jamaica (TAJ), Electoral of Jamaica (EOJ), the Jamaica Constabulary Force (JCF) and e-Gov Jamaica Limited. To complement the ITF, 5 technical working groups and one special working group have been established and implemented, to focus on different areas of the project such as: (i) security; (ii) communications and change management; (iii) legal issues; (iv) business processes; and (v) procurement. The special working group will focus on the establishment of the NIRA and RGD transition. These working groups are formed by representatives of different MDA with high technical expertise in the focus area of each group and their role is to provide technical inputs for the ITF. Both the ITF and the working groups have been operating since December 2016. The OPM started stakeholder consultations and engagement in early 2016, to ensure the adoption of the NIDS by the private sector. The stakeholders such as the Jamaica Bankers' Association and the Private Sector Organization of Jamaica are already involved and will start participating in the working groups. Two critical MOUs will be signed with e-Gov Jamaica Limited, and Jamaica Post. These two institutions are key to the NIDS because: (i) E-Gov Jamaica Limited will host the Identity Management System and provide IT support for the operation of the NIDS; and (ii) the enrolment offices for the NIDS will be located in current offices of Jamaica Post around the country.

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<sup>68</sup> The NIRA will be a Statutory Body under OPM.

- 3.6 **Programming.** Each fiscal year, the PEU will present an AOP, the Financial Plan and the PP to the Bank for its non-objection. The Fiduciary arrangements (Annex III) provide guidance on financial management and procurement execution during the execution of the project. Such arrangements have been developed based on the fiduciary context of Jamaica, the institutional analysis of the EA, and several meetings held between the project team and key personnel of the EA and participating entities.
- 3.7 **Project Operating Manual.** The POM will establish standards and procedures for the EA with regards to programming activities, execution plan, procurement audits, fiduciary management arrangements and Monitoring and Evaluation (M&E) arrangements, among others, which will govern project execution.
- 3.8 **Special contractual conditions prior to the first disbursement. The borrower, directly or through the EA, as the case may be, shall have presented evidence to the Bank that: (i) a PEU has been created and the following personnel has been selected pursuant to the terms of reference approved by the Bank: project director, project coordinator, procurement, financial, monitoring and evaluation specialists; (ii) the POM, including fiduciary management arrangements and execution plan, has received the Bank's non-objection; (iii) initial report prepared in accordance with the guidelines indicated by the Bank, including, the project's pluri-annual execution plan, the PP, financial plan and the RM has been submitted to the Bank; and (iv) Memorandums of Understanding signed with E-Gov Jamaica Limited and the Post and Telecommunications Department (Jamaica Post), specifying the collaboration activities to be performed by each one of these entities.** These conditions prior are essential in order to ensure: (i) the timely implementation of the project; and (ii) that there is an agreement with the main entities involved of the project of their role and the scope of the activities that they will be implementing in the framework of the project.
- 3.9 **Procurement.** The project will be carried out in accordance with the Policies for the Procurement of Works and Goods Financed by the Bank (GN-2349-9), and the Policies for the Selection and Contracting of Consultants Financed by the Bank (GN-2350-9), with the provisions established in the Loan Contract and PP. The Bank has approved the use of Jamaican Procurement Sub-system of Limited Tender/Restricted Bidding, for all contracts for works below the Bank's threshold for Price Comparison (up to US\$150,000) and contracts for goods and non-consulting services that fall within the Bank's threshold for the said method (US\$25,000). The supervision method for procurement will be ex ante until the PEU Procurement Specialist has gained experience in observing and executing Bank policies, procedures, and use of standard bidding documents.
- 3.10 The ex post modality may be recommended by the Procurement Specialist to the Team Leader depending on outcomes of supervision visits, if appropriate evidence is presented to demonstrate capacity to perform under the ex post supervision modality. Supervision visits will be performed every 12 months and as indicated in the project supervision plan. When ex post review is recommended, supervision visits will be performed jointly with financial management. When the procurement processes are carried out through the country system, the supervision will also be carried out through the country system.

- 3.11 **Advanced contracting.** The Borrower has expressed its interest in advancing the contracting of the NIDS, for an estimate of US\$30,000,000. The procurement procedures, including advertising, shall be in accordance with these policies in order for the eventual contracts to be eligible for Bank financing, and the Bank shall review the process used by the Borrower. The Borrower understands that any concurrence by the Bank with the procedures, documentation, or proposal for award does not commit the Bank to make a loan for the project in question. The main procurement process under advance procurement is the acquisition of the Identity Management System. An RFP for this procurement has been drafted. The procurement has been advertised and the Government of Jamaica is currently receiving proposals to select the short listed companies. If the contract is signed, reimbursement by the Bank of any payments made by the Borrower under the contract prior to loan signing is referred to as retroactive financing and is only permitted within the limits specified in the Loan Contract.
- 3.12 **Retroactive financing.** The Borrower has expressed its interest in retroactive financing. In accordance with the Bank's procurement policies, the Bank may finance retroactively eligible expenses for up to US\$13.6 million Dollars (20% of the proposed loan) incurred by the Borrower prior to the date of loan approval by the Bank's Board of Executive Directors. Nevertheless, it is projected that expenses under retroactive financing will be approximately in the amount of US\$700,000 (1.02% of the proposed loan). The eligible expenses will be related mainly to: (i) purchase of office equipment for the PEU; (ii) officers to staff the PEU; (iii) digitization of civil records of the RGD in Jamaica; (iv) hardware and software for RGD; (v) equipment for data centre and MDAs connectivity to the NIDS; (vi) establishment of the operational model for the NIRA, and (vii) modification of spaces. Pursuant to OP-507 (GN-2259-1), all expenditures incurred by the borrower prior to loan signing may be recognized only if they satisfy requirements substantially similar to those established in the loan contract. Furthermore, retroactive financing to be paid from the loan will only extend to expenses incurred after April 7<sup>th</sup>, 2017 (Project Profile approval date) and under no circumstances will cover expenditures incurred more than 18 months prior to the loan approval date.
- 3.13 **Disbursement.** The PEU will maintain strict control over the utilization of the advance of funds to ensure the easy verification and reconciliation of balances between the EA's records and IDB records. Eligible expenditures, authorized by the project team leader and incurred prior to the approval of this project will be reimbursed to the Borrower, in accordance with current Bank's policies. The project will provide adequate justification of the existing advance of funds balance, whenever 80% of said balance has been spent. Advances will normally cover a period not exceeding 180 days and no less than 90 days.
- 3.14 **Auditing.** The PEU will submit the following documents to the Bank: (i) Annual Audited Financial Statements (AFS) of the project, to be submitted within 120 days after the close of each fiscal period; and (ii) final audited financial statements, to be submitted within 120 days after the day of the last disbursement date of the project. The financial statements must be conducted by an independent external audit firm approved by the Bank.

## B. Summary of Arrangements for Monitoring Results

- 3.15 **Project monitoring will be based on the RM, the M&E arrangements, PP, and PEP.** Current Government data collection systems will be strengthened as part of the project to allow for data collection on all RM indicators. The PEU's M&E Officer will be tasked with maintaining data collection and monitoring systems. The AOP for the first 18 months of the execution of the project will be submitted within sixty (60) days after the entry into effect of the Contract. It will include: (i) an estimated budget; (ii) an updated PP; (iii) expected indicators for the RM; (iv) planned activities; and (v) schedule of implementation. The AOPs for each of the subsequent years will be submitted for the Bank's non-objection before November 30 of each calendar year, and will cover the activities to be carried out in the following year. Also, OPM will submit semiannual progress reports within 60 days of the end of each semester, containing: (i) narrative description of activities, procurement processes, and implementation issues for the reported period; (ii) RM indicator update; (iii) statement of costs by component activities and RM indicator; and (iv) identification of implementation risks/events and mitigation measures.
- 3.16 **Evaluation.** The EA will hire independent consulting services to conduct the project's mid-term and final evaluation.<sup>69</sup> The project will also ensure that technical assistance to build the government's own evaluation capacity is provided, thus complementing all external evaluations. The final evaluation will include an evaluation to provide more robust analysis on key outcomes for institutional capacity.
- 3.17 **Impact evaluation.** The evaluation methodology proposed is randomized promotion, a version of the instrumental variables approach.<sup>70</sup> The objective of the evaluation is two-fold: (i) test the effectiveness of different mechanisms that promote the enrollment of Jamaicans in the NIDS (such as phone calls, fliers and/or in-person visits); and (ii) measure the impact of having the new ID on individual-level development outcomes, such as ease of doing business with Government, access to public services and financial inclusion, as well as intangible outcomes, such as satisfaction with Government services and a sense of belonging in Jamaican society. The motivation for this evaluation is also twofold: (i) to identify cost-effective means to promote the rapid enrolment of Jamaicans in the NIDS, implement the optimal enrollment promotion strategy based on the evaluation results and thus meet the ambitious coverage targets; and (ii) generate evidence regarding the development impact of the NIDS in Jamaica and lessons learned as well as its implications for other countries in the region potentially interested in a similar reform.<sup>71</sup>

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<sup>69</sup> The mid-term and final evaluations will be carried out upon (i) commitment of 50% of loan resources or 30 months of project execution (whichever occurs last); and (ii) commitment of 90% of loan resources, respectively.

<sup>70</sup> This methodology is commonly adopted when the intervention to be evaluated (in this case, obtaining a new ID) cannot be randomly assigned due to logistical or ethical issues (i.e. it would not be feasible to randomly give some Jamaicans the new ID while denying it to others). The impact evaluation will be implemented after the first phase of enrolment under the project.

<sup>71</sup> Please see [Monitoring and Evaluation Arrangements](#).



Development Effectiveness Matrix		
Summary		
<b>I. Corporate and Country Priorities</b>		
<b>1. IDB Development Objectives</b>	Yes	
Development Challenges & Cross-cutting Themes	-Gender Equality and Diversity -Climate Change and Environmental Sustainability	
Country Development Results Indicators	-Reduction of emissions with support of IDBG financing (annual million tons CO2 e)*	
<b>2. Country Development Objectives</b>		
Country Strategy Results Matrix	GN-2868	Strengthen the quality of the administrative records.
Country Program Results Matrix	GN-2884	The intervention is included in the 2017 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
<b>II. Development Outcomes - Evaluability</b>		
		Evaluable
<b>3. Evidence-based Assessment &amp; Solution</b>		
		8.0
3.1 Program Diagnosis	3.0	
3.2 Proposed Interventions or Solutions	2.4	
3.3 Results Matrix Quality	2.6	
<b>4. Ex ante Economic Analysis</b>		
		10.0
4.1 The program has an ERR/NPV, a Cost-Effectiveness Analysis or a General Economic Analysis	4.0	
4.2 Identified and Quantified Benefits	1.5	
4.3 Identified and Quantified Costs	1.5	
4.4 Reasonable Assumptions	1.5	
4.5 Sensitivity Analysis	1.5	
<b>5. Monitoring and Evaluation</b>		
		10.0
5.1 Monitoring Mechanisms	2.5	
5.2 Evaluation Plan	7.5	
<b>III. Risks &amp; Mitigation Monitoring Matrix</b>		
<b>Overall risks rate = magnitude of risks*likelihood</b>		Medium
Identified risks have been rated for magnitude and likelihood		Yes
Mitigation measures have been identified for major risks		Yes
Mitigation measures have indicators for tracking their implementation		Yes
<b>Environmental &amp; social risk classification</b>		C
<b>IV. IDB's Role - Additionality</b>		
<b>The project relies on the use of country systems</b>		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury. Procurement: Information System, Price Comparison.
Non-Fiduciary		
<b>The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:</b>		
Gender Equality		
Labor		
Environment		
<b>Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project</b>		
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan	Yes	An impact evaluation with randomized promotion methodology is proposed to assess: (i) the effectiveness of different mechanisms to promote the enrollment of Jamaicans in the NIDS; and (ii) the impact of having the new ID on individual-level development outcomes.

Note: (\*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

The main objective of this project is to reduce the transactional costs associated with identity verification, for citizens to access and providers to deliver services, both in the private and public sectors in Jamaica. This objective will be achieved through (i) the establishment of a reliable and universal identification system; and (ii) the reduction of barriers in the access to birth certificates, especially for mothers and people with disabilities.

The problems and their determinants are adequately specified and quantified. The loan proposal clearly identifies the potential beneficiaries of the project. The project's vertical logic is clear and well specified. The link between interventions and problems is adequately established. However, the project does not present adequate evidence of external or internal validity of the proposed solutions.

The Result Matrix is adequately constructed and contains the required elements for monitoring project results. The proposed impact, outcomes and output indicators are SMART.

The loan proposal includes an ex ante Economic Analysis where the economic benefits have been clearly quantified and the costs reflect real resource costs to the economy. The estimated Net Present Value (NPV) is US\$ 40,2 million and the Internal Rate of Return (IRR) 36%. The assumptions used are clearly presented and a sensitivity analysis is performed undertaking variations in key assumptions.

The loan proposal includes an adequate monitoring and evaluation plan. It proposes an impact evaluation with experimental design to evaluate (i) the effectiveness of different mechanisms that promote the enrollment in the National Identification System (NIDS); and (ii) the impact of having the new ID on individual-level development outcomes, such as ease of doing business with government, access to public services and financial inclusion.

The documentation includes a risk matrix. One risk is classified as High. Mitigation measures are identified with adequate monitoring indicators.

**RESULTS MATRIX**

<b>Project Objective:</b>	The National Identification System (NIDS) aims to preserve the universal right to personal identity providing a secure and safe environment for citizens and legal residents identity information. The main objective of this project is to reduce the transactional costs associated with identity verification for citizens to access and providers to deliver services both in the private and public sectors in Jamaica.
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**EXPECTED IMPACT**

Indicators	Unit of measure	Baseline	Baseline Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	End of Project	Means of verification	Observations
<b>IMPACT #1:</b> Reduce the transactional costs associated with identity verification for citizens to access public and private services												
Average cost for citizens to open a bank account	US\$	92.86	2017							19.32	End of Project Transactional Costs survey done in public and private sector entities by OPM	This indicator is calculated with the sum of monetary and time costs (active time) associated with collecting all the documents required to prove identity to open a bank account
Average cost for citizens to register a passport application	US\$	115.09	2017							38.64	End of Project Transactional Costs survey done in public and private sector entities by OPM	This indicator is calculated with the sum of monetary and time costs (active time) associated with collecting all the documents required to prove identity to register a passport application

## EXPECTED OUTCOMES

Indicators	Unit of measure	Baseline Value	Baseline Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	End of Project	Means of verification	Observations <sup>2</sup>
<b>OUTCOME # 1:</b> Increase in the number of women who register their children through electronic bedside registration												
Women who register their children through electronic bedside registration	% of women	30.7 <sup>1</sup>	2016				95%			95% <sup>2</sup>	Yearly report produced by NIRA	This is the percentage of women who registered their children through bedside registration of the total registries per year.  "Pro-Gender" indicator
<b>Outcome # 2:</b> Reduce the number of persons with special needs without a birth certificate												
Persons with special needs registered in the JCPD without a birth certificate	% of persons with special needs	90%	2017						100%	100%	Yearly Report by the JCPD submitted to the NIRA	
<b>OUTCOME # 3:</b> Enrollment of the National Identification System (NIDS)												
NIDS coverage	% of total population with a National	0	2017								Yearly report produced by NIRA	

<sup>1</sup> RGD Statistics, 2016.

<sup>2</sup> Based the percentage of births in Hospitals. RGD Statistics, 2016.

Indicators	Unit of measure	Baseline Value	Baseline Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	End of Project	Means of verification	Observations <sup>2</sup>
	Identification Number (NIN)								75%	75% <sup>3</sup>		
<b>OUTCOME # 4:</b> Improvement in the reliability of identification												
Confirmation of identity through the NIDS	% of confirmed identity verifications	0							95%	95%	Yearly report produced by NIRA	This number refers to the successful identity verifications using the NIDS
<b>OUTCOME #5:</b> Improvement in identity verification services through the NIDS												
Identity Verification requests to the NIDS per year	# of identity verification requests to the NIDS	0								19,200 <sup>4</sup>	Yearly report produced by NIRA.	Usage of the NIDS for identity verification by public and private service providers
<b>OUTCOME #6:</b> Reduction in the transactional costs associated with identity verification for public and private service providers and citizens												
Average cost for a bank to open a bank account	US\$	4.4	2017						0.88	0.88	End of Project Transactional Costs survey done in public and private sector entities by OPM	This indicator is calculated with the sum of monetary and time costs (active time) associated with identity verification to

<sup>3</sup> Ott, A. (2009), shows that in the case of Estonia it the country 5 years to enroll 77% of the population (1 million persons). This is consistent with the example of India where it took 5 years to enroll 70% of the population.

<sup>4</sup> Information based on the number of verification requests through the TRN. Information provided by TAJ.

Indicators	Unit of measure	Baseline Value	Baseline Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	End of Project	Means of verification	Observations <sup>2</sup>
												open a bank account

### OUTPUTS

Outputs	Unit of measure	Baseline Value	Baseline Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	End of project	Means of verification	Observations <sup>2</sup>
<b>Component # 1:</b> Implementation of the legal and institutional framework for the NIDS												
1.1 NIRA fully staffed and operating	# of institutions	0	2017			1				1	Semestral Report produced by OPM on the implementation of NIRA	This includes the completion of the implementation of the civil registration and identification branches of the NIRA
1.1.1 Civil Records Digitized available in database	# of civil records in database	569,653 <sup>5</sup>	2017	1,500,000	1,500,000					3,000,000	Semestral report of Civil records available in the database produced by OPM	This includes birth/marriage/divorce/ death records
1.1.2 Mobile workstations for birth registration functioning	# of mobile workstations	0	2017		160					160	Semestral report produced by OPM	

<sup>5</sup> This is the current number of records that have been digitized by RGD. With the budget of the project it is expected that 3,000,000 additional records will be digitized.

Outputs	Unit of measure	Baseline Value	Baseline Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	End of project	Means of verification	Observations <sup>2</sup>
1.1.3 Communications Plan for the NIDS implemented	# of communications plans	0	2017						1	1	Semestral report produced by OPM	
<b>Component # 2:</b> Implementation of a unique National Identification Number and National Identification Management System												
2.1 Identity Management System Operating	# of identity management systems	0	2017		1					1	Semestral report produced by OPM	
2.1.1 Enrollment sites fully staffed, delivering cards	# of enrollment sites	0	2017		18	20	5			43	Semestral report produced by OPM	Enrollment sites ready for enrollment purposes
2.1.2 Card production site producing cards	# of card production sites	0	2017		1					1	Semestral report produced by OPM	
2.1.3 New identification cards delivered to citizens/residents	#of new cards	0	2017		330,000	500,000	400,000	595,000	200,000	2,025,000	Semestral report produced by OPM	
2.1.4 Data center for the NIDS operating	# of data centers	0	2017		1					1	Semestral report produced by OPM	
<b>Component # 3:</b> Streamlined identity verification for public and private sector												
3.1 Financial Regulatory entities with employees trained in identity verification	# of trainings	0	2017			3				3	Semestral report produced by OPM	The trained entities would be FSC, BOJ and FID. This will be "training for trainers"

Outputs	Unit of measure	Baseline Value	Baseline Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	End of project	Means of verification	Observations <sup>2</sup>
3.2 Databases integrating the NIN	# of databases	0	2017				6			6	Semestral report produced by OPM	Duplicated entries removed (MNS, TAJ, NHT, MLSS, HEART-NTA, MOE)
3.3 MDAs' employees trained in identity verification	# of trainings	0	2017				6			6	Semestral report produced by OPM	The trained entities would be MNS, TAJ, NHT, MLSS, HEART-NTA, MOE

## FIDUCIARY ARRANGEMENTS

<b>Country:</b>	Jamaica
<b>Project:</b>	JA-L1072 – Implementation of the National Identification System (NIDS) for Economic Growth
<b>Executing Agency:</b>	Office of the Prime Minister (OPM)
<b>Fiduciary Team:</b>	Naveen Umrao – Financial Management Specialist; Rene Herrera – Fiduciary Procurement Senior Specialist; Leon Ferguson – Procurement Consultant; and Martin Nesbeth – Financial Management Consultant

### I. EXECUTIVE SUMMARY

- 1.1 The fiduciary management evaluation of the program was performed during March and April 2017 using the Institutional Capacity Assessment System (ICAS) methodology, as well as through a series of meetings and interviews with the management team of the Office of the Prime Minister (OPM). The evaluation indicates that the program has a medium fiduciary risk, and as such, it is believed that the OPM: (i) based on the current structures and fiduciary systems in place; and (ii) once it has the Project Executing Unit (PEU) established, will have the capacity to execute the program.
- 1.2 The Government of Jamaica continues, with assistance from major donors, to address key improvements to its fiduciary systems. The donor community is committed to working with the Government of Jamaica to determine the extent to which the country fiduciary systems can be used for the administration of donor-financed projects.
- 1.3 Currently, the portfolio of the Bank is managed through the establishment of special project execution units for the majority of the projects. In addition, the Bank conducts a close operational supervision on these Project Execution Units, and provides training as needed on Bank's policies and procedures. At the country's fiduciary management level the employment of Financial Management Information System (FMIS) is implemented for treasury and financial administration. In regards to the country procurement systems, the Bank has approved the use of the Jamaican Procurement Sub-system of Limited Tender/Restricted Bidding, for all contracts for works below the Bank's threshold for Price Comparison (up to US\$150,000) and contracts for goods and non-consulting services that fall within the Bank's threshold for the said method (US\$25,000).
- 1.4 The ex post modality may be recommended by the Procurement Specialist to the Team Leader depending on outcomes of supervision visits, if appropriate evidence is presented to demonstrate capacity to perform under the ex post supervision modality. Supervision visits will be performed every 12 months and as indicated in the project supervision plan. When ex post review is recommended, supervision visits will be performed jointly with financial management. When the procurement processes are carried out through the



country system, the supervision will also be carried out through the country system.

- 1.5 The program, totaling US\$68 million, does not include local counterpart, nor financing from other multilateral organizations, and no subexecutors are envisaged.

## **II. FIDUCIARY CONTEXT OF THE EXECUTING AND IMPLEMENTING AGENCIES**

- 2.1 The OPM will be the Executing Agency (EA), in charge of executing this operation. Its mandate is to support the Prime Minister in meeting constitutional responsibilities to provide quality leadership, strategic direction and control for an efficient, effective and economical government. In addition, OPM is to build a participatory framework for the creation of a quality society which galvanizes the entire nation to achieve its potential.
- 2.2 The OPM currently has four (4) functional areas focusing on: Planning and Development, Information and Telecommunications, Local Government Reform and State Protocol & National Awards. It is guided by the Financial Administration and Audit Act (FAAA) for financial management, with its allocations being approved in the national estimates and further its receipt and expenditure subject to an annual audit by the Supreme Audit Institution (SAI) of Jamaica. As a central government agency, the OPM uses the Financial Management Information System (FMIS), as its accounting software system.
- 2.3 Overall, the ICAS reveals that the OPM is at a Medium Development (MD) stage which can then be translated to having with a medium level of risk, to execute the operation. A general description of the fiduciary context, further leads to a rating of medium risk, and includes the following:
  - a. The NIDS programme has a Program Operating Manual (POM) that outlines the applicable procurement procedures among other operational details.
  - b. The Financial Management Information System (FMIS) currently used by the OPM will not be able to meet some of the key functionalities of the NIDS programme.
  - c. There are currently no financial management personnel assigned or employed by the NIDS.
  - d. There is no authorized procedures manual in effect for financial management which is critical to the successful execution of the NIDS programme.

### III. EVALUATION OF FIDUCIARY RISK AND MITIGATION ACTIONS

- 3.1 The overall fiduciary risk of the program, which was evaluated using the ICAS methodology, is deemed to be medium. There were a few risks identified which are outlined below along with their respective risk rating and mitigation measures.

Risk	Risk Rating	Mitigation Measures
Timely financial information for decision making	Medium	Acquisition of an accounting software that meets IDB minimum requirements for program financial reporting. <b>Responsible party:</b> PEU/borrower <b>Timeline for implementation:</b> Prior to 1 <sup>st</sup> disbursement of the loan
Weak financial management capacity of the PEU	Medium	The Procurement Specialist and Financial Specialist personnel should be recruited and assigned to the program in a timely manner. Personnel should be suitably skilled and qualified and preferably with experience in managing donor funded projects. Capacity will also include identification of a dedicated area (physical space) to adequately house the PEU, their operations and file retention <b>Responsible party:</b> PEU/borrower <b>Timeline for implementation:</b> Prior to 1 <sup>st</sup> disbursement of loan
Lack of awareness of IDB procurement, disbursement and financial reporting procedures	Medium	Create capacity within the PEU through periodical training on IDB's procurement and financial management policies, procedures and requirements <b>Responsible party:</b> IDB <b>Timeline for implementation:</b> During program design and throughout program execution

### IV. ASPECTS TO BE CONSIDERED IN THE SPECIAL CONDITIONS OF THE LOAN CONTRACT

- 4.1 In order to facilitate the negotiation of the operation, outlined below are agreements and requirements which will be incorporated into the special conditions:
- a. **Rate of Exchange Agreed with the Executing Agency**  
For purposes of the justification of expenditures to the Bank (including reimbursement/recognition of expenditures, and local counterpart) the equivalent amount to be reported in the project or disbursement currency will be determined using the effect exchange rate used to convert the funds denominated in the project's currency to the local currency.
  - b. **Financial Statements and Reports**  
Annual Audited Financial Statements (AFS) for the program will be required, beginning with the fiscal year in which the first project expenditures were incurred. The AFS are to be submitted to the Bank within 120 days after the close of each fiscal period, in addition to Final Audited Financial Statements, which are due for submission to the Bank within 120 days of the close (last disbursement date) of the program. The AFS should report on the overall program, in the expressed currency of the Loan. The Audited Financial

Statements of the program should include, in addition to the basic financial statements and internal control report. The audit must be conducted by a Bank approved/eligible independent external audit firm (rank: level I or II eligibility).

## V. REQUIREMENTS AND AGREEMENTS FOR EXECUTION OF PROCUREMENT

### A. Procurement Execution

- 5.1 Procurements for the proposed project will be carried out in accordance with the Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank (GN-2349-9) of March 2011, and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (GN-2350-9) of March 2011, with the provisions established in the Loan Contract and the procurement plan.
- a. **Procurement of Goods, Works, and Non-Consulting Services:** The procurement plan for the Implementation of the National Identification System (NIDS) for Economic Growth covering the first 18 months of project execution will indicate the procedure to be used for the procurement of Goods, the contracting of Works and Non-Consulting Services. The review of technical specifications in all cases, during the process of selection is the responsibility of the sector specialist of the Project.
  - b. **Procurement of Consulting Services:** The procurement plan for the Implementation of the National Identification System (NIDS) for Economic Growth covering the first 18 months of project execution indicates the procedure to be used for the procurement of consultancy services, and the method of selecting consultants. The Borrower is responsible for preparing and implementing the project, and therefore for preparing the Terms of Reference (TOR), short lists, selecting the consultants, and awarding and subsequently administering the contract, with Bank supervision.
  - c. **Selection of Individual Consultants:** Individual consultants are employed on assignments for which: (i) teams of personnel are not required; (ii) no additional outside (home office) professional support is required; and (iii) the experience and qualifications of the individual are the paramount requirement. Individual consultants are selected on the basis of their qualifications for the assignment. Advertisement is not required<sup>1</sup> and consultants do not need to submit proposals. Consultants shall be selected through comparison of qualifications of at least three candidates among those who have expressed interest in the assignment or have been approached directly by the Borrower. Individual consultants may be selected on a sole-source basis with due justification in exceptional cases. This will be carried out in accordance with Section V (Selection of Individual Consultants) of GN-2350-9 paragraphs 5.1-5.4.

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<sup>1</sup> However, in some cases borrowers may consider the advantage of advertising at their option.

- d. **Recurring Expenses:** Include payment of utilities and other office operating expenses of the PEU.
- e. **Use of Country Procurement Systems:** The Bank has approved the use of the Jamaican Procurement Sub-system of Limited Tender, for all contracts for works below the Bank's threshold for Price Comparison (up to US\$150,000) and contracts for goods and non-consulting services that fall within the Bank's threshold for the said method (US\$25,000). Procurement Information System has also been approved.
- f. **Advanced contracting:** The Borrower has expressed its interest in advancing the contracting of the NIDS, for an estimate of US\$30,000,000. The procurement procedures, including advertising, shall be in accordance with these Policies in order for the eventual contracts to be eligible for Bank financing, and the Bank shall review the process used by the Borrower. The Borrower understands that any concurrence by the Bank with the procedures, documentation, or proposal for award does not commit the Bank to make a loan for the project in question. If the contract is signed, reimbursement by the Bank of any payments made by the Borrower under the contract prior to loan signing is referred to as retroactive financing and is only permitted within the limits specified in the Loan Contract.
- g. **Retroactive financing:** The Borrower has expressed its interest in retroactive financing. In accordance with the Bank's procurement policies, the Bank may finance retroactively eligible expenses for up to US\$13.6 million Dollars (20% of the proposed loan) incurred by the Borrower prior to the date of loan approval by the Bank's Board of Executive Directors. Nevertheless, it is projected that expenses under retroactive financing will be approximately in the amount of US\$700,000 (1.02% of the proposed loan). The eligible expenses will be related mainly to: (i) purchase of office equipment for the PEU; (ii) officers to staff the PEU; (iii) digitization of civil records of the RGD in Jamaica; (iv) hardware and software for RGD; (v) equipment for data centre and MDAs connectivity to the NIDS; (vi) establishment of the operational model for the NIRA; and (vii) modification of spaces. Pursuant to OP-507 (GN-2259-1), all expenditures incurred by the Borrower prior to loan signing may be recognized only if they satisfy requirements substantially similar to those established in the loan contract. Furthermore, retroactive financing to be paid from the loan will only extend to expenses incurred after April 7<sup>th</sup>, 2017 (Project Profile approval date) and under no circumstances will cover expenditures incurred more than 18 months prior to the loan approval date.
- h. **Domestic Preference:** The bids for goods originating in the Borrower's country will have a Price preference equal to 15% in contracts under International Competitive Bidding.

Country Threshold Table (US\$) [www.iadb.org/procurement](http://www.iadb.org/procurement)

International Competitive Bidding Threshold *		National Competitive Bidding Range ** (Complex Works and non-common goods)		Consulting Services
Works	Goods	Works	Goods	International Short List
≥1,500,000	≥150,000	150,000 – 1,500,000	25,000 -150,000	≥200,000

\* When procuring simple works and common goods and their amount is under the International Competitive Bidding thresholds, Shopping may be used.

\*\* When procuring complex works and non-common goods with amounts under the NCB range, shopping shall be used.

## B. Procurement Plan (PP)

5.2 The procurement plan indicates the procedure to be used for the procurement of Goods, the contracting of Works or Services, and the method of selecting Consultants, for each contract or group of contracts. It also indicates cases requiring prequalification, the estimated cost of each contract or group of contracts and the requirement for prior or post review by the Bank. The procurement plan will be posted on the Bank's website ([Bank Procurement](#)) and will be updated annually or whenever necessary, or as required by the Bank.

## C. Main Procurement Activities

5.3 The main procurement activities financed with this operation are listed below:

Activity	Procurement Method	Estimated Date	Estimated Amount US\$
<b>Goods</b>			
Procurement of the National Identification Information System	ICB	3 Q 2017	29,300,000
Equipment for MDA Connectivity	ICB	3 Q 2017	1,900,000
<b>Firms</b>			
Selection of a firm for the establishment of the operating model of the NIRA	QCBS	2 Q 2018	400,000
<b>Individuals</b>			
Vetting Officers - QC Vetting Section	NIC	1 Q 2018	552,000

## D. Procurement Supervision

5.4 The supervision method for procurement execution will be established ex ante until the PEU Procurement expert has gained experience observing and executing Bank policies, procedures, and use of standard bidding documents. The ex post modality may be recommended by the Procurement Specialist to the team leader in accordance to outcomes of supervision visits, if appropriate evidence is presented to demonstrate capacity to perform under the ex post supervision modality. Supervision visits will be performed every 12 months and as indicated in the project supervision plan. When ex post review is recommended, the supervision visits will be performed jointly with the IDB Procurement specialist and the team leader. When the

procurement processes are carried out through the country system, the supervision will also be carried out through the country system.<sup>2</sup>

#### **E. Records and Files**

- 5.5 All records and files will be maintained by the PEU, according to accepted best practices, and be kept for up to three (3) years beyond the end of the operation's execution period.

### **VI. FINANCIAL MANAGEMENT**

#### **A. Programming and Budget**

- 6.1 Each year, the Ministry of Finance and Planning publishes a Budget Circular requesting the submission of estimates of income and expenditure from ministries and other agencies for inclusion in the National Budget for the following fiscal year, April to March.
- 6.2 The PEU will prepare annual estimates in the required format for the review and approval by the Permanent/Cabinet Secretary, which will be included in the Ministry's overall budget estimates. The estimates will consider the total cost of financing required for execution of the program. The budget is presented to Parliament before the close of the fiscal year. Once the budget is approved, amendments are made through the submission of Supplementary Budget by the Minister of Finance.
- 6.3 The Borrower has committed to allocate, for each fiscal year of project execution, adequate fiscal space to guarantee the unfettered execution of the project; as determined by normal operative instruments such as the Annual Operating Plan, the Financial Plan and the Procurement Plan.
- 6.4 Even though no counterpart resources are contemplated in the original project budget, the Borrower will undertake to provide all required resources for the total and effective completion of the project activities.

#### **B. Accounting and Information Systems**

- 6.5 Project accounting will be performed using a Bank approved accounting software, in accordance with the FAAA; IDB's financial management requirements; the modified cash basis of accounting, which is a comprehensive basis of accounting other an International Financial and Reporting Standards (IFRS). It is expected that the accounting system will facilitate the recording and classification of all financial transactions, provide information related to: planned vs. actual financial execution for the project; the financial execution plan for the next 180 days that will be attached to each request for Advance of Funds. Additionally, the list of commitments will also accompany any request for Advance of Funds.

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<sup>2</sup> The supervision may be complemented with project audits.

### **C. Disbursements and Cash Flow**

- 6.6 Whenever resources from the financing are requested through an Advance of Funds, they will be deposited into an account dedicated for the execution of this operation. The PEU commits to maintain strict control over the utilization of the Advance so as to ensure the easy verification and reconciliation of balances between the Executing Agency's records and IDB records (WLMS1).
- 6.7 Eligible expenditures, authorized by the PTL and incurred prior to the approval of this project will be reimbursed to the Borrower, in accordance with current Bank policy.
- 6.8 The project will provide adequate justification of the existing Advance of Funds balance, whenever 80% of said balance has been spent. Advances will normally cover a period not exceeding 180 days and no less than 90 days. The following disbursement methodologies will be used for the program:
- a. Reimbursement of Payments Made (will be minimally used).
  - b. Direct Payment to Supplier (for large foreign payments).
  - c. Advance of Funds (to facilitate the day to operations).
- 6.9 Generally, supporting documentation for Justifications of Advances and Reimbursement of Payments Made will be kept at the office of the PEU. Support documentation for direct payments will be sent to the Bank for processing. In light of the experience garnered from the current and former operations the modality for disbursement will be ex post.

### **D. Internal Control and Internal Audit**

- 6.10 The management of the project, at the level of both the Executing Agency and the PEU, will assume the responsibility for designing and implementing a sound system of internal control for the project. This will be bolstered with the addition of the program to the Ministry Internal Auditor's audit plan (on an every other year basis).

### **E. External Control and Reports**

- 6.11 For each fiscal year during project execution, OPM will be responsible to submit Audited Financial Statements for the project. These Financial Statements will be audited by an independent external audit firm approved by the Bank. A final AFS is to be submitted to the Bank within 120 days from the date of last disbursement.

## **F. Financial Supervision Plan**

- 6.12 Financial Supervision will be developed based on the initial and subsequent risk assessments carried out for the project. Financial, Accounting and Institutional Inspection visits will be performed at least once per year, covering, among other things, the following topics:
- a. Review of the bank reconciliation and supporting documentation for Advances and Justifications.
  - b. Review of compliance with the Program Operations Manual.
  - c. Conducting Ex Post Reviews.

## **G. Execution Mechanism**

- 6.9 The OPM will serve as the Executing Agency of the Program and will be responsible for implementation in accordance with the terms and conditions of the loan agreement. Execution function will include all aspects of planning, activity execution, operations monitoring and evaluation and reporting to the Bank and internal OPM management.
- 6.10 The PEU will have four strategic positions: one Project Director, one Project Coordinator, one Procurement Specialist and one Financial Specialist. The Project Director will enable smooth day-to-day operations of the program. The POM further describes the recommended PEU composition and their responsibilities. The PEU will be responsible for the administration of loan financing and procurement processes. Specific PEU duties include: (i) preparation of semi-annual progress reports; (ii) preparation, and implementation of the Annual Operating Plans (AOP); (iii) preparation of budgets, and disbursements; (iv) preparation of the Procurement Plan; (v) financial administration of the program according to accepted accounting principles and presenting audited financial statements; (vi) ensuring the quality and efficacy of procurement processes and their compliance with both the policies of the Bank and that of the Government of Jamaica; (vii) ensuring the consistent alignment of expected program results with day to day program implementation as well as continuous data collection to enable the measurement of the indicators included in the Results Matrix; and (viii) being program liaison with the Bank.



DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_/\_

JAMAICA. Loan \_\_\_\_/OC-JA to Jamaica  
Implementation of the National  
Identification System (NIDS)  
for Economic Growth

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with Jamaica, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the implementation of the national identification system (NIDS) for economic growth. Such financing will be for the amount of up to (US\$68,000,000) from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on \_\_ \_\_\_\_\_ 2017)