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Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 26-Oct-2023 | Report No: PIDIA00330



BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies) Ethiopia	Region EASTERN AND SOUTHERN AFRICA	Operation ID P179040	Operation Name Ethiopia Digital ID for Inclusion and Services
Financing Instrument Investment Project Financing (IPF)	Estimated Appraisal Date 16-Oct-2023	Estimated Approval Date 13-Dec-2023	Practice Area (Lead) Digital Development
Borrower(s) Federal Democratic Republic of Ethiopia	Implementing Agency Ministry of Finance and Economic Development, Prime Minister's Office		

Proposed Development Objective(s)

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

Components

- Building institutions and trust
- Establishing scalable and secure Fayda ICT infrastructure
- Inclusive and sustainable ID issuance
- Improving service delivery
- Project management and coordination

PROJECT FINANCING DATA (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)?	Yes
Is this project Private Capital Enabling (PCE)?	Yes

SUMMARY

Total Operation Cost	350.00
Total Financing	350.00
of which IBRD/IDA	350.00



Financing Gap	0.00
DETAILS	
World Bank Group Financing	
International Development Association (IDA)	350.00
IDA Credit	300.00
IDA Grant	50.00
Environmental And Social Risk Classification	
Substantial	
Decision	
The review did authorize the team to appraise and negotiate	

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Other Decision (as needed)

B. Introduction and Context

Country Context

- Ethiopia, the second most populous country in Sub-Saharan Africa, has an estimated population of 123 million, with 77 percent living in rural areas.** It has 98 ethnicities with roughly 93 languages spoken, as well as three major religious groups. There are 13 regions and two federal cities, under which there are more than 1,000 woredas (districts) and around 16,000 Kebeles (wards). Ethiopia faces significant opportunities as well as challenges arising from its rapidly rising working-age population, and its landlocked and strategic location of being surrounded by six countries.
- Despite Ethiopia’s success over the past decade with economic growth and reducing extreme poverty from 55 percent in 2000 to 25 percent in 2020, it continues to face major challenges,** including the impacts of the COVID-19 pandemic, natural disasters and climate-related events, internal conflicts, food insecurity, and high inflation. Real gross domestic product (GDP) growth is projected by the IMF to be 5.3 percent in 2023, down from 9 percent in 2019. Poor and vulnerable households are facing losses in real income, and challenges in food affordability. The GoE is under pressure to continue to provide basic services to people and to continue supporting and protecting the most vulnerable populations.
- Ethiopia aims to reach lower-middle-income status by 2025 and to reduce poverty to seven percent by 2030.** The latest 10-Year Development Plan aims to sustain growth while shifting towards a more private-sector-driven economy. It also aims at fostering efficiency and competition in key growth-enabling sectors (e.g., telecommunications), improving



the business climate, and address macroeconomic imbalances. The government is also devoting a high share of its budget to pro-poor programs and investments, notably to Productive Safety Net Programs (PSNP) launched in 2005.

4. **Gender disparities in Ethiopia, including access to economic opportunities for women, are profound.** The 2022 Global Gender Gap report ranked Ethiopia 74 out of 146 countries, and 15 in Africa. The rank drops to 112 for economic participation and opportunities, and to 133 for educational attainment.¹ The 2017 Global Findex Survey² found that only 29 percent of women had a financial account, compared to 41 percent of men, with the gap growing significantly from 2014 when the rates were 21 percent and 23 percent respectively.

5. **Ethiopia hosts many forcibly displaced persons, including refugees and asylum-seekers, and risks of statelessness affect various vulnerable groups.** It is the third-largest refugee-hosting state in Africa, with nearly 1 million refugees.³ The Internal Displacement Monitoring Centre estimates there are over 2 million internally displaced people (IDPs). In addition, stateless persons and persons at risk of statelessness, especially children with Eritrean-Ethiopian parents and long-term refugees, face challenges exercising their rights and accessing services, including because they often lack identification. Implementing an accessible identification system can address these challenges and promote inclusivity, economic empowerment, and integration for stateless populations. Having legal proof of their legal identity can be a first but critical step in their journey out of statelessness.

6. **Ongoing 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.

Sectoral and Institutional Context

7. **Foundational identification (ID) systems⁴ are broadly recognized as key enablers for inclusion and development.** For people, the ability to establish and verify their identity is often a prerequisite for access to services and economic opportunities, such as social protection, healthcare, education, financial services, and employment. Proof of legal identity is also the basis for exercising rights, such as property ownership, and nationality. For governments and businesses, ID systems can serve as a platform for more effective, efficient, and responsive service delivery by enabling the unique identification and verification of clients. Importantly, ID systems can promote greater inclusion by de-risking and reducing the costs of service delivery. It is for these reasons that, *"by 2030, provide legal identity for all, including birth registration,"* was included as target 16.9 in the Sustainable Development Goals (SDGs).

8. **Well-designed and universally accessible foundational ID systems can promote reconciliation and a sense of national unity and identity.** Qualitative research by the World Bank's Identification for Development (ID4D) initiative in Côte d'Ivoire, Rwanda, the Philippines, and Timor-Leste, which has engaged vulnerable citizens and residents, has shown that one of the key benefits of ID systems is the sense of belonging that is attached to having an ID issued by the State that has their identity displayed on it. There is the notable case of Peru, which the Centre for Global Development (CGD) described as, *"...a remarkable example of a country that established civil identification as a national priority in response to the need to re-integrate the state after a serious insurgency."*⁵ ID agents in the field are often one of, if not the most,

¹ World Economic Forum. 2022. Global Gender Gap Report, published July 2022. URL: https://www3.weforum.org/docs/WEF_GGGR_2022.pdf

² The 2022 Global Findex Survey results for Ethiopia are expected by April 2023.

³ UNHCR, August 2023 (<https://data.unhcr.org/en/country/eth>)

⁴ Foundational ID systems are those primarily created to manage identity information for the general population and provide credentials that serve as proof of identity for a wide variety of public and private sector transactions and services. Common types of foundational ID systems include civil registries, national ID systems, and population registers.

⁵ CGD. 2017. Identification as a National Priority: The Unique Case of Peru - Working Paper 454, published on 9 May 2017. URL:



visible representation of the State in many communities, and it is probably the only service in a country that is universally used. ID systems can help establish the presence of the State and show its value in the minds of the population.

9. **Foundational ID systems, as one of the main building blocks of digital public infrastructure (DPI)⁶, can accelerate the transition to inclusive digital economies, societies, and governments.** As more transactions move online and the importance of the digital economy and digital government rapidly grows, there is also a need for *digital* ID systems to equip people with the ability to securely prove their identity on-line, without requiring physical presence. This will allow transactions to be done completely online. Traditional credentials, such as the paper Kebele ID currently in use in Ethiopia and birth certificates, cannot support such remote transactions.

10. **Ethiopia is one of the few countries in the world that does not have a national-scale foundational ID system with digital capabilities.** Despite enacting the Registration of Vital Events and National Identity Card Proclamation in 2012, the national identity card that it provided for has never been implemented. A paper-based ID issued by Kebeles (and known as the Kebele ID) is the most common proof of identity in Ethiopia, even though its primary purpose is proof of address and residence. A Kebele ID is often required to access public and private services, obtaining other IDs such as driver's licenses and passports, and formal procedures like proving land ownership.⁷ The features of the Kebele ID vary by Kebele, but they generally display demographic information and address in handwriting and include a stapled photo.

11. **According to the 2017 ID4D-Findex Survey, 36 percent of the population aged 18 and older lack a Kebele ID, with a significant gender gap of 46 percent of women lacking one compared to 25 percent of men, creating barriers for a large portion of people in Ethiopia to access services and economic opportunities.** Kebele ID coverage increases to 70 percent for adults aged 25 and above, and 80 percent for the highest income quintile. Obtaining a Kebele ID often requires residing in a location for minimum period (e.g., six months), which leads to exclusion of internal migrants and refugees. Being tied to residence also means that it cannot serve as continuous identification throughout the life of the individual who may move. Most Kebele IDs still display the holder's ethnicity, which is a potential source of discrimination. The lack of uniformity among Kebele IDs and the ease of forgery add substantial identity-related risks for service providers. Records are often hard-copy paper ledgers and books that are vulnerable to damage, tampering, unauthorized use, identity theft and loss due to fires or natural disasters like floods.

12. **The current ID landscape in Ethiopia can be summarized to have four main weaknesses.** First, inefficiency: the absence of identity verification capabilities for online and even for in-person service delivery adds transaction costs through manual processes. Second, exclusion: gaps in Kebele ID coverage among adults and low birth registration coverage (around 20%). Third, fraud-related risks: inability to reliably verify an individual's unique identity, particularly for use cases that require higher levels of assurance, such as cash transfers and obtaining credit. Finally, lack of interoperability: the lack of common standards for identity information and population-scale unique identification makes it difficult for public and private sector service providers to share and re-use data to improve outcomes for people.

13. **This exclusion from access to IDs and services particularly affects IDPs and women who live in rural areas and migrate for marriage and domestic labor jobs, as well as refugees.** Kebele IDs are commonly associated with the 'head of household' (a traditionally male role) and are 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 as a migrant may be considered as an illegal resident. Identification documents issued to refugees by RRS and UNHCR are not widely recognized by service providers such as banks, and mobile

<https://www.cgdev.org/publication/identification-national-priority-unique-case-peru>

⁶ Digital Public Infrastructure refers to a set of foundational systems and their organizational frameworks (e.g., laws and institutions) that enable core functions in today's digital age, including the ability to verify identities, to send and receive money, and to exchange data.

⁷ World Bank. 2022. Voluntary Migration in Ethiopia: In Search for Work and Better Opportunities.



network operators, hindering their integration and access to services. During displacement, IDPs may seek refuge elsewhere in the country and face challenges to renew their kebele ID. The low birth registration rate in the country (20%) further enhances the risk of de facto statelessness for children.

14. **Civil registration in Ethiopia is also weak, with estimates showing that only 20 percent of children under 5 years of age have their birth registered.** In 2016, Kebeles introduced paper-based and manual recording of births, deaths, marriages, and divorces. In May 2021, the Immigration, Nationality and Vital Events Agency (INVEA) – now known as Immigration and Citizenship Services (ICS) – unveiled a Civil Registration and Vital Statistics Improvement Plan for 2022-2026.⁸ Digitalization is a major component, and this is being supported by the World Bank’s Program for Results for Strengthening Primary Health Care Services Project (P175167), which became effective in March 2023.

15. **In line with the Digital Ethiopia 2025 Strategy⁹ the GoE began an initiative in 2019 to establish a foundational ID system as a complement – not a replacement – to the existing Kebele IDs.** The intention of the new ID system is to provide a trusted source of identity in the country, including for on-line transactions, to replace the previous national identity card effort that has not made progress since 2012, while Kebele IDs will continue to provide proof of address and residence. In the same year, the GoE developed the Principles and Governance Structure of the National Identity Program, which emphasized inclusion for all residents (including refugees) of Ethiopia and alignment with the [Principles on Identification for Sustainable Development](#).¹⁰ Responsibility was transferred from MINTE to the Ministry of Peace in 2020 and subsequently transferred to the PMO in 2021, where it became the National ID Program (NIDP).

16. **During March-June 2022, NIDP carried out a registration pilot, enrolling 124,233 people using open-source software that was integrated in-house.** The pilot registrations focused on workers at Addis Bole Lemi and Hawassa Industry Parks, higher education students, customers of several participating banks, and PSNP beneficiaries in five woredas located across two regions (Oromia and Sidama). Following an evaluation by NIDP, it was decided to proceed with the open-source software approach. By September 2023, the pilot had reached 3.1 million individuals who had voluntarily registered in the system. NIDP is also close to signing a tripartite MoU with RRS and UNHCR to be able to share data for the issuance of a Fayda ID to refugees and asylum seekers.

17. **Following extensive stakeholder engagement and preparatory work, the Digital ID Proclamation was promulgated in March 2023 to create legal grounds for the creation of the foundational ID system (to be known as “Fayda, meaning “value” in several local languages”) and an ID entity to implement it.** As per the Proclamation, Fayda is envisioned to provide a unique ID to all nationals and residents from birth. It will encompass the following key elements: nationwide in scope; accessible to Ethiopian nationals and residents; providing a unique and random number; leveraging digital technologies, and maintaining the security of personal data. While the Proclamation is largely aligned with international good practices, there are some areas that need clarity and elaboration, such as the institutional and governance arrangements for the Identification Institution and its relationship with a future Data Protection Proclamation, among others. A general legal framework for personal data protection (for which the GoE has a draft with the Council of Ministers as of March 2023) is critical for further mitigating personal data protection risks.

18. **The GoE began an initiative in 2019 to address these weaknesses and to establish a foundational ID system as a complement – not a replacement – to the existing Kebele IDs.** The intention of the new system is to provide more a trusted source of identity in the country, while Kebele IDs would continue to provide individuals with proof of address and address. Within the same year, the GoE developed the *Principles and Governance Structure of the National Identity Program*, which set the stage to establish a new ID system to provide a unique and verifiable digital ID to all residents (including refugees) of Ethiopia and would be aligned with the international *Principles on Identification for Sustainable*

⁸ INVEA, CRVS Systems Improvement Strategy and Costed Action Plan of Ethiopia: 2021/22 – 2022/26, April 2021

⁹ For more information about Digital Ethiopia 2025: A digital strategy for Ethiopia Inclusive Prosperity, see the Prime Minister’s Office website at <https://www.pmo.gov.et/media/other/b2329861-f9d7-4c4b-9f05-d5bc2c8b33b6.pdf>.

¹⁰ For more on the Principles, see <http://idprinciples.org>



*Development*¹¹. The National ID program was transferred from MINTEC to the Ministry of Peace in 2020 and subsequently transferred to the PMO in 2021, where it became the National ID Program (NIDP).

19. **NIDP has identified high-impact use cases for Fayda, especially linkages with and between financial inclusion and social protection, to improve lives and livelihoods.** NIDP has been engaging and establishing partnerships with various government agencies and businesses to understand their requirements and problems, as well as to engage with other countries to learn lessons and good practices. To this end, the NIDP has signed several Memorandums of Understanding (MoU) with banks, Ethio Telecom, and Safaricom, and has engaged with the Ministry of Agriculture, Ministry of Education, and Ministry of Health, to collaborate on awareness raising and pilots. In the area of financial inclusion, the National Bank of Ethiopia (NBE) in 2021 released a new directive to strengthen know-your-customer (KYC) requirements across the financial sector to discern individual customer uniqueness for all transaction types.¹² This new requirement is overwhelming for both the banks and people both with and without a Kebele ID. Fayda, by providing a digitally verifiable ID, is envisioned to provide enough assurance to waive these controls, hence reducing costs, time, and risks associated with account opening and credit applications. This is particularly important as social assistance programs like the PSNP (which can be gateways for financial inclusion), are currently being digitalized with the transition to digital payments and a new Information Management System (MIS) to replace the current manual processes used to target and enroll beneficiaries. Fayda can also improve the integrity and transparency of this rather complex and currently paper-based safety net delivery chain. There is also interest from the GoE to use Fayda to support micro-finance for farmers, providing ID to students aged 16 and older to certify diplomas, community health insurance, public and private pensions, use of mobile money and micro-loans, and for SIM card registration.

20. **Fayda could also play an important role in realizing peace dividends in Ethiopia.** Firstly, at the social level, Fayda will enable all citizens and residents to exercise their rights related to having proof of their legal identity and it will be the first universally accessible ID system that only focuses on individual identity, **without collecting information on ethnicity or religion**. Furthermore, as a national system (compared to a collection of Kebele systems), it can create a sense of belonging and will have a consistent look and feel providing equal access to services for all registered persons. Secondly, the Fayda ID system can foster inclusion and shared prosperity by improving access to services and economic opportunities. As a digital system, Fayda will enable the government, businesses, and civil society to harness digital technologies to make products and services more inclusive and human-centered.

21. **The Bank, through ID4D, has been providing technical assistance to the GoE on ID issues since 2016, and modest financing for upstream activities has been provided by the Digital Foundations Project (P171034) since 2021.** An ID4D Diagnostic was completed in 2017¹³ (and updated in 2019). In 2020, a legal assessment was carried out, which contributed to the *Principles and Governance Structure of the National Identity Program* published by the GoE, and this engagement continued through technical assistance that contributed to the development of the draft Digital ID Proclamation. In 2021, ID4D worked with NIDP to do costing for a six-year rollout, which came up with three scenarios: (i) registering adults aged 18 and older only (US\$283 million or US\$3.8 per registrant); (ii) registering adults and children aged 14 and older only (US\$308 million or US\$3.5 per registrant); and (iii) registering adults and children aged 5 and older only (US\$334 million or US\$2.8 per registrant). The Bank has also worked with NIDP to map use cases for Fayda, including identifying complementary Bank engagements. During the 2022 pilots, ID4D conducted an exit survey and focus group discussions (FGDs) among PSNP beneficiaries who registered to gather insights on any shortcomings of registration processes and to identify recommendations for the registration scale-up. The end-user survey carried out in 2022 in the support of ID4D

¹¹ For more on the Principles, see <http://idprinciples.org>

¹² NBE. 2021. Requirements for Undertaking Account Based Transactions and Ensuring of Regulatory Limits Directive No. FIS/04/2021

¹³ World Bank. 2017. ID4D Country Diagnostic – Ethiopia. URL: <https://documents1.worldbank.org/curated/en/822621524689442102/ID4D-Country-Diagnostic-Ethiopia.pdf>



has also informed the design and risk mitigation measures of this Project. The Digital Foundations Project has also made available limited funds to support pilot activities, technical design work, and stakeholder consultations.

C. Proposed Development Objective(s)

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Development Objective(s) (From PAD)

The Project Development Objective is to establish an inclusive and secure foundational digital ID system to improve access to benefits and services for all people in Ethiopia.

Key Results

22. The achievement of the PDO is measured by the results indicators below:

- a. Number of people in Ethiopia who have received a Fayda ID.
 - i. Percentage of whom are women and girls.
 - ii. Number of whom are refugees.
 - iii. Number of who are individuals living in host communities.
- b. Number of successful digital ID authentications by Fayda ID holders to access public and private sector services.

D. Project Description

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), and rolling out the new ID system and integrating it into service delivery to expand access and enhance service delivery (Components 3 and 4). During implementation, special attention will be paid to ensuring:

- 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.
- A focus on use cases and maximum efforts to ensure improvement of service delivery to guide design and implementation, given that the issuance of a Fayda ID is not an end in itself but, instead, a means to an end.
- Application of strong personal data protection practices, including data collection minimization, purpose specification, lawful processing, strict limits on data retention, data accuracy, accountability, transparency, consent and user-empowerment, and the use of privacy- and security-by-design approaches.



- 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.
- 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, digital security, accountability, and good governance. Fayda will comply with the ten *Principles on Identification for Sustainable Development*. 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\$29 million)

This component will invest in the ‘analogue’ foundations, including stakeholder engagement, legal frameworks, and institutions, that are key for 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.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

Note to Task Team: This summary section is downloaded from the PAD data sheet and is editable. It should match the text provided by E&S specialist. If it is revised after the initial download the task team must manually update the summary in this section. *Delete this note when finalizing the document.*

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. The availability of digital ID and the future introduction of authentication capability including through mobile phones may eventually lead to an increase of mobile phone ownership by the population. Activities to be financed under Components 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 through air, soil, and water via ingestion, inhalation, and dermal absorption. E-waste is resistant to biodegradation with a strong tendency to bio-accumulate in agricultural lands and be available for uptake by grazing livestock. Besides, the digitalization of services could lead to an increased 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 and 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 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 supported through the proposed project will not collect sensitive information related to ethnicity or religion, which could potentially be used to discriminate against an individual.

Note: To view the Environmental and Social Risks and Impacts, refer to the Appraisal Stage ESRS Document. *Delete this note when finalizing the document.*

E. Implementation

Institutional and Implementation Arrangements

23. **Until the ID Institution is established as the permanent home for Fayda, the PMO (specifically the NIDP) will be the Implementation Agency and will host the PMU.** The financial management and procurement assessment of the PMO are being carried out by the respective WB teams and are expected to be completed by Project appraisal in October 2023. The PMU will be staffed with core positions, such as Project Coordination, Procurement Specialist, Financial Management Specialist, and Environmental and Social Specialists as well as M&E experts. These positions will be funded by the *Digital Foundations Project* until this Project becomes effective.

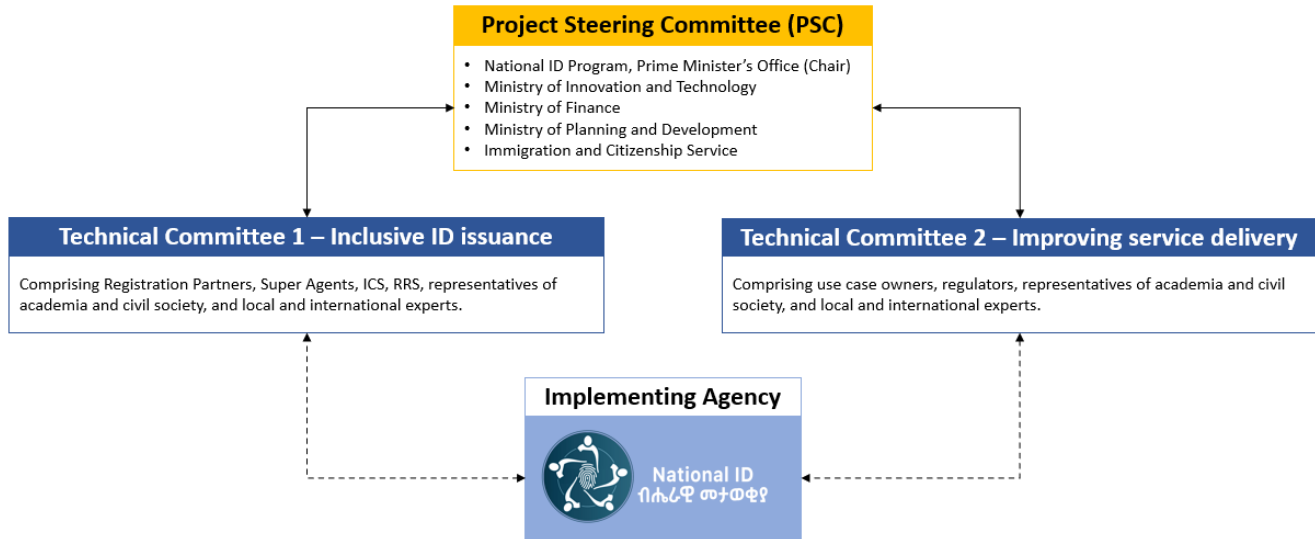
24. **The GoE is still evaluating options for the permanent home of Fayda.** It is unlikely that the permanent home will be decided within the first year of Project implementation. Options being considered include: (i) establishing a new GoE agency; (ii) integrating Fayda as a function of an existing GoE agency; and (ii) integrating different aspects of Fayda as a regulatory entity into an existing GoE agency and a business wing of a SOE. Considerations include public trust, local presence, business model, and financial and operational sustainability. The Project will, under subcomponent 1.1, support NIDP to conduct necessary studies and consultations to inform the GoE decision, as well as develop the foundational aspects of the ID Institution. Once the ID Institution is established, the Project may need to be restructured.

25. **Strategic guidance and oversight will be provided by a Project Steering Committee (PSC).** The PSC will be chaired by the Executive Director of NIDP and will comprise representatives from the MoF, MInT, Ministry of Justice, Ministry of Planning and Development, and ICS. It will be established after Project approval and will serve concurrent to Project implementation, meeting as often as required but at least once a quarter. The PSC will be responsible for approving work plans, budgets, and reports to the Bank, as well as deciding on priority use cases under subcomponent 4.1.

26. **Two multi-stakeholder technical committees (TCs) will be established to support implementation of components 3 and 4.** The TC on component 3 (Inclusive ID issuance) will comprise the entities that are Registration Partners and Super Agents, as well as ICS, RRS, and representatives of academia and civil society, and international and national experts. The TC on component 4 (Improving service delivery) will comprise representatives of the use case owners, including but not limited to those identified in Table 2, as well as regulators, representatives of academia, civil society, and international and national experts. International and local development and humanitarian partners can also be invited to join these TCs. The TCs will meet as often as required but at least once a quarter.



Figure 1: Implementation Arrangements



B. Results Monitoring and Evaluation Arrangements

27. The PMU housed at NIDP will be responsible for monitoring Project implementation, budget utilization, tracking results (against the results framework), and identifying and mitigating challenges. This includes organizing regular consultations and disclosing relevant Project information to stakeholders, as part of the Project’s ESF commitment. The Project, particularly through component 5, will support NIDP to carry out surveys (e.g., satisfaction surveys among people and relying parties) and develop M&E systems (e.g., dashboards). The PMU will compile regular progress reports, which will be shared during implementation support missions (occurring at least twice a year), as well as formal Project annual and midterm reports.

Note to Task Team: The following sections are system generated and changes must be made in Data Sheet(s). *Delete this note when finalizing the document.*

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APPROVAL

Task Team Leader(s):	Luda Bujoreanu, Jonathan Daniel Marskell
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Approved By

Practice Manager/Manager:		
Country Director:	Doina Petrescu	20-Oct-2023

Note to Task Team: This is the end of document. No further content should be added. *Delete this note when finalizing the document.*