The World Bank
Ethiopia Digital Id For Inclusion And Services (P179040)

Appraisal Environmental and Social Review Summary
Appraisal Stage
(ESRS Appraisal Stage)

Date Prepared/Updated: 10/15/2023 | Report No: ESRSA03049

I. BASIC INFORMATION

A. Basic Operation Data

Operation ID	Product	Operation Acronym	Approval Fiscal Year
P179040	Investment Project Financing (IPF)	Ethiopia Digital ID	2024

Operation Name	Ethiopia Digital ID for Inclusion and Services

Country/Region Code	Beneficiary country/countries (borrower, recipient)	Region	Practice Area (Lead)
Ethiopia	Ethiopia	EASTERN AND SOUTHERN AFRICA	Digital Development

Borrower(s)	Implementing Agency(ies)	Estimated Appraisal Date	Estimated Board Date
Federal Democratic Republic of Ethiopia, Federal Democratic Republic of Ethiopia	Ministry of Finance and Economic Development, Prime Minister's Office	16-Oct-2023	15-Dec-2023

Estimated Decision Review Date	Total Project Cost		
04-Oct-2023	350,000,000.00		

Proposed Development Objective

The Project Development Objective is to establish an inclusive digital ID ecosystem and improve service delivery for registered persons in Ethiopia.

B. Is the operation being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?
No

C. Summary Description of Proposed Project Activities
[Description imported from the PAD Data Sheet in the Portal providing information about the key aspects and components/sub-components of the project]

The Project design is consistent with the World Bank's general approach to ID operations supported in other countries. This includes placing importance on building a sound institutional and legal foundation (Component 1), developing the actual system (Component 2), rolling out the new ID system in an inclusive way (Component 3), and integrating it with

different sectors to enhance service delivery (Component 4). During implementation, special attention will be paid to ensuring: a. Inclusion and removing any barriers to ID access and usage by ensuring that all people in Ethiopia can easily obtain an ID (including ensuring that cost is not an obstacle for the poor) and having exceptions handling processes in place so that no person entitled to a certain service is denied access, such as because of biometric failures for example. b. A focus on connecting the ID to use cases to ensure improved service delivery. It is essential to remember that the issuance of a Fayda ID is not the ultimate goal, but rather a means to achieve desired development outcomes. c. Application of strong personal data protection approaches, including privacy- and security-by-design measures such as data minimization, purpose specification, lawful processing, strict limits on data retention, data accuracy, accountability, transparency, exchange of data based on consent, and user-empowerment. d. Adherence to open standards and, where appropriate, the use of open-source software and open application programming interfaces (APIs), to prevent vendor lock-in, and promote interoperability, scalability, sustainability, flexibility, and country ownership. e. Consultative and human-centered design approaches to inform the implementation and use of Fayda to access services. The Project design provides comprehensive support for Fayda implementation by the NIDP in accordance with international good practices for inclusion and accessibility, non-discrimination, personal data protection, and privacy, security, accountability, and good governance. Fayda will comply with the ten Principles of Identification for Sustainable Development (https://www.idprinciples.org/). This alignment will maximize the socio-economic benefits and development impacts that stem from trusted and inclusive ID systems, while also mitigating risks related to exclusion, discrimination, personal data protection, and technology and vendor lock-in. The components are: Component 1 – Building Institutions and Trust (US$22 million) This component will invest in the 'analogue' foundations, including stakeholder engagement, legal frameworks, and institutions, that are key for the successful implementation of Fayda and use cases. • Subcomponent 1.1 – Stakeholder engagement and communications (US$10.0 million). • Subcomponent 1.2 – Operationalizing the ID Institution (US$7.0 million). • Subcomponent 1.3 – Operationalizing the Data Protection Authority (US$5.0 million). Component 2 – Establishing scalable and secure Fayda ICT infrastructure (US$60.0 million) This component will invest in developing Fayda's software and hardware in a manner that ensures high performance and scalability, system integrity and security, interoperability, and vendor and technology neutrality. A particular focus will be on ensuring that software, hardware, and data hosting are resilient to the growing number of climate-related events in Ethiopia (e.g., floods in some areas and drought in others) and follow international good practices for optimized energy efficiency, including with respect to cooling practices and energy sources, taking advantage of the abundance of renewable energy sources that Ethiopia has. • Subcomponent 2.1 – Software development (US$40.0 million). • Subcomponent 2.2 – Data infrastructure development (US$15.0 million). • Subcomponent 2.3 – Strengthening digital security (US$5.0 million). Component 3 – Inclusive ID issuance (US$200.0 million) This component will finance the voluntary registration and issuance of physical and digital IDs to at least 90 million additional Ethiopian nationals and non-nationals (e.g., refugees, other migrants, and stateless persons). • Subcomponent 3.1 – Registration and ID issuance (US$185.0 million). • Subcomponent 3.2 - Prioritization of host communities and refugees (US$12.0 million from the Host Communities and Refugees Regional IDA Sub-Window). • Subcomponent 3.3 – Integration with civil registration (US$3.0 million). Component 4 – Improving service delivery (US$ 21.0 million) This component will promote usage of Fayda to transform service delivery by integrating authentication and e-KYC into priority sectors, as well as developing an 'Ethiopia Digital Stack' of platforms and application programming interfaces (APIs) to help public and private sector service providers build better systems. • Subcomponent 4.1 – Priority use cases (US$13.0 million, including US$12.0 million national IDA and US$1.0 million national IDA from the Host Communities and Refugees Regional IDA Sub-Window). • Subcomponent 4.2 – Creating an Ethiopia Digital Stack (US$12.0 million). Component 5 – Project management (US$15.0 million) This component will facilitate the effective implementation of the Project by supporting the establishment and functioning of the Project Management Unit (PMU) to undertake financial management, procurement, risk management, ESF management, and reporting

responsibilities, as well as act as the secretariat for the Project Steering Committee (PSC) and augment technical expertise in more complex activities. Funds will be used for consultancies for standard operating procedures and other project management documents, individual consultants to fill positions in the PMU, non-consulting services for translation, interpretation and monitoring and evaluation activities, and capacity-building and training. The components are: Component 1 – Building Institutions and Trust (US$29 million) This component will invest in the 'analogue' foundations, including stakeholder engagement, legal frameworks, and institutions, that are key for the successful implementation of Fayda and use cases. • Subcomponent 1.1 – Stakeholder engagement and communications (US$15.0 million). • Subcomponent 1.2 – Operationalizing the ID Institution (US$9.0 million). • Subcomponent 1.3 – Operationalizing the Data Protection Authority (US$5.0 million). Component 2 – Establishing scalable and secure Fayda ICT infrastructure (US$65.0 million) This component will invest in developing Fayda's software and hardware in a manner that ensures high performance and scalability, system integrity and security, interoperability, and vendor and technology neutrality. A particular focus will be on ensuring that software, hardware, and data hosting are resilient to the growing number of climate-related events in Ethiopia (e.g., floods in some areas and drought in others) and follow international good practices for optimized energy efficiency, including with respect to cooling practices and energy sources, taking advantage of the abundance of renewable energy sources that Ethiopia has. • Subcomponent 2.1 – Software development (US$45.0 million). • Subcomponent 2.2 – Data infrastructure development (US$15.0 million). • Subcomponent 2.3 – Strengthening digital security (US$5.0 million). Component 3 – Inclusive ID issuance (US$213.0 million) This component will finance the voluntary registration and issuance of physical and digital IDs to at least 90 million additional Ethiopian nationals and non-nationals (e.g., refugees, other migrants, and stateless persons) in line with the strategies described in Box 1 and good practices. • Subcomponent 3.1 – Registration and ID issuance (US$185.0 million). • Subcomponent 3.2 - Prioritization of host communities and refugees (US$25.0 million from the Host Communities and Refugees Regional IDA Sub-Window). • Subcomponent 3.3 – Integration with civil registration (US$3.0 million). Component 4 – Improving service delivery (US$ 30.0 million) This component will promote the usage of Fayda to transform service delivery by integrating authentication and e-KYC into priority sectors, as well as developing an 'Ethiopia Digital Stack' of platforms and application programming interfaces (APIs) to help public and private sector service providers build better systems. • Subcomponent 4.1 – Priority use cases (US$22.0 million). • Subcomponent 4.2 – Creating an Ethiopia Digital Stack (US$8.0 million). Component 5 – Project management (US$13.0 million) This component will facilitate the effective implementation of the Project by supporting the establishment and functioning of the Project Management Unit (PMU) to undertake financial management, procurement, risk management, ESF management, and reporting responsibilities, as well as act as the secretariat for the Project Steering Committee (PSC) and augment technical expertise in more complex activities. Funds will be used for consultancies for standard operating procedures and other project management documents, individual consultants to fill positions in the PMU, non-consulting services for translation, interpretation monitoring and evaluation activities, and capacity-building and training.

D. Environmental and Social Overview

D.1 Overview of Environmental and Social Project Settings

[Description of key features relevant to the operation's environmental and social risks and opportunities (e.g., whether the project is nationwide or regional in scope, urban/rural, in an FCV context, presence of Indigenous Peoples or other minorities, involves associated facilities, high-biodiversity settings, etc.) – Max. character limit 10,000]

The project will be implemented at a national scale, throughout the country, which includes emerging regions and pastoral areas where underserved and vulnerable communities reside. Digital pollution is also on the rise, not only in Ethiopia, but all around the world, from the production of IT hardware, as well as from e-waste and the absence of

proper "end of life" management practices for digital equipment. Africa generates about 2.2 million tons annually of e-waste (UNU 2016) from imports of equipment and a few local assembly plants. Infrastructure for solid waste management is weak in Ethiopia and there is a lack of regulatory enforcement. Additional e-waste from the digital ID program, (such as ID registration kits, laptops and printers) may potentially exacerbate e-waste management issues in Ethiopia if not addressed from a regulatory, institutional, and infrastructure point of view. Many Eastern African countries have not enacted legislation to manage e-waste and have not put in place "end of life" practices for outdated ICT equipment. Ethiopia lacks (i) appropriate legal framework for e-waste management, (ii) e-waste recycling and refurbishing centers, and (iii) regulatory framework including standards and certifications addressing environmental impacts of e-waste. E-waste management is a challenging task not only due to its rapidly growing volume but also because of its hazardous nature. A study for Addis Ababa shows that some 81.7% of e-waste are simply stored . Other e-waste disposal methods such as reusing, refurbishing, and recycling activities are generally informal. The absence of recycling possibilities in Ethiopia and lack of awareness about the possibilities and values of recycling e-waste are some of the hindering factors. The administrative, economic, and socio-cultural related factors challenging e-waste management (Gudeta et al. 2015, 2018). The ICT equipment and servers for the project will be housed in existing government buildings. E-waste management plan will be developed as part of the ESMF to properly manage the e-waste expected to be generated by this project.

Social: The project will be implemented at the national level including in the conflict active and affected areas. The potential social risks associated with the implementation of a Digital ID project in the fragile and conflict state of Ethiopia can be related to the exclusion of marginalized groups, improper use or sharing of data, reinforcement of social conflict, stakeholder perception, etc. In Ethiopia, where there have been historical ethnic divisions and conflicts, the collection of personal data related to ethnicity and religion can be a sensitive issue. However, the Digital ID system in Ethiopia, known as Fayda, will not collect sensitive information about ethnicity and religion, which could potentially be used to discriminate against an individual. Therefore, Fayda is expected to positively contribute to promoting reconciliation and a sense of national unity and identity as well as the sense of belonging that is attached to having an ID issued by the State.

There would be also inherent risks associated with the possible exclusion of vulnerable groups as service beneficiaries, including due to technology gaps among various layers of the population and possible biases that could contribute to excluding some vulnerable groups from services. The Project may induce risks related to labor and community health and safety. The project focuses on technical assistance, procurement of IT equipment and ID registration activities, the anticipated labor-related risks are low. There are no infrastructure investments or civil works, hence, impacts associated with civil works, land acquisition and resettlement are not envisaged. The project will be implemented nationally and encompass areas where underserved and vulnerable communities reside. There will be a potential risk of social exclusion if the equitable distribution of project benefits is not applied among underserved communities in emerging regions. Accessible and inclusive access to services requires an identification system that can address the concerns of vulnerable groups who are most at risk of being excluded and the most in need of the protection and benefits that identification can provide. There are potential risks that identification could be used as a tool for discrimination or to infringe on, or deny individual or collective rights. There may be potential social risks where some groups can be denied identification or associated services and rights because they lack internet connectivity/devices, digital literacy/digital skills, or due to technology bias. Making sure that Fayda registration and use are widely accessible and inclusive, the project design considers the entire population, including migrants, daily laborers, and the poor to have an opportunity to receive Fayda ID. The provision of accessible grievance redress mechanisms will be essential to put in place to avoid the exclusion of services both for the ID itself, public and private services that require proof of identification.

In Ethiopia, over the past 3-4 years, internal conflicts affected most of the regions such as Amhara, Oromia, Benishangul Gumuz, Tigray and SNNP. In the indicated regions, and above all, in Amhara, Afar and Tigray, the conflict was serious and long-lasting. The on-going internal conflicts have limited economic growth and reduced access to basic services and infrastructure. However, the November 2022 peace agreement to end hostilities between the GoE and Tigrayan People's Liberation Front creates room for optimism. In Tigray, efforts are now focused on restoring basic services and rebuilding infrastructure. It will also be important to (re-)build trust in the federal government to ensure that the peace can be retained and that social and economic development in Tigray and Ethiopia more broadly can be bolstered. Despite the positive progress in Tigray, internal conflicts continue in Amhara and Oromia. As part of the ESMF, a Security Risk Assessment and Management Plan (SRAMP) will be prepared for the project activities to mitigate the related risks, including the risks of engaging security personnel to safeguard the project workers, assets, and activities. The project activities are designed in a way to protect the registration officers and avoid areas that are active conflict zones until the situation improves. In addition, based on the findings of social risks analysis conducted as part of the project preparation, mitigation measures to specifically address potential impacts on vulnerable groups and underserved communities are included in the ESCP and will be also incorporated in the POM expected to be developed before effectiveness.

D.2 Overview of Borrower's Institutional Capacity for Managing Environmental and Social Risks and Impacts
[Description of Borrower's capacity (i.e., prior performance under the Safeguard Policies or ESF, experience applying E&S policies of IFIs, Environmental and social unit/staff already in place) and willingness to manage risks and impacts and of provisions planned or required to have capabilities in place, along with the needs for enhanced support to the Borrower – Max. character limit 10,000]

Ethiopia has considerable experience in the implementation of the World Bank financed projects. However, there is notable variation in environmental and social risk management capacity and experience of sector ministries. This project will be implemented by the National ID Program (NIDP) housed at the Prime Minister's Office (PMO). The PMO has no prior experience in the management of environmental and social risks of World Bank financed projects. As a result, it has limited capacity in the management of environmental and social risks. Moreover, the Clients' capacity to understand and address E&S risks related to digital integration including issues such as data protection and security, cyber security and e-waste is likely to be limited. The project will therefore finance the recruitment of environmental and social risk management specialists to address the capacity gaps. Furthermore, environmental and social focal persons shall be assigned in each of the regional states where the project activities will be implemented. The E&S experts of the PMO will also be trained on the environmental and social framework of the World Bank before starting the implementation of the project activities. Costs related to Environmental and Social Framework (ESF) compliance for the project including the preparation and implementation of relevant plans, training, stakeholder consultation, and establishment of a functioning grievance mechanisms will also be financed by the project.

The task team has been providing technical assistance, through ID4D initiative, to the Government of Ethiopia (GoE) since 2017, and since the establishment of the NIDP under the PMO in October 2021. NIDP is currently recruiting an environmental and social specialist, as a permanent position for the future Project Management Unit using the funds from the ID component included under the Digital Foundations project (DFP). In addition, DFP project has provided some funding to recruit a consulting firm to develop other instruments such as the ESMF which outlines the guiding

principles of environmental screening, assessment, review, management, and monitoring procedures for all envisaged activities. E-waste management plan, security risk assessment and management plan and SEA/SH risk assessment and management plan will be developed as part of the ESMF.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)   Substantial

A.1 Environmental Risk Rating   Moderate

[Summary of key factors contributing to risk rating, in accordance with the ES Directive and the Technical Note on Screening and Risk Classification under the ESF – Max. character limit 4,000]

The main environmental risks of the project are anticipated from various IT equipment, namely ID registration kits, laptops and mobile devices, ID card printers and, including software and hardware, such as servers, needed to support both front-end operations and back-end maintenance. Availability of digital ID and future introduction of authentication capability including through mobile phones may eventually lead to increased mobile phone ownership by the population. Activities to be financed by the project will result in an increase in the generation of e-waste in the long run that can ultimately have various EHS risks and community health and safety concerns if not properly managed. People could potentially be exposed to e-waste-related toxicants through air, soil, water via ingestion, inhalation, and dermal absorption. Poor e-waste handling and disposal could expose people to non-dioxin-like polychlorinated biphenyls, polycyclic aromatic hydrocarbons, polychlorinated dibenzo-p-dioxins, polychlorinated dibenzofurans and dioxin-like polychlorinated biphenyls. Most of these compounds are endocrine disrupters and most are neuro-toxic. E-waste-related toxic elements can enter living organisms through air (e.g. open burning), soil (e.g. disposal) and water via ingestion (e.g., food chains contamination due to disposal and poor recycling processes). E-waste is resistant to biodegradation with strong tendency to bio-accumulate in agricultural lands and be available for uptake by grazing livestock. Besides, digitalization of services will lead to an increased consumption of energy. Studies estimate lifespan for some IT equipment may range from 4-5 years. An e-waste management plan will be prepared as part of the ESMF prior to disbursement for the project activities. Given the limited capacity in e-waste management and lack of ESF experience of the PIU and other implementing entities, the environmental risk of the project is rated as moderate at this stage.

A.2 Social Risk Rating   Substantial

[Summary of key factors contributing to risk rating, in accordance with the ES Directive and the Technical Note on Screening and Risk Classification under the ESF – Max. character limit 4,000]

The project will be implemented nationwide including in the conflict-affected areas, the deployment of public security forces can result in risks to the safety and security of the project workers and community members. Specific potential social risks associated with the implementation of the project in FCV context can be related to exclusion of marginalized groups, improper use or sharing of data, creation or reinforcement of social conflict, stakeholder perception, etc. Given the sensitivity of identity politics, unless properly managed, it may create new or exacerbate existing historical tensions and conflicts of an ethnic or religious nature. During registration for Fayda, no ethnicity and no religion are being collected, to prevent any opportunity of discrimination against an individual. The Digital ID system will positively contribute to promoting reconciliation and a sense of national unity and identity as well as a

sense of belonging that is attached to having an ID issued by the State that has their identity displayed on it. Other inherent risks associated with the project activities may include the possible exclusion of vulnerable groups as service beneficiaries, including due to technology gaps among various layers of the population and possible biases that could contribute to excluding some vulnerable groups from services. The issue of data protection has become an important public concern due to the potential of personal data leakages or misuse. Ethiopia currently does not have Data Protection legislation in place. The government has been working on the respective Data Proclamation, which is expected to be approved in late 2023. However, the National ID Proclamation approved on March 30, 2023, has specific guidance in respect to protecting ID-related data. The World Bank supported the (i) end-user research with over 100 people to understand the potential social impacts of Fayda, notably on vulnerable groups, as well as identify potential mitigation measures that could be adopted by the government and/or included in this project design; and (ii) a conflict analysis (on-going) to identify and propose mitigation measures for any possible conflict triggers (e.g., languages used on forms and ID cards) and to determine if and how Fayda could potentially reduce conflict in the country. The NIDP team is also working on the development of ESF instruments to further define and find ways to address the needs of vulnerable populations who potentially experience more barriers in obtaining legal identity documents, such as the poor, vulnerable women, people who live in remote areas, the elderly, people with disabilities, residents with non-permanent domiciles or high mobility, internally displaced people, refugees, asylum seekers, or stateless population, and those who are living in orphanages and detention houses. There are no infrastructure investments or civil works, hence, impacts associated with civil works, land acquisition and resettlement are not envisaged. The project will be implemented nationally that encompass areas where underserved and vulnerable communities reside. There will be a potential risk of social exclusion if the equitable distribution of project benefits is not applied among underserved communities in the emerging regions. Accessible and inclusive access to services requires an identification system that can address the concerns of vulnerable groups who are most at risk of being excluded and the most in need of the protection and benefits that identification can provide. There are potential risks that identification could be used as a tool for discrimination or to infringe on, or deny individual or collective rights. There may be potential social risks where some groups can be denied identification or associated services and rights because they lack internet connectivity/devices, digital literacy/digital skills, or due to technology bias.

[Summary of key factors contributing to risk rating. This attribute is only for the internal version of the download document and not a part of the disclosable version – Max. character limit 8,000]

B. Environment and Social Standards (ESS) that Apply to the Activities Being Considered

B.1 Relevance of Environmental and Social Standards

ESS1 - Assessment and Management of Environmental and Social Risks and Impacts   Relevant

[Explanation - Max. character limit 10,000]

The project will help to strengthen the Government of Ethiopia's ability to securely deliver more digital and in-person services, allowing for increased resilience and adaptability of Ethiopia residents to natural disasters and other shocks. The project activities are not anticipated to cause the conversion of natural habitats and no adverse impacts on biodiversity are anticipated. It will not cause displacement of people as no land acquisition or major civil works are currently anticipated. The main environmental risks that may result from the acquisition, use and disposal of IT

equipment, such as biometrics registration kits, and ICT hardware that will eventually contribute to e-waste. If not managed adequately, the e-waste could have adverse community health and safety risks as noted under section II A. The EHS implications of the ID credentials production, such as printing of plastic cards, will be considered in the preparation of the ESF instruments. E-waste management plan is being prepared as part of the ESMF. The health and safety risks to any project workers need to be properly identified and managed. The social risks may result from exclusion from services, technology gaps and biases that potentially exclude vulnerable groups from services, risks of data protection and privacy, and project-induced risks related to labor-management and community health and safety. To mitigate these, a social risks analysis study has been undertaken during project preparation which has identified both the possible social risks as well as mitigation measures that will be embedded as part of the Project. In geographically challenging regions such as remote areas and pastoral areas, where the majority of the people live, some groups may be discriminated or have additional difficulties when accessing the legal identity documents and/or associated services and rights due to limited access to technology, poor mobile or internet connectivity, lack of ownership of electronic devices such as mobile phones, digital literacy and/or digital skills, the comfort or ability to use a particular technology, or technology biases or failures. The Client will prepare an ESMF prior to disbursement for the project activities as indicated in the Environmental and Social Commitment Plan. An e-waste management plan shall be included as part of the ESMF. The ESMF shall be used as a basis for the identification and management of environmental and social risks associated with the rollout of the Digital ID. In addition, a Stakeholder Engagement Plan was prepared prior to appraisal to ensure continuous engagement with the key stakeholders. A Labor Management Procedure (LMP) including OHS measures has also been prepared and will be disclosed prior to disbursement for the project activities to ensure that the engagement of the project workers could be undertaken in compliance with the requirements of the Environmental and Social Framework of the Bank. As part of the project preparation, the Task Team has commissioned a gender gap study and social risk analysis as due diligence to identify current barriers to access and expected social risks and impacts linked to the introduction and rollout of the Digital ID program. The environmental and Social commitment plan already developed and the upcoming Project Operational manual (POM) are benefitting from the ID4D technical assistance focused on gender gap study and end-user research focused on the identification of the social risks and barriers to access identification in Ethiopia. This work involved mainly involves the identification of key potential social risks and impacts of the new Ethiopia Digital ID system, benchmarked against the status quo, including exclusionary and other social risks and impacts (e.g., cultural barriers, languages of the registration forms and cards, naming conventions, etc.) on different population groups, and particularly vulnerable and disadvantaged groups. The social risk analysis and gender gap studies also informed risk mitigation measures that have been incorporated into the Project's design. The PMO shall make sure that the environmental and social risk management implementation arrangement that have been proposed under section D.2 will be put in place.

ESS10 - Stakeholder Engagement and Information Disclosure   Relevant

[Explanation - Max. character limit 10,000]

The project will require inputs from different stakeholder groups, including those who will be directly affected, as well as those who have other interests in the proposed project activities. A Stakeholder Engagement Plan (SEP) has been developed before appraisal with specific provisions for the different project components. The SEP outlines the characteristics and interests of the relevant stakeholder groups and the timing and methods of engagement throughout the life of the project. The project will ensure that the needs and voices of vulnerable people and underserved communities are heard through inclusive consultation and participation to ensure that they can equally participate and benefit from the project. The stakeholder consultation is already ongoing for the social risk analysis

and gender gap studies. There shall be a continuous stakeholder's consultation during the preparation of this project to inform the development of the environmental and social risk management instruments, including the SEP. The project will ensure that respective provisions on gender equality also ensure strong participation of women in the development of the country's digital sector. Key areas of concern to be assessed as part of stakeholder engagement activities include: (i) equitable access gaps between policy and implementation regarding population and civil registration services outreach programs, (ii) the needs and readiness of vulnerable groups and whether special measures are needed to promote their access to digital identification, (iii) potential technology gaps and how far digital identification services can be potentially available and usable for the public, especially for vulnerable populations, iv) institutional capacity in ensuring social inclusion and data protection, v) accessible grievances mechanism and transparent monitoring system, vi) management system for data protection and social risks, mainly stemming from utilization data and interoperability data. Project level Grievance Mechanism (GM) shall be established as part of project preparation. However, looking forward the GM can be further developed as part of the SEP and during implementation. Application of the standard will be closely monitored and reported on throughout the project life cycle.

ESS2 - Labor and Working Conditions   Relevant

[Explanation - Max. character limit 10,000]

The majority of Project workers will be the ones doing Fayda registration. These workers will be a combination of civil servants, individual consultants, and other private sector registration partners, such as from telecommunication companies. The number of required staff is not yet known. The civil servants will remain subject to the terms and conditions of their existing sector employment. Project workers may be directly engaged (direct workers) to support the Project and will need to be contracted in line with the requirements of ESS2 in relation to labor and working conditions, non-discrimination and equal opportunities and occupational health and safety. Any contractor hired to undertake the installation of the ICT hardware equipment for the project will be subject to the requirements of ESS2, including occupational health and safety requirements and the establishment of workers' grievance redress mechanisms. Should this require the employment of workers from outside of the local area, if relevant, worker accommodation will need to be managed in line with ESS2 (and ESS4). Likewise, any technical consultants contracted by the Project will need to adhere to ESS2, and other relevant ESSs. As hardware and software will need to be procured, the borrowers will need to identify or outline a process to identify potential risks associated with possible child labor, forced labor and serious safety issues in the supply chain and associated corrective actions when the installation of such ICT equipment occurs. The borrowers will need to develop and implement written labor management procedures that will set out the way in which project workers will be managed throughout the project. Sexual Harassment (SH) as well as Sexual Exploitation and Abuse (SEA) in the workplace and in association with the access to opportunities such as training will also need to be addressed in the LMP which will be prepared and disclosed prior to disbursement for project activities. Differentiated provisions will be provided to the different types of workers under the project, i.e., civil servants, specific PIU staff and consultants, private sector registration partners, and personnel hired by vendors and consulting firms. The LMP shall cover potential labor risks that encompass standard provisions on child and forced labor, code of conduct and occupational health and safety. Because of the reason mentioned above that the project will involve direct PIU workers, consultants, and private sector registration partners a standalone LMP will be prepared prior to disbursement for the project activities. The Labor Management

Procedure (LMP) shall outline the establishment and availability throughout the project life cycle of labor-specific grievance redress mechanism accessible to the different types of workers.

ESS3 - Resource Efficiency and Pollution Prevention and Management   Relevant

[Explanation - Max. character limit 10,000]

This standard is relevant as the project activities will lead to an increase in the e-waste stream and energy use in the long run as the operation and maintenance of the ICT equipment, including registration kits and credentials can increase in the generation of e-waste. Hence, appropriate digital pollution prevention and management measures, including e-waste management plan will be necessary. The e-waste could be minimized by recovery/recycling of materials from obsolete ICT equipment/e-waste as this can have economic, social and environmental value, can create job opportunities, etc. Where technically and financially feasible, the client shall procure IT equipment which is energy efficient. Further requirements shall be described in the environmental and social management tools, including e-waste management plan, which will be prepared as part of the ESMF prior to disbursement for the project activities. The e-waste management plan will specify actions to be taken to address existing e-waste disposal deficiencies associated with the project implementation.

ESS4 - Community Health and Safety   Relevant

[Explanation - Max. character limit 10,000]

Deployment of security forces may be required to prevent theft or attacks on assets as well as protect registration officers, particularly in conflict-affected areas. The presence of security forces can result in risks to the community including undue use of force, and inappropriate conduct to the community. The use of security personnel will need to be assessed further during project preparation and may require the development of security risk assessments and security management plans including Codes of Conduct and other measures. A Security Risk Assessment and Management Plan (SRAMP) will be prepared prior to disbursement for the project to mitigate potential security risks. Gender Based Violence as set out in the SEA/SH risk rating, the project might have a potential SEA/SH risk due to the presence of IT workers and Project security personnel in project sites including remote areas, and the direct interface with women and young adult seeking to obtain IDs. Mitigation for GBV/ SEA/SH will be prepared as part of the ESMF. Significant and deeply engrained disparities continue to remain, and a combination of cultural norms and socioeconomic inequality increases the risks faced by women in terms of their well-being. Identification is commonly associated with the 'head of household' (a traditionally male role) and is mainly required for opening a financial account or getting formal employment outside the home (both of which men are more likely to do). Consequently, women are less likely to pursue getting a kebele ID. Indeed, early results from qualitative research by ID4D is revealing that although there are no legal obstacles for women to access kebele IDs, there are symbolic and practical barriers. Moreover, not having an ID can also lead to harassment and arrest by police officers when people are on the move, as a migrant may be considered as an illegal resident. Thus, the social risk analysis and gender gap study findings and proposed mitigation actions including Code of conduct will be important to inform project preparation and component activities. This standard is relevant as e-wastes can have impacts on community health if they are not properly managed. As noted in section II A, people could be exposed to e-waste-related toxicants through air (e.g., open burning of e-wastes), soil (e.g., random disposal of e-waste), water via ingestion (e.g., food chains contamination due to disposal and recycling processes), inhalation, and dermal absorption (e.g., dust and direct exposure of workers who labor in recycling areas and their families). E-waste is not biodegradable with a strong tendency to bioaccumulate

in agricultural lands posing a community health concern. Other impacts/risks could be linked to data security/personal security of data (e.g., health), data sanitization, theft when digital equipment is used. Furthermore, any works on the production of credentials (such as printing of plastic cards) will be in in specific areas with limited coverage, the impact is limited in that specific area. However, it requires precaution and the ESMF will also consider this issue. Hence, community health and safety risks will need to properly identified and managed based on the procedure specified in the ESMF.

ESS5 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement   Not Currently Relevant

[Explanation - Max. character limit 10,000]

There are no construction activities that will be financed through this project. All IT infrastructures will be placed in existing facilities. Therefore, this standard is not relevant at this stage.

ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources   Not Currently Relevant

[Explanation - Max. character limit 10,000]

The project activities are not anticipated to lead to conversion of habitants. No adverse effect on the biodiversity is also anticipated. Hence, this standard is not relevant at this stage. No new buildings are anticipated under this project.

ESS7 - Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities   Relevant

[Explanation - Max. character limit 10,000]

The project will be implemented country-wide, including in emerging regions and in areas where large part of the population follows pastoralist livelihood systems to support outreach and engagement with communities. Thus, ESS7 is applicable. Historically underserved people are expected to benefit from the project through enhanced access to civil and population registration services. The ability to prove one's identity is expected to greatly facilitate access to basic services. Any specific approach and/or affirmative action shall be grounded on local needs and contextual barriers these groups have experienced. These people may face more barriers to accessing legal identity services. The project, through its iterative design and SEP, shall outline systems and procedures to reach out to and engage with diverse stakeholders, including historically underserved beneficiaries. Active outreach and engagement will strengthen the cultural appropriateness of services and at the same time, prevent unintended exclusion, hesitancy, or self-exclusion, as well as safety risks due to disclosure of sensitive information, such as full name or date of birth for example (it should be noted that the digital ID supported through the proposed project will not collect sensitive information related to ethnicity or religion). Measures to effectively address any potential adverse impacts of the project on historically underserved communities will be incorporated in the ESCP prior to appraisal and Project Operational Manual (POM) during project implementation.

ESS8 - Cultural Heritage   Not Currently Relevant

[Explanation - Max. character limit 10,000]

No adverse impact on cultural heritage is anticipated.

ESS9 - Financial Intermediaries   Not Currently Relevant

[Explanation - Max. character limit 10,000]

No financial intermediary will be involved.

B.2 Legal Operational Policies that Apply

OP 7.50 Operations on International Waterways   No

OP 7.60 Operations in Disputed Areas   No

B.3 Other Salient Features

Use of Borrower Framework   No

[Explanation including areas where "Use of Borrower Framework" is being considered - Max. character limit 10,000]

The use of borrower framework is not considered

Use of Common Approach   No

[Explanation including list of possible financing partners – Max. character limit 4,000]

At this stage there are no financing partners

B.4 Summary of Assessment of Environmental and Social Risks and Impacts

[Description provided will not be disclosed but will flow as a one time flow to the Appraisal Stage PID and PAD – Max. character limit 10,000]

The main environmental risks of the project are anticipated from various IT equipment, namely ID registration kits, laptops and mobile devices, ID card printers and, including software and hardware, such as servers, needed to support both front-end operations and back-end maintenance. Availability of digital ID and future introduction of authentication capability including through mobile phones may eventually lead to increase of mobile phone ownership by population. On the other hand, Access to ID and digitally enabled services enhances the climate resilience of citizens. Digital ID enhances access to social protection programs, emergency cash transfers, digital financial services, and insurance schemes, that enhance the preparedness of the population and improve the government's ability to respond to adverse climate events such as floods and droughts .

 Activities to be financed under Component 2 and 3 will result in an increase in the generation of e-waste in the long run that can ultimately have various EHS risks and community health and safety concerns if e-waste is not properly managed. People could potentially be exposed to e-waste-related toxicants though air, soil, water via ingestion, inhalation, and dermal absorption. E-waste is resistant to biodegradation with strong tendency to bio-accumulate in agricultural lands

and be available for uptake by grazing livestock. Besides, digitalization of services could lead to an increase consumption of energy. There are no infrastructure investments or civil works, hence, the impacts associated with civil works, land acquisition and resettlement are not envisaged.

The project will be implemented nationally that encompass emerging regions in general and pastoral areas where underserved and vulnerable communities reside. There will be a potential risk of social exclusion if the equitable distribution of project benefits is not applied among underserved communities in the emerging regions. Accessible and inclusive access to services requires an identification system that can address the concerns of vulnerable groups who are most at risk of being excluded and the most in need of the protection and benefits that identification can provide. There are potential risks that identification could be used as a tool for discrimination or to infringe on, or deny individual or collective rights. There may be potential social risks where some groups can be denied identification or associated services and rights because they lack internet connectivity/devices, digital literacy/digital skills, or due to technology bias. The digital ID Fayda supported through the proposed project will not collect sensitive information related to ethnicity or religion, to ensure that Fayda can not to discriminate against an individual.

C. Overview of Required Environmental and Social Risk Management Activities

C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required by implementation?

[Description of expectations in terms of documents to be prepared to assess and manage the project's environmental and social risks and by when (i.e., prior to Effectiveness, or during implementation), highlighted features of ESA documents, other project documents where environmental and social measures are to be included, and the related due diligence process planned to be carried out by the World Bank, including sources of information for the due diligence - Max. character limit 10,000]

The project implementing entity has prepared an ESCP and SEP prior to appraisal. An ESMF which will include an e-waste management plan, SRAMP, and GBV action plan, and standalone LMP will be prepared and disclosed prior to disbursement for components 2 and 3 of the project. Capacity building requirements for the PMU including EHS management will be part of the ESMF. In addition, the findings of and measures proposed in the social risk analysis conducted as part of the project preparation will be incorporated in the project ESCP and Project Operation manual (POM).

III. CONTACT POINT

World Bank

Task Team Leader: Luda Bujoreanu   Title: Senior Digital Development Specialist

Email:	lbujoreanu@worldbank.org		
TTL Contact:	Jonathan Daniel Marskell	Job Title:	Senior Program Officer
Email:	jmarskell@worldbank.org		

IV. FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: http://www.worldbank.org/projects

V. APPROVAL

Task Team Leader(s):	Luda Bujoreanu, Jonathan Daniel Marskell
ADM Environmental Specialist:	Tamru Demsis Temam
ADM Social Specialist:	Solomon Soroto Tanto