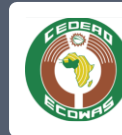




Financial Sustainability of National ID Ecosystems

May 2026



ECOWAS
CEDEAO



WORLD BANK GROUP

ID FINANCIAL SUSTAINABILITY

Why It Matters

Without financial viability, identity systems cannot serve their mission.

Why Financial Viability Matters

The foundation of any sustainable foundational ID system

ID Continuity of ID Services

Systems remain operational through fiscal cycles, political transitions, and crises — without interruption to citizens.

\$ Reduced Donor & Budget Dependency

Reduces vulnerability to government budget cuts, reduction in development aid, and shifting international priorities.

★ Innovation & Institutional Credibility

Financially stable agencies can invest in digital upgrades, attract skilled staff, and build public trust.

↗ Serving even the Hardest-to-reach Population

ID is a fundamental right, and financial sustainability entails that inclusion is not sacrificed to budget considerations.

EVERY COUNTRY FACES CHALLENGES ON THE PATH TO SUSTAINABILITY



How to move from donor-funded, or govt-funded to self-sustaining?



Who pays, how much, and through what mechanism?



How to continue delivering ID as a public service without forcing citizens to pay?



How to protect public values while recovering costs?

ID FINANCIAL SUSTAINABILITY

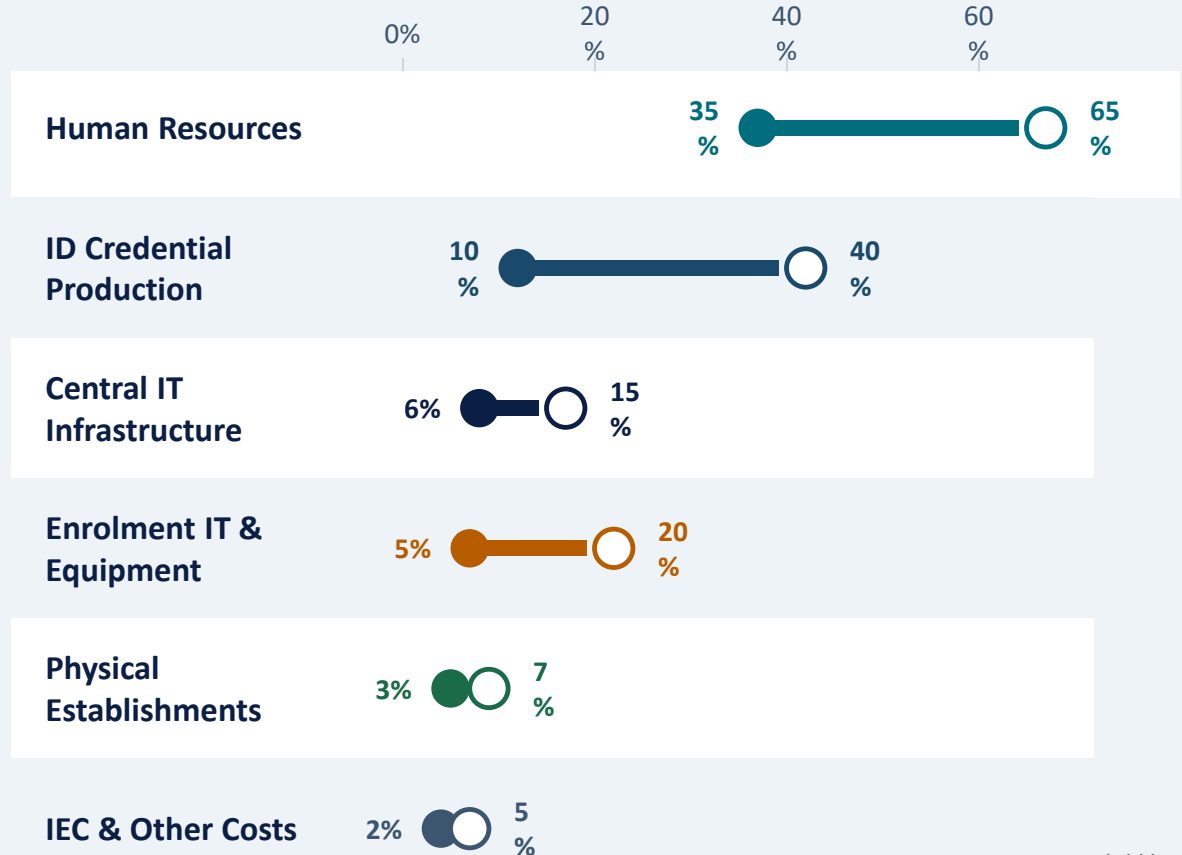
Cost Drivers

HR and credentials dominate. Ratios shift dramatically by country framework: from 35% to 65% on HR alone.

Source: ID4D Practitioner's Guide 2023 · World Bank

Key Cost Drivers for ID Systems

Typical % of total OPEX: range across different country models



ID FINANCIAL SUSTAINABILITY

Revenue Models

No single model fits all. The right choice depends on political economy, institutional capacity, and coverage goals.

Source: ID4D Practitioner's Guide 2023 · World Bank

Heuristic: Cost/Revenue Models for ID Agencies

No.	Revenue Model	What It Means	Real-World Example
1	Government Funded	Fully financed by state budget. Low or no user fees. Focused on inclusion.	India — UIDAI (Aadhaar)
2	Service fees-based Model	Citizens and institutions pay service fees. Revenue covers operational costs.	Kenya — eCitizen Portal
3	Diversification / Revenue Generating	Agency generates commercial revenue from capacity exporting and verification services.	Pakistan — NADRA / NTL
4	PPP / Outsourced Services	Private actors deliver ID services under concession/BoT-type arrangements.	Ghana — Ghana Card
5	Cost recovery-based Model	Fees are set to recover the functioning cost of the ID system, but no more.	Peru — RENIEC

ID FINANCIAL SUSTAINABILITY

3 Architectures

India

Aadhaar / UIDAI
1.4B+ enrolled

Peru

RENIEC
~33M enrolled

Kenya

eCitizen Portal
~30M users

Revenue Architectures: Pros & Cons

Real-world implementations across three different funding models

Publicly Funded

India: UIDAI (Aadhaar)

- Fully financed by government budget
- Focused on inclusion and universal access
- Low user fees or none

PROS: Inclusion, equity, universal reach

CONS: Fiscal dependence, political vulnerability

Fee-Based Cost Recovery

Peru: RENIEC

- Funded through state budget and usage fees
- Prioritises low-cost credentialing
- Efficient credential lifecycle management

PROS: Balance of inclusion and sustainability

CONS: Ramp-up period still vulnerable

Diversification / Revenue Generating

Pakistan: NADRA

- Service fees for IDs, passports, birth/death certificates
- Revenue retained by treasury or agency

PROS: Strong independence of operation

CONS: Few countries have potential to export their capacity; Tension between commercial and public interest

Introducing consideration for a Financial Sustainability Modelling Tool

We are suggesting co-developing a model for countries on their path to financial sustainability, which we will soon extend to ECOWAS countries before opening it up further. How the model works:

Information collection

Structured interviews and desk review to map the system's cost base, revenue streams, and institutional arrangements — validated with national teams against available documentation.

Assessment & Scoring

A standardized diagnostic across five dimensions — costs, revenue, governance, operations, and demand — producing a country scorecard and a shared baseline for policy dialogue.

Financial Modelling

Country-specific financial simulations across reform scenarios, identifying transition pathways and producing a phased roadmap co-developed with national counterparts.

THE FIVE AREAS THAT SHAPE THE JOURNEY ARE AT HEART OF THE MODEL

Financial sustainability is about more than revenue. It requires coordinating five critical aspects, which are captured through the World Bank ID Financial Sustainability Model.

01 Cost Structure

Understand the true total cost of running the system — CAPEX and OPEX — and identify what drives costs and what can be optimized.

02 Revenue Architecture

Map all revenue streams across citizens, government entities, and private sector — and identify gaps between what exists today and what is possible.

03 Enabling Conditions

Establish the legal authority to charge for services, the institutional capacity to retain revenue, and a regulatory environment that supports the model.

04 Operational Readiness

Ensure the system can reliably deliver on what it charges for — including managing vendor dependency and building in-house capacity.

05 Demand Trajectory

Understand who uses the system today, how usage is growing, and which sectors represent the strongest opportunity for sustainable revenue.

★ Sequencing matters — not all five can be tackled simultaneously. The assessment identifies where to start.

AND SUSTAINABILITY MUST NOT COME AT THE COST OF INCLUSION



People First

Financial sustainability is a means to serve people better — not a mandate to extract value from them.



Protect Access for All

First-time credential issuance should preferably always be free

Renewal fees should be means-tested; humanitarian and refugee enrollment should be carved out of any cost-recovery model



Don't Prevent Access To Services

Basic services should not require a fee for the citizen

Mandating ID service usage in regulated sectors should only be enforced once adult coverage reaches a defined threshold, and solutions should be offered to those without ID



Zero-Rate Essential Public Services

Authentication for social protection, health, and education should ideally be free for the delivering ministry

G2G pricing should be cost-sharing between agencies — not a revenue instrument applied to social programs



Safeguard Data Rights as Revenue Scales

A data protection framework should be in place before commercial attribute verification services are deployed

APIs should return yes/no answers, not raw data; track inclusion metrics (gender, rural, displaced) alongside revenue

FINANCIAL SUSTAINABILITY - FROM BASELINE TO JOURNEY

THE BASELINE

The Rapid Financial Sustainability Index (RFSI)

At the end of the assessment, countries receive a composite score across the three pillars.

The score is not a grade, it is a starting point.

≥ 2.5 **Advanced Sustainability**

2.0 – 2.49 **Emerging Hybrid**

1.5 – 1.99 **Transitional**

< 1.5 **Donor-Dependent / Fragile**

THE JOURNEY

Co-creating an effective path to sustainability

The assessment opens a structured, supported reform path — tailored to where the country actually stands.

1

Diagnose

Establish the baseline across all five areas

2

Prioritize

Identify the highest-impact reforms for the country's context

3

Sequence

Build a realistic, time-bound reform roadmap

4

Support

Embedded TA, peer learning, and integration into WB ops.

From Framework to Practice

The following case studies go deeper examining two interesting examples in the world, for which we recently collected data

Pakistan: NADRA

Two decades of full self-reliance. The G2B revenue framework in the developing world, with unique challenges of political economy.

Ethiopia: NIDP

A rapidly scaling foundational ID system building toward sustainability with unique challenges and emerging revenue streams.

Case Studies

Lessons drawn directly from field data & interviews

PAKISTAN - NADRA

What Was Built

227M+

Registered Identities

PKR 56B

Annual Self-generated Revenue

Zero

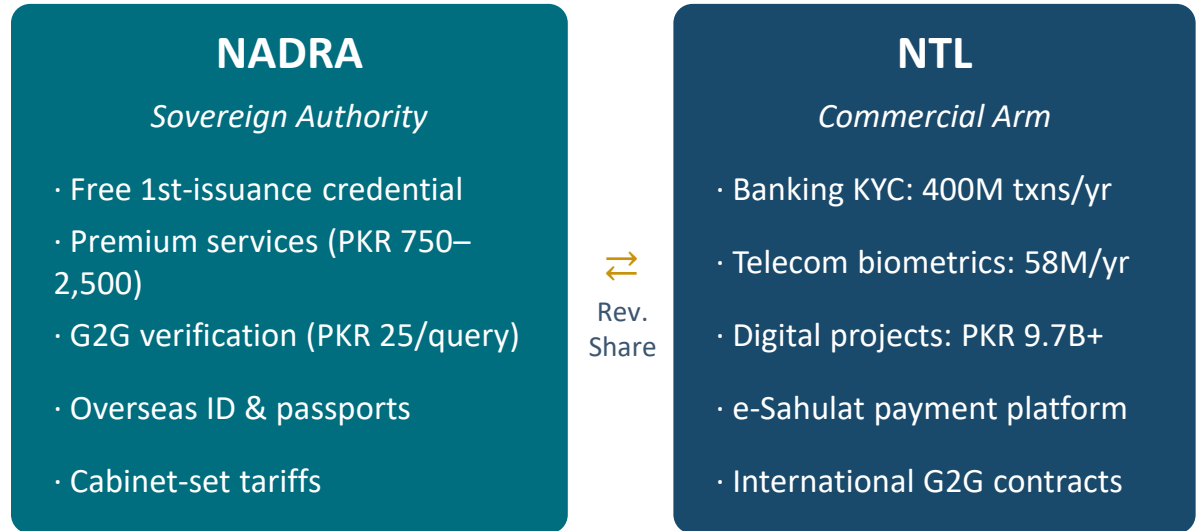
Donor Dependency Since 2008

300M+

Annual Verification Transactions

A Self-Financing Dual-Entity Identity Ecosystem

Two entities. Five revenue actors. One integrated model.



Five Revenue Actors



Cross-subsidy: G2B & premium fees fund free 1st-issuance and subsidised G2G services

Only

PAKISTAN - NADRA

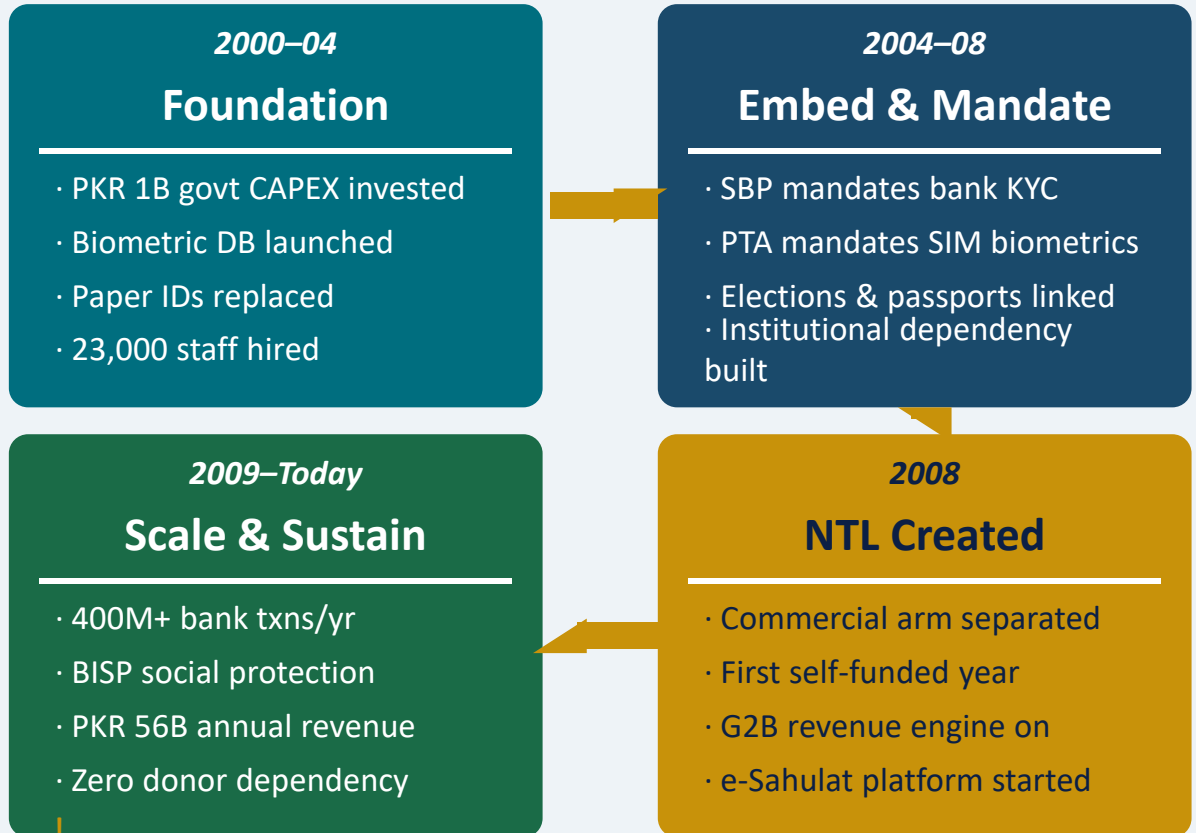
How It Was Done

The Golden Rule

- Build nationwide coverage first
- Earn trust before charging
- Mandate usage to avoid multiple systems
- Monetise only once coverage is sufficient
- Separate sovereign & commercial

25 Years of Deliberate Sequencing

Sustainability earned through sequencing — not designed upfront



PAKISTAN - NADRA

Lessons Learnt

How NADRA sequenced their approach

- 1 COVERAGE**
Enrol inclusively first
- 2 TRUST**
Embed in govt services
- 3 UTILITY**
Mandate institutional use
- 4 REVENUE**
Monetise to sustain

Six Principles applied by Pakistan

01

Coverage before monetisation

Prioritized universal enrolment and inclusion of vulnerable populations.

02

Embed in regulated sectors

Worked with central banks and telecom regulators to mandate biometric KYC and SIM registration.

03

Separate sovereign & commercial

Created a commercial arm (NTL model) for G2B revenues while the core authority protects public trust.

04

Design cross-subsidies from day one

Defined which revenue stream funds which subsidised service. Don't assume it self-balances.

05

Protect revenue autonomy in law

Tariff-setting power and revenue retention set in legislation — NADRA lost this in 2019.

06

Keep pricing simple and flat

A single per-query rate (PKR 25) across all institutional actors.

What Is Built

43M+

Residents enrolled (May 2026)

Two-Stage Architecture

Project entity for build, State-owned arm for sustainability

Designed for Sustainability

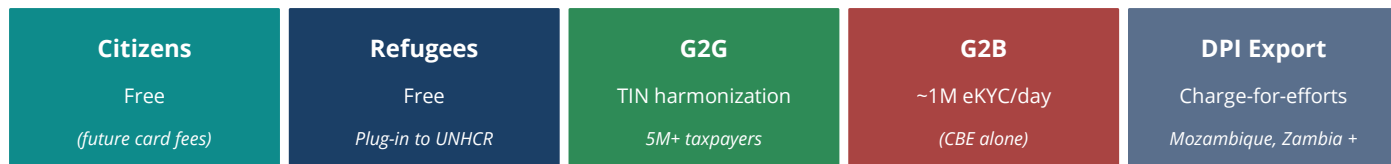
Self-financing model active beyond 2029 loan closure

A Two-Stage Identity Ecosystem in Transition

Two entities. Phased monetization. One integrated model.



Five Actors in the Ethiopian ID Ecosystem



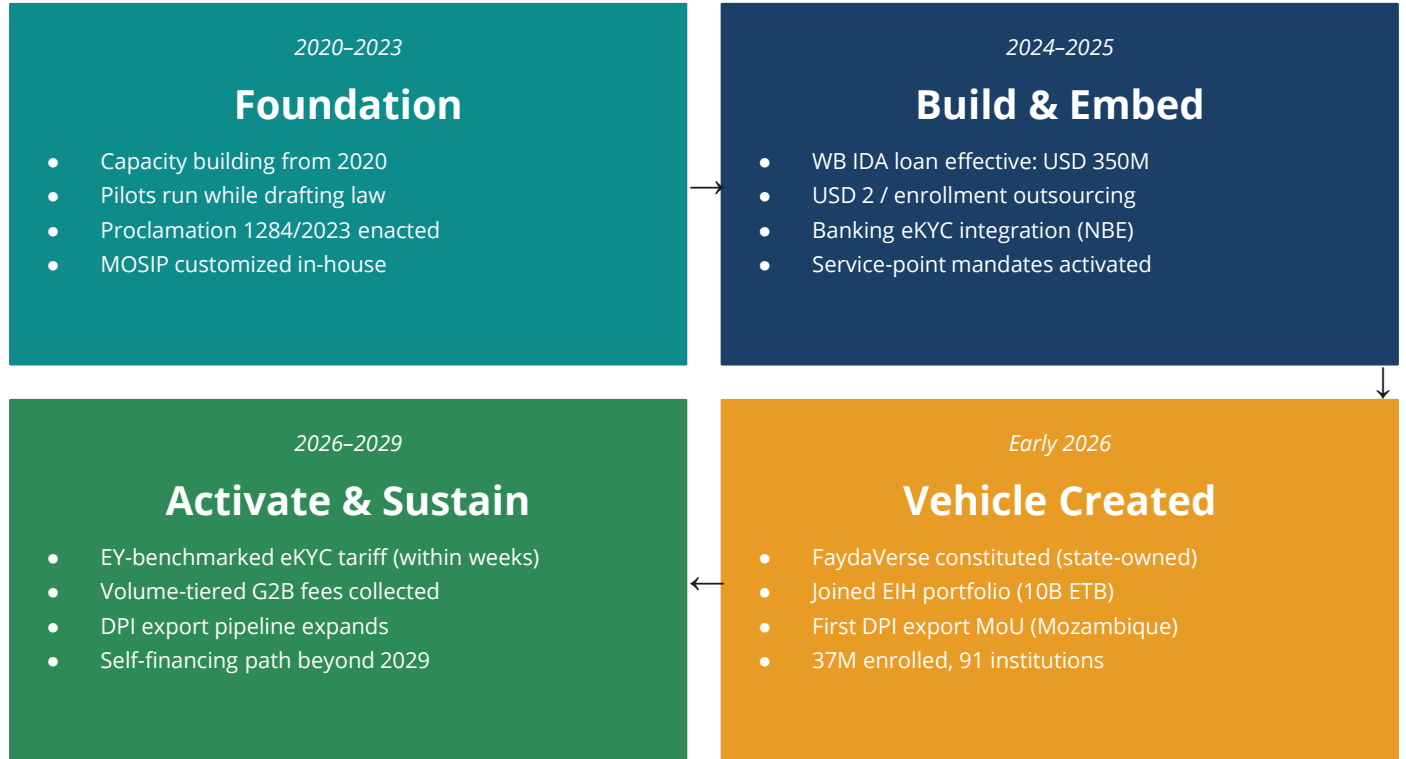
Sequencing principle: free during build phase to earn trust; G2B and DPI export fund OPEX once reliance is established

The Journey

- ✓ Pilots ran while the law was written
- ✓ Built trust through free services
- ✓ Earned reliance via service-point mandates
- ✓ Activating monetization at critical mass
- ✓ Separated project from sustainability vehicle
- ✓ Engineering kept in-house, all national

Six Years of Deliberate Sequencing

Sustainability is being earned through sequencing



How FAYDA sequenced their approach

1 COVERAGE

Free services build trust

2 TRUST

Embed in govt services

3 RELIANCE

Mandate at service points

4 REVENUE

Activate at critical mass

Six Principles applied by Ethiopia

01 Free first, monetize once indispensable

Use the loan to build trust during the build phase. Charge only once institutions cannot operate without you.

03 Separate project from institution

Project entity for build (loan-funded). Sustainability vehicle (state-owned, salary-flexible) for the long term. Designed in from day one.

05 Volume-tiered G2B pricing, EY-benchmarked

High-volume institutions pay less per transaction. Multi-criteria matrix: GDP, inflation, minimum wage, sector capacity.

02 Service-point mandate, not citizen mandate

Convene central banks, telco regulators, education and tax. Make ID required at access points, not by enforcing registration.

04 Engineer talent retention from the start

WB salary cap was structurally insufficient. Partner-funded HR (Gates-type) and a state-owned arm with salary autonomy was necessary.

06 Charge for efforts, not for the platform

DPI export sells customization, integration, training. The platform is open. Revenue is bounded by team capacity, not platform scale.



IDENTIFICATION FOR DEVELOPMENT

Q/A Session

Helping countries realize the transformational potential of digital identification.

www.id4d.worldbank.org

