# Realizing The Promise of Digital IDs in Ethiopia

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Ethiopia stands poised to reap tremendous benefits from its new national digital ID program, dubbed "Fayda." But unlocking the full potential will require surmounting key adoption and integration challenges. Based on our experience and research across Africa and other emerging economies, we outline below a way forward.

The government's ambitions are bold: registering all 110 million citizens over the next five years with biometrics-backed digital IDs. If successful, Ethiopia will possess a powerful platform for streamlining access to services, reducing fraud, and catalyzing economic participation across domains.

## The potential is immense, but realizing it depends on four key enablers:

First, **drive rapid registration and adoption**, especially among the poorest and most remote. Leverage local administrators and community organizations to run dedicated registration drives. Provide offline authentication options for those lacking smartphones. And launch multilingual awareness campaigns to educate citizens on potential benefits.

Second, **instill trust through world-class cybersecurity and privacy protections.** Follow global best practices around encryption, tokenized credentials, and permission-based data sharing. Enact clear laws governing data usage. And establish robust breach monitoring and response capabilities.

Third, **create a seamless omnichannel experience via integrations and interoperability.** Support open **APIs** and standards to facilitate linking with government and private sector systems. Prioritize high-impact use cases like digital finance, social transfers, healthcare, education, and employment.

Fourth, **equip officials and citizens with digital literacy and technical skills.** For citizens, focus on marginalized groups. For officials, prioritize those managing integrations. Digital skills-building must encompass the ability to use and govern **digital ID systems**.

These four enablers can help Ethiopia avoid the pitfalls that have stalled digital ID progress in some nations. Our research shows that countries realizing the greatest economic impacts from digital IDs focused squarely on inclusion, trust, integration, and capability-building.

# Done right, Ethiopia's digital ID system could unlock immense value, potentially delivering:

- 20% increase in financial inclusion (~9M new account holders)
- 25% efficiency gains in social protection delivery (~$300M savings)
- 15% boost in healthcare access and quality
- 5-10% increased employment and skilling outcomes

Capturing this potential requires upfront investment - likely in the hundreds of millions. But the long-term dividends for Ethiopia's economy and citizens would be substantial.

We believe **Ethiopia's national digital ID program** represents a watershed opportunity to accelerate inclusive growth and empower citizens. Moreover, by setting standards and sharing lessons, Ethiopia's model could provide guiding light for digital ID initiatives across Africa. To convert the vision into reality will take foresight, focus and follow-through. The first steps have been taken, but the road ahead remains long. It will require all stakeholders - government, citizens, development partners, private sector - to play their part in bringing the promise of Ethiopia's digital future to life.

At CSM Tech, we look forward to bring meaningful contribution to Ethiopia National ID project through a sustained partnership and capacity building.

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