



The World Bank

ID for Inclusive Service Delivery and Digital Transformation in Indonesia (P175218)

Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 23-Nov-2022 | Report No: PIDA34424



BASIC INFORMATION

A. Basic Project Data

Country Indonesia	Project ID P175218	Project Name ID for Inclusive Service Delivery and Digital Transformation in Indonesia	Parent Project ID (if any)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date 07-Nov-2022	Estimated Board Date 24-Feb-2023	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing	Borrower(s) Republic of Indonesia	Implementing Agency General Directorate for Population and Civil Registration, Ministry of Home Affairs	

Proposed Development Objective(s)

Strengthen population and civil registration and increase usage of digital identification to improve delivery and accessibility of select public and private sector services for all Indonesians.

Components

- Population and civil registration
- Identity verification, digital identification, and ICT infrastructure
- Utilization and adoption
- Institutional and human capacity
- Project management and coordination

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	250.00
Total Financing	250.00
of which IBRD/IDA	250.00
Financing Gap	0.00

DETAILS

**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)

250.00

Environmental and Social Risk Classification

Moderate

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Indonesia was sustaining strong economic growth and poverty reduction in the decade before the COVID-19 pandemic.** The annual economic growth from 2008 to 2018 averaged 5.4 percent and the poverty rate almost halved in the period between 2006 and 2019. Indonesia's overall strong economic performance was underpinned by prudent macroeconomic policies in the face of various commodity and financial cycles and shocks.
2. **Indonesia's economy contracted by 2.1% in 2020 and then rebounded with growth rates of 3.7% in 2021 and 5.1% (estimated) in 2022 respectively.** The V-shaped recovery was helped by an emergency fiscal package totaling around 3.8% and 3.9% of Gross Domestic Product (GDP) in 2020 and 2021, which provided relief to households and firms. About one third of this support went directly to households with low-income formal sector workers and households deemed to be in the bottom 40% of the income distribution. Social assistance spending was estimated to have reduced poverty by around eight percentage points and mitigated the negative coping behavior of millions of households. Due to the food and fuel crises that arose in 2022, the Government is mounting another emergency response to mitigate the impact of inflation on the poor.¹
3. **These recurring crises tend to disproportionately impact the poor who are geographically concentrated in rural and remote areas.** Human capital levels in metropolitan Java are comparable to middle income countries like Viet Nam but levels in rural Papua are more similar to those found in low income countries in Sub-Saharan Africa. While decentralization has brought some convergence on access to services, wide gaps remain. The costs of migrating to metropolitan areas from rural areas are high. This poor connectivity between people and economic opportunities limits the prospects of sharing the prosperity generated in and by Indonesia's growing cities. Better targeting of social protection and

¹ World Bank, 2022. *Indonesia Economic Prospects (IEP), June 2022: Financial Deepening for Stronger Growth and Sustainable Recovery*. Available at: <https://www.worldbank.org/en/country/indonesia/publication/indonesia-economic-prospects-iep-june-2022-financial-deepening-for-stronger-growth-and-sustainable-recovery>



unlocking access to digital government services and digital economy will help address these challenges.

4. **In addition, Indonesia is ranked in the top-third of countries in terms of climate risk, with high exposure to all types of flooding.²** The intensity of these hazards is expected to grow as the climate changes and the poor and vulnerable tend to live in areas with high hydrometeorological risks and climate hazards, but due to their financial capacity constraints they also have limited financial resources to adapt and prepare for these risks. To mitigate these effects, it is important that Indonesia builds digital platforms, such as for identity verification and e-KYC, digital ID and data exchange, to facilitate continuity of services and delivery of emergency assistance during and after climate-related disasters. This will strengthen the resilience of populations impacted by climate hazards and extreme weather events.

5. **One area of opportunity and where the rural-urban gap is shrinking is in the use of broadband internet and smartphones, which creates a key enabling environment for reducing inequities in access to services and economic opportunities through increased online transactions with the public and private sectors.** The National Socioeconomic Survey (Susenas) has shown that between 2015 and 2021, the percentage of households accessing the internet has nearly doubled from 42% to 82%. The gap between rates of access between rural and urban households has halved from 30% to 15%. Indonesia is currently the fifth most internet-engaged country in the world, behind the Philippines, Brazil, Thailand, and Colombia.³ According to one estimate, the average internet user in Indonesia spends more than eight hours on the internet per day, the ninth highest in the world.⁴ The COVID-19 pandemic is likely to advance these trends further. These high rates of use highlight the potential user base for a digital ID for online transactions.

6. **Despite increased internet access and GoI initiatives for promoting the digital economy, there is still a long way to go to reach its full potential, especially for the benefits to be realized by all segments of the population and the economy.** Along with improving the coverage, affordability, and reliability of internet, there is a need to increase digital trust,⁵ which can help promote more productive use of the internet. Micro and small e-commerce firms, disproportionately run by women, are hindered by the lack of trust in online transactions and high cyber risks. Meanwhile, although government agencies at all levels have been gradually digitalizing, such as various initiatives by the Ministry of Health (MoH) as part of the COVID-19 response it still lags the impressive pace that the private sector has adopted technology. Many services still require physical visits by citizens and are prone to disruptions caused by extreme weather. As a result, Indonesia is missing key opportunities for productivity gains and savings and building resilience to climate related hazards.

Sectoral and Institutional Context

7. **Foundational ID systems⁶ are widely recognized as a key enabler for development.** The ability to establish and verify legal identity is increasingly a prerequisite for access to public and private sector

² World Bank Group & Asian Development Bank (2021). *Climate Risk Profile: Indonesia*. Available at: <https://openknowledge.worldbank.org/handle/10986/36379>

³ World Bank (2021). *Beyond Unicorns: Harnessing Digital Technologies for Inclusion in Indonesia*. Available at: <https://www.worldbank.org/en/country/indonesia/publication/beyond-unicorns-harnessing-digital-technologies-for-inclusion-in-indonesia>

⁴ We Are Social & Hootsuite (2022). *Digital 2022 – Global overview report*. Available at: <https://datareportal.com/reports/digital-2022-global-overview-report>

⁵ Digital trust is the confidence that users have in the security and integrity of digital transactions.

⁶ 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. They contrast with functional ID systems, which are designed for specific services, such as driving licenses, tax IDs, and social insurance IDs.



services such as social protection, healthcare, education, and financial services, as well as economic opportunities such as formal employment. It is also the basis for exercising rights, including those related to voting, nationality, business, and property ownership. Timely birth registration is especially important for safeguarding the rights of children. For governments and businesses, the ability to verify and trust the identity of people is essential for providing more effective and efficient service delivery. For example, trusted and inclusive ID systems can promote financial inclusion by lowering the cost of opening bank accounts for low-income individuals. The information in foundational ID systems is also the basis of vital and demographic statistics (e.g., on population, fertility, and mortality) which are crucial for monitoring the impact of public policy. For these reasons, “*by 2030, provide legal identity for all, including birth registration,*” was included as target 16.9 in the United Nations Sustainable Development Goals (SDGs).

8. Having ID systems that are inclusive and trusted also boosts resilience to crises. During the COVID-19 pandemic, many countries – including Indonesia – leveraged their foundational ID systems in different ways to quickly scale up cash transfer relief payments helping mitigate the economic impact of the pandemic. The countries that could use digital databases and trusted data exchange to identify social assistance beneficiaries reached on average 51% of their population, compared to countries that had to collect new information reached only 16%.⁷ In the case of natural disasters, including weather-related hazards such as cyclones and floods that are increasing their frequency and intensity in Indonesia due to climate change, the ability to use ID systems – in combination with financial services and social protection systems – to target assistance to those in affected areas and verify their address can greatly speed up relevant responses. This is critical for climate vulnerable and poor communities who have limited financial capacity to prepare and respond to climate-related hazards.

9. Indonesia’s foundational ID systems – known as population registration (PR) and civil registration (CR) – are managed by the General Directorate for Population and Civil Registration (Ditjen Dukcapil) in the Ministry of Home Affairs (MoHA). Various forms of registration and identity cards have existed in the country since before independence, and these have evolved over time. The Population Administration law (2006, amended in 2013) governs the PR/CR systems. The main components are the Population Administration Information System (SIAK) database, unique national ID number (NIK) issued at birth registration, electronic national ID card (e-KTP) available from age 17, family card (KK), and various certificates for births, deaths, marriages, and other vital events.

10. In 2010-2011, Ditjen Dukcapil digitalized the PR/CR systems, replacing the non-electronic national ID card (KTP) with the e-KTP, and to introduce biometrics for deduplication of records and identity verification. Registration and data updates, including changes in address, are done by Dinas Dukcapil, who report to local governments. Both Dinas Dukcapil and Ditjen Dukcapil make population data available to institutional users: at the aggregate-level to allow production of statistics and at the individual-level to allow a service provider, such as a government agency or bank, to verify the identity of a client. This access is governed by cooperation agreements (PKS).

11. Indonesia has made commendable progress in developing its foundational ID systems, especially when considering the challenges of its geography, size, and diversity. In terms of registration coverage, the Susenas survey shows that 97% of the population had a NIK in 2021, and 88.4% aged 17 and below had a birth certificate. The 2021 ID4D-Findex Survey also found that 97% of eligible adults possessed an e-KTP or KTP (pre-2011 version). According Ditjen Dukcapil’s administrative data, steady

⁷ World Bank (2022). *The Role of Digital in COVID-19 Social Assistance Response*. Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099830009302217091/p1731660f8c52f062092ac00d53c648bac7>



progress was made in increasing coverage between 2015 and 2019.⁸ These improvements can be credited to innovations and investments towards reaching out to vulnerable populations and greater utilization of population data, which has incentivized local governments to streamline PR/CR processes. There have also been significant efforts by Ditjen Dukcapil to increase service levels, including to integrate CR and PR with each other. In terms of utilization, Ditjen Dukcapil has signed cooperation agreements with nearly 5,400 institutional users, who have carried out over 7 billion real-time verification requests as of September 2022. For example, financial services providers have used this service to comply with know-your-customer (KYC) requirements in anti-money laundering (AML) regulations more efficiently, and the Ministry of Social Affairs (MoSA) has used this service to ‘seed’ NIKs in the Integrated Social Welfare Database (DTKS) and thus clean it of ghost, duplicate, and deceased beneficiary records⁹.

12. Yet significant challenges remain in terms of coverage, utilization and data security and these gaps limit the huge potential development impact of the system. In terms of coverage, the 2021 Susenas survey estimated 9.5 million Indonesians lack a NIK, especially children aged 0-1 whose birth has not been registered. They are effectively excluded from accessing certain services and denied the rights that result from having their legal identity recognized. Government agencies and the private sector have also not fully harnessed the ID system infrastructure, especially for automated and secure identity verification. The vast majority of authentication transactions are demographic matching, which is error prone and may not be as secure as biometric verification for higher-value transactions. This is partly due to capacity constraints resulting from a lack of sustained investment in Ditjen Dukcapil’s ICT infrastructure, which has led to capacity not being able to keep up with the demand. Data protection and cybersecurity must also be prioritized if users – both institutions and individuals – are to have confidence in the system, especially given that cyber risks are increasing, as evidenced by the growing number of data breaches in Indonesia and globally.

13. The coverage gap is most pronounced in the Eastern Provinces. The 2021 Susenas data shows the high geographic concentration of people without a NIK and birth certificate, suggesting that special efforts will be required in these provinces. These unregistered people also stand the most to gain from increased access to proof of their legal identity and being included in vital and demographic statistics produced based on the PR/CR system.¹⁰ Papua and West Papua provinces had NIK coverage rates of 67% and 87% and birth certificate coverage of 45% and 75%, respectively. East Nusa Tenggara had a birth certificate coverage rate of 66%. The same survey shows strong correlations with education levels, income and having a disability. Across Indonesia, female-headed households have lower rates of birth certification: the 2021 Susenas also shows a persistent gap of approximately four percentage points in birth certificate ownership of children from female-headed households compared to male headed households. Not surprisingly, the evidence suggests that travel and other costs associated with obtaining legal identity documents and lack of awareness are the main reasons that these vulnerable groups are being excluded.¹¹

14. ID ownership alone does not automatically lead to better access to services nor ensure that the ID system is fully leveraged to improve service delivery and for Indonesia’s development. The utilization gaps are twofold. First, there is insufficient capacity to meet existing demand for real-time identity

⁸ The source is Ditjen Dukcapil’s Strategic Plan (RENTRA) for 2020-2024. The Dukcapil estimate uses the number of NIKs issued as the denominator while survey data should reflect the total population including the small percentage (around 3 percent) without NIKs.

⁹ Purwondanu, D. (2020, July 17). Developing integrated data system for Indonesia. *Jakarta Post*. Available at: <https://www.thejakartapost.com/academia/2020/07/17/developing-integrated-data-system-for-indonesia.html>

¹⁰ DFAT, PEKKA & PUSKAPA UI (2014). AIPJ Baseline Study on Legal Identity – Indonesia’s Missing Millions. Available at: <https://puskapa.org/en/publication/782/>

¹¹ ibid.



verification and other population data utilization services. The capacity constraints are due to the lack of ICT infrastructure to service national-scale real-time usage. Some ICT equipment in Ditjen Dukcapil data centers and offices date back more than a decade. Although there have been increases in utilization, Ditjen Dukcapil systems still cannot handle the volume of queries they currently receive. With these constraints, Ditjen Dukcapil has to effectively ration usage. Institutional users face daily limits on how many Indonesians they can verify and how much population data they can access. This has led some institutional users to turn to third party providers and resulted in transaction delays in government programs like the rollout of the Kartu Prakerja cash transfer scheme during the COVID-19 crisis. These third parties also charge fees that add unnecessary costs to the implementation of these programs.

15. In addition to added capacity, there is a clear need for new technology to meet the growing demand for additional services in the context of the expanding digital economy. An important upgrade to the current Dukcapil system would be to facilitate e-KYC to enable institutional users to carry out digital on-boarding for various services both in-person and remotely, including (but not only) using biometric verification. This would provide higher levels of assurance and reduce risk levels while minimizing the exposure of demographic information. This would make low-income individuals less costly customers and would be especially beneficial for the financial inclusion of women. Data from the 2021 National Financial Inclusion Survey, reveals that 37% of adult women are unbanked, compared to 32.3% of adult men – a small but significant gender gap.¹² Women tend to report that distance and difficulty leaving home to a bank branch are important barriers to open an account. A recent study by Women’s World Banking recommended remote onboarding to facilitate account opening for women. The experience in India where this approach was implemented showed the massive potential for expanding financial inclusion in a short time. The ability to use transactional accounts and increasingly, mobile money, can help women expand e-commerce and generally increase women’s empowerment, which would also allow build their resilience to climate hazards.

16. As more transactions move online, digital ID systems that allow people to securely verify their identity to both government and private sector firms without having to be present physically. Traditional credentials, such as physical ID cards and birth certificates, do not allow for secure remote verification and are prone to fraud, misuse, and privacy breaches. Digital IDs enable governments and businesses to offer their services end-to-end online, removing the need for people to visit offices or submit documents. Estonia, for example, allows more than 99% of government services to be completed online, which is estimated to save the average resident five days in reduced bureaucracy every year. For an archipelago country like Indonesia, digital ID can reduce the costs and distance for accessing services, enabling the GoI to channel savings and limited resources to typically underserved populations (e.g., people in rural areas, people with disabilities and elderly). Furthermore, as services accessible using a digital ID are less likely to be disrupted by climate related disasters, resilience of those services to climate shocks by assuring service continuity even when climate related disasters such as cyclones and floods disrupt physical access to key services (e.g., financial services) that are critical to responding and managing the impacts of these events on livelihoods. FinTech providers have identified the absence of a digital ID and e-KYC platform as one of their priority demands of the GoI.¹³ In consultations, GoI agencies such as those that administer social insurance (BPJS Employment and BPJS Health) have highlighted the need for such a system to allow them to digitally transform their member services. GoI agencies also reported challenges offering services online during COVID-19. Dukcapil has recognized this gap and is currently

¹² 2021 National Financial Inclusion Survey. See: <http://snki.go.id/survei-nasional-keuangan-inklusif-2021/>

¹³ World Bank (2021). *Beyond Unicorns: Harnessing digital technologies for inclusion in Indonesia*.



piloting a new smartphone application, which as of October 2022 has more than 300,000 users, highlighting the feasibility and demand for such a product. However, Ditjen Dukcapil needs to substantially improve its ICT infrastructure in order to scale a digital ID nationally.

17. Indonesia does not yet have an official digital ID system or framework, which hinders digital trust and the transition to an effective digital government and vibrant digital economy and digital society. When transacting online currently, Indonesians are asked to verify themselves either with the demographic verification mechanisms, which are highly prone to fraud, or to take a selfie of themselves holding their e-KTP, which aside from also being prone to fraud is very inefficient. The result is that Indonesia experiences a large amount of online fraud and cyber risks, including identity fraud. FinTech providers have reported that as many as 60% of customers provide selfies that are unreadable or require manual intervention, such as a video call. As a result, service providers are hesitant to offer end-to-end online transactions with higher value and risk, and Indonesia experiences a large amount of online fraud and cyber risks, including identity fraud.

18. Another gap in the existing system that affects all of government is the inability to exchange data securely and seamlessly. State of the art data sharing platforms using application programming interfaces (APIs) have been shown to reduce the amount of information collected from citizens and can help improve targeting of government programs. The decision to use the NIK as the income tax identifier is an example where cross-checking data can help detect and reduce tax evasion.¹⁴ Data sharing can also allow the government to integrate data from various sources to better target social assistance and subsidies, to discover exclusion errors in government programs, and to monitor all the benefits being received by a particular household.

19. With an increasing number of data breaches, there is an urgent need to strengthen digital trust in Indonesia – and enacting of the Personal Data Protection law (PDP) in October 2022 was a key step. The PDP law, which is largely modelled on the European Union's General Data Protection Regulation (GDPR) will have substantial implications on how personal data is collected, stored, managed, and shared, including by Dukcapil (notwithstanding specific exemptions). For example, the PDP law will introduce requirements of consent, data minimization and proportionately, which means that GoI agencies and businesses will have to justify every data attribute they collect and share. Furthermore, the obligations related to designating data protection officers and conducting data protection impact assessments before implementing high risk systems will contribute to reducing data protection risks. However, there will be challenges to operationalize the PDP law, and GoI agencies (including Ditjen Dukcapil) and businesses will require support to undertake the necessary policy, regulatory, technological, and operational reforms. Indonesia's cybersecurity regime is comparatively more mature, especially considering Perpres No. 28/2021 on the National Cyber and Encryption Agency (BSSN). Dukcapil already collaborates extensively with BSSN, but nonetheless needs to strengthen in its ability to monitor and respond to cyberthreats.

20. The Project is contributing to Government of Indonesia plans and priorities, including the National Mid-Term Development Plan (RPJMN) 2020-2024. Achieving universal NIK, birth certificate, marriage certificate, and death registration coverage is a target in the RPJMN 2020-2024 and MoHA's Mid-Term Strategic Plan (Renstra). Ensuring access to PR/CR services for vulnerable population groups, including disaster victims, remote communities, nomadic tribes, homeless persons, migrant workers, is also enshrined in the Perpres No. 62/2019 regarding the National Strategy for Accelerating Population

¹⁴ See <https://voi.id/en/news/193509/integration-of-nik-and-npwp-claimed-by-the-director-general-of-dukcapil-ministry-of-home-affairs-for-the-prosperity-of-the-indonesian-nation-agree-with-this-mindset>



Administration for the Development of Vital Statistics (Stranas AKPSH). The enhanced population data utilization supported by the Project will also contribute to other important GoI initiatives. For instance, the integration of the NIK into service delivery is promoted through PerPres No. 83/2021 concerning the inclusion and utilization of NIKs in public services, the harmonization of government data is promoted through PerPres No. 39/2019 concerning One Data Indonesia, and the enablement of digital government is advanced through PerPres No. 95/2018 concerning Electronic-Based Government Systems. The Project will also support compliance with the new PDP law. Furthermore, the introduction of a national scale e-KYC platform and digital ID will contribute to achieving the 90% financial inclusion target in PerPres No. 114/2020 concerning the National Strategy for Financial Inclusion. Finally, the GoI is prioritizing the improvements in coverage and quality of the targeting databases used for social protection programs, and NIK and SIAK data can help verify and minimize errors, including to reduce risks of ghost, duplicate, and deceased beneficiaries.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

21. **The Project Development Objective is to strengthen population and civil registration and increase usage of digital identification to improve delivery and accessibility of select public and private sector services for all Indonesians.**

22. **The PDO will be measured by the following indicators:**

- a. Number of Indonesians in 11 priority provinces having been issued a NIK for the first time
- b. Proportion of children aged 0-4 with a birth certificate
- c. Number of Indonesians who have installed the digital ID application and authenticated themselves at least one time
- d. Number of people who have used the e-KYC platform for onboarding selected services including financial services
- e. Difference between the proportion of Indonesian men and women owning a bank account
- f. Number of institutional users using the new identity verification and e-KYC platform for authentication

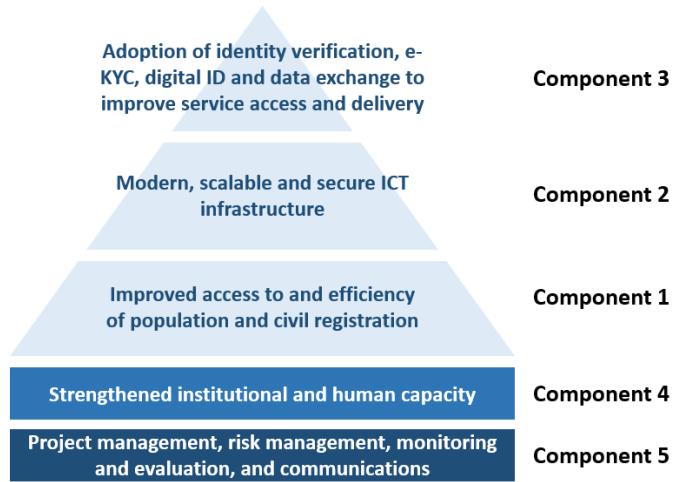
D. Project Description

23. **The Project is organized into five components that together form a comprehensive, integrated, and forward-looking approach for achieving the PDO.** The Project will support Ditjen Dukcapil (as lead, working closely with Dinas Dukcapil and other relevant stakeholders) to further improve the coverage and functioning of Indonesia's PR/CR system, to build platforms on top of the PR/CR system (e.g., the identity verification and e-KYC platform, digital ID, and data exchange platform) for more accessible, efficient, and innovative services, and to strengthen cybersecurity and data protection of the Dukcapil ecosystem.



Figure 1 illustrates the relationship between the components.

Figure 1. Relationship between Project components



24. The Project is aligned with the *Principles on Identification for Sustainable Development*¹⁵ and other international good practices and standards related to ID systems and civil registration, as well as digitalization more broadly. The Project includes activities across all ten of the *Principles* (see Table 1Error! Reference source not found. for examples). To ensure sustainability of the programs beyond the life of the Project, special attention will be paid to building internal capabilities, as well as basing digitalization on sound legal frameworks, processes, and other analogue foundations. Development of systems will follow approaches that avoid vendor and technology lock-in.¹⁶ The Project will also advance Dukcapil's compliance with the PDP law, thus strengthening personal data protection. Data protection impact assessments (DPIA) will be carried out to inform the design of new and upgrading of existing systems that will process personal data. Human-centered design (HCD) and stakeholder engagement will be employed to ensure that systems are user-friendly and reduce – rather than exacerbate – digital divides, such as to make the digital ID more accessible for persons with disabilities (PWDs) and the elderly, among other vulnerable populations.

Table 1. Principles on Identification for Sustainable Development

Principle	Example Project activities (subcomponent)
Inclusion	
1. Ensure universal access for individuals, free from discrimination	<ul style="list-style-type: none">• Expanding coverage in lagging regions and among vulnerable populations
2. Remove barriers to access and use	<ul style="list-style-type: none">• PR/CR process re-engineering• Human centered design for digital ID
Design	
3. Establish a trusted—unique, secure, and accurate—identity	<ul style="list-style-type: none">• Linkages with other sectors• Strengthened cybersecurity

¹⁵ The Principles were developed to provide a guiding framework for countries to maximize the developmental benefits of ID and civil registration systems while maximizing the risks. They have been endorsed by 30 international and regional organizations, including the World Bank Group. More information is available at www.idprinciples.org.

¹⁶ For instance, software development will follow international and industry good practices related to open architecture, information security, modularity, extensibility, reusability, and testing, supported by training and certification programs. Cloud computing and digital public goods such as open-source software and commodity hardware will be adopted where appropriate and advantageous.



4. Create a responsive and interoperable platform	<ul style="list-style-type: none">• Identity verification and e-KYC platform• Digital ID application• Data exchange platform
5. Use open standards and prevent vendor and technology lock-in	<ul style="list-style-type: none">• Open standards for ICT
6. Protect privacy and agency through system design	<ul style="list-style-type: none">• Consented data sharing• Preventing identity theft through stronger authentication
7. Plan for financial and operational sustainability	<ul style="list-style-type: none">• Climate resilient PR/CR services• Non-tax revenue system
Governance	
8. Protect personal data, maintain cyber security, and safeguard people's rights through a comprehensive legal and regulatory framework	<ul style="list-style-type: none">• Strengthened cybersecurity• Data protection officer program and other activities to comply with the PDP law• Legal and regulatory reforms
9. Establish clear institutional mandates and accountability	<ul style="list-style-type: none">• Amended PR/CR law and new PerPres on Digital ID
10. Enforce legal and trust frameworks through independent oversight and adjudication of grievances	<ul style="list-style-type: none">• Grievance redress mechanisms

Component 1 – Population and civil registration

25. This component will support increases in PR/CR coverage among the existing population (i.e., the ‘stock’) – with a focus on lagging provinces and vulnerable populations – and process reforms and new systems to make the PR/CR system more accessible, resilient, and efficient (i.e., for the ‘flow’). These outputs will particularly assist Indonesians and eligible residents who do not yet possess a NIK, e-KTP or other legal identity documentation (e.g., birth and marriage certificates) or whose information is not up to date. Beneficiaries will be able to access services and exercise their rights more easily. Having sustainable a PR/CR system with complete and accurate coverage will be essential for the service delivery benefits of components 2 and 3 to be accessible for all Indonesians. This will also allow the GoI to produce better population and vital statistics for more-informed policy planning and budgeting as well as comprehensive measurement of development outcomes. Furthermore, the improvements to death registration will increase the integrity of various G2P payments (e.g., pensions, social assistance, and subsidies) and databases (e.g., DTKS and the BPJS-Health member registry). There will be close cooperation with other institutions that can notify vital events (e.g., births, deaths, and marriages) and report other data updates (e.g., changes in address), including (but not limited to) MoH, MoRA, MoSA, MoFA, BP2MI, and FSPs. Civil society will also be consulted on the design of and will play a role in the implementation of outreach activities, especially to vulnerable populations and lagging provinces, as well as new processes and standard operating procedures (SOPs).

26. **Subcomponent 1.1 – Local capacity and processes and linking with other sectors.** This subcomponent will make systemic improvements to local-level PR/CR services, including to promote inclusion, efficiency, and innovation, as well as to enable sustained high levels of coverage. It will include investments in making select Dinas Dukcapil services more human centered, inclusive, and accessible, streamlining business processes and SOPs, establishing automated linkages for vital event reporting and population data updating to reduce the steps required for Indonesians and residents to complete these processes, developing digital archiving systems to manage existing paper records more efficiently and



securely (e.g., in case of fires, flooding, and other climate related disasters). These changes will be paired with and capacity-building and training programs for Dinas Dukcapil nationwide.

27. Subcomponent 1.2 – Closing coverage gaps among disadvantaged regions and populations. This subcomponent will support Dinas and Ditjen Dukcapil, in collaboration with sub district and villages officials, civil society organizations (CSOs) and other stakeholders, to close PR/CR coverage gaps among: (i) 11 priority provinces identified as having the highest coverage gaps and lowest capacity;¹⁷ and (ii) vulnerable populations across the country.¹⁸ Logistics, equipment, and temporary staff for catch-up campaigns will be financed, as well as outreach and awareness-raising activities (e.g., mobile registration teams visiting remote areas). This subcomponent will also support the improvement to PR/CR services for vulnerable Indonesians living abroad, including migrant workers. Special attention will be paid to closing coverage disparities faced by women-headed households by identifying and addressing the specific awareness gaps and barriers they face, such as indirect costs of traveling to physical Dinas Dukcapil offices. Barriers faced by women headed households will be further identified during dedicated consultations with CSOs engaged in the empowerment of women headed households and GoI stakeholders. Furthermore, an emergency response capability will be established in Ditjen Dukcapil to rapidly offer PR/CR services in the aftermath of natural and climate-related disasters to ensure that Indonesians and residents affected do not suffer consequences from lacking legal identity documentation that may have been lost or damaged.

Component 2 – Identity verification, digital identification, and ICT infrastructure

28. This component will support the development of an identity verification and e-KYC platform for in-person transactions and a national digital ID application for online/remote transactions, as well as modernize Ditjen Dukcapil's ICT infrastructure and strengthen cybersecurity capabilities. These outputs are expected to improve the efficiency, resilience, performance, security and integrity of all Dukcapil operations, from PR/CR services and utilization to internal processes (i.e., components 1, 3, and 4 respectively). The identity verification and e-KYC platform and digital ID application will significantly enhance the ability of Indonesians and residents to access public and private sector services, both in-person and online, as well as the ability of government agencies and businesses to deliver those services. For example, Ditjen Dukcapil will no longer have to impose daily quotas on transactions because of insufficient ICT infrastructure. This increased scalability will be transformational for use cases that have potential to reach tens of millions of Indonesians every day such as education, healthcare, social assistance, financial services, and e-commerce. It will also help in times where there may be a surge of transactions, such as for service delivery during and after natural disasters. The digital ID application will increase trust in online transactions and unlock opportunities and innovation for remote digital government services (e.g., enabling Indonesians living in remote areas but with mobile broadband access to consume public services end-to-end online) and the digital economy (e.g., new fintech and e-commerce products and services). There will be coordination with Ministry of Communications and Informatics (MoCIT) and the National Cybersecurity and Crypto Agency (BSSN) to ensure compliance with relevant GoI whole-of-government policies, standards, and guidelines with respect to ICT infrastructure,

¹⁷ The priority provinces are: Central Sulawesi; East Nusa Tenggara; Maluku; North Maluku; North Sumatra; Papua; West Papua; and West Sulawesi; as well as the three newly formed provinces of Central Papua; Highlands Papua; and South Papua. The Project will also cover any provinces created in these locations. The 2021 Susenas estimates there are 3.5 million Indonesians in these provinces who either do not have a NIK or do not know their NIK, including children who lack a birth certificate.

¹⁸ This includes but is not limited to the “vulnerable populations” defined in MoHA Ministerial Regulation No. 96/2019, which includes: (i) natural disaster victims; (ii) social disaster victims; (iii) neglected persons; (iv) remote communities; and (v) residents of forest areas, State land, and disputed land.



cybersecurity and data protection.

29. **Subcomponent 2.1 – Identity verification and e-KYC platform.** Building on Ditjen Dukcapil's existing utilization services, this subcomponent will support the design and deployment of a national-scale identity verification and e-KYC platform¹⁹ that will enable Indonesians and residents to securely verify their identity for in-person transactions using demographic, face, fingerprint, and iris authentication. Furthermore, the platform will enhance data protection and privacy by focusing on one-to-one authentication and the use of consent-based data sharing for e-KYC. This subcomponent will also build Ditjen Dukcapil's internal capacity for effective and responsible use of biometric technologies, including to strengthen personal data protection and to reduce exclusion and vendor and technology lock-in.

30. **Subcomponent 2.2 – National digital ID application and framework.** This subcomponent will support Ditjen Dukcapil to design and deploy an optional digital ID smartphone application for Indonesians and residents, based on the PerPres supported under component 4. The application will have three functions: (i) enabling users to securely verify their identity when accessing online services through websites and other smartphone applications as a 'single sign on', with easy integration for institutional users; (ii) enabling users to remotely consent to sharing their personal data from SIAK and other official sources with institutional users; and (iii) acting as a digital wallet for storage and presentation of digital versions of their e-KTP and other official documents, which can be easily verified²⁰. To maximize accessibility, user-friendliness and adoption, significant investments will be made in user research (with various segments of the population, as well as institutional users), human-centered design, and socialization, including working with businesses and CSOs focused on women's empowerment that can be provided training and outreach material. This subcomponent will also support Ditjen Dukcapil to develop a digital ID trust framework of regulations, standards, and rules that would allow the expansion of this centrally-developed infrastructure to an appropriate federated and/or decentralized model in the future, drawing on international good practices and standards.

31. **Subcomponent 2.3 – Cybersecurity.** This subcomponent will support the comprehensive enhancement of cybersecurity capacity and systems of Dinas and Ditjen Dukcapil in line with relevant standards and international good practices. A cybersecurity strategy and SOPs will be developed, Dukcapil Command Centers (including network and security operations centers) will be established, and capability for monitoring and responding to cyber threats will be enhanced through capacity-building and procurement of tools and services.

32. **Subcomponent 2.4 – Dukcapil ICT infrastructure.** This subcomponent will support Ditjen Dukcapil to upgrade its ICT infrastructure to meet immediate needs for population data utilization and to transition to a state-of-the-art ICT infrastructure ecosystem that allows it to meet the scalability and performance needs of the future. It includes the development of an ICT infrastructure strategy and design, retirement of two end-of-life data centers, new equipment at the existing data center, establishment of a new data center in another appropriate co-location facility, and adopting cloud computing, as appropriate. The two data centers supported by the Project will meet national standards for a tier 3 rating²¹ and they, along with adoption of cloud computing, will be aligned with GoI overarching national policies. This subcomponent will also build Ditjen Dukcapil's capacities for software development lifecycle management

¹⁹ In this context, identity verification refers to a one-to-one authentication and e-KYC refers to sharing with the institutional user specific attributes from the SIAK based on a successful authentication and the consent of the data subject.

²⁰ For instance, by using the World Wide Web Consortium's (W3C) Verifiable Credentials standard.

²¹ Tier 3 classification requires 99.982% availability and full redundancy.



and technology project management. Finally, it will fund a replacement automated biometric identification system (ABIS) to ensure greater inclusivity, data protection, efficiency, and transparency of the deduplication process, as well as reduce vendor and technology lock-in.

Component 3 – Utilization and adoption

33. **This component will promote the usage of various platforms to make public and private sector services more inclusive and efficient, such as by improving how more than 5,300 institutional users are managed, developing a secure and transparent data exchange platform, and supporting priority GoI agencies to integrate with key platforms.** The improvements to the systems and processes for managing the relationships with and access of institutional users will have efficiency gains for Ditjen Dukcapil and will provide institutional users with increased predictability and ease of integration. The introduction of non-tax revenue will facilitate financial sustainability for the investments made by the Project. Supporting priority GoI use cases will enable significant improvements to the accessibility and efficiency of their services, as well as have an important demonstration effect to drive adoption by other institutional users. In addition to the priority GoI agencies that will be supported by this component, there will be intensive engagement with other existing and future institutional users. Coordination with sectoral regulators (e.g., OJK for FSPs, and BI for payment service providers) will be important for providing encouragement and regulatory clarity for adoption of the identity and e-KYC platform and digital ID. There will also be cooperation with relevant coordination bodies, such as the National Council for Financial Inclusion (DNKI) and the national coordination team for e-government (SPBE), to ensure that the identity verification and e-KYC platform, digital ID, and data exchange platform are aligned with and contributing to their initiatives. Finally, there will be collaboration with MoCIT for the development of the Certificate Authority.

34. **Subcomponent 3.1 – Utilization processes and capacity.** This subcomponent will support Ditjen Dukcapil to develop new systems and processes for institutional user management and for population data utilization (e.g., exploring tokenization²² of the NIK to its security), and to design a non-tax revenue model for services provided to institutional users. It will also support two strategic initiatives of FPD2K: operationalization of a Certificate Authority to enable MoHA workers to do electronic signatures for the streamlining of PR/CR and utilization services and in support of the digital ID, and geocoding and standardization of address information in SIAK.

35. **Subcomponent 3.2 – Data exchange platform.** This subcomponent will support Ditjen Dukcapil to design and deploy a data exchange platform to make sharing of data more secure and seamless, as well as based on the consent of the data subject facilitated by the identity verification and e-KYC platform and digital ID application. The platform will be integrated with SIAK and will be extendable to other official databases as needed and in accordance with laws, regulations, and GoI policies. It will create opportunities for institutional users to make better use of population data for service delivery, such as for determining eligibility for various social programs including adaptive social protection responses to climate-related and natural disasters. It will bring the sharing of personal data in line with international good practices related to data protection. Accompanying the data exchange platform, a transparency portal will be developed to allow people to see how their data has been accessed to improve oversight.

36. **Subcomponent 3.3 – Priority use cases.** This subcomponent will support Ditjen Dukcapil to

²² Tokenization involves substituting sensitive data with a non-sensitive equivalent. In this case, it could involve substituting the permanent NIK with a temporary equivalent that would equally facilitate identity verification and uniqueness but could be replaced if needed (e.g., if it were compromised).



develop documentation and tools (e.g., a developer's portal) to assist institutional users to easily adopt and integrate with the identity verification and e-KYC platform, the national digital ID application, the data exchange platform, and other utilization services. It will support Ditjen Dukcapil to work with Dinas Dukcapil to integrate these platforms with PR/CR services, as well as with priority GoI institutional users (e.g., MoSA, MoH, BNPB, DJP, MoEC, BPJS-H, and BPJS-E) on pilots and national-scale adoption, including through the granting of software, hardware, and systems integration. Special efforts will be made to reach women especially those involved in micro-enterprises and e-commerce by working with organizations to provide training materials and raise awareness of on-line demos. In recognition of the important opportunities for interoperability and mutual recognition of digital IDs to promote cross-border access to services, payments, and data flows, this subcomponent will also support Ditjen Dukcapil to collaborate with other ASEAN Member States and other countries on pilots and implementation of interoperability arrangements.

Component 4 – Institutional and human capacity

37. **This component will help support organizational transformation of Dukcapil, legal and regulatory reforms, and improvements in citizen engagement to enable, sustain and build on the reforms supported by the Project.** The streamlining of internal processes and organizational structures will make PR/CR operations more efficient (e.g., reducing administrative costs and time) and strengthening human capital management will help upskill the workforce, which can improve front-line services and encourage innovation from within. Importantly, the rollout of a data protection officer program will enhance capacity and compliance with the new personal data protection law, while cultivating an internal culture around privacy and information security. The increased public awareness will help to address demand-side issues related to PR/CR services, and the new customer relationship management system will further strengthen how Dukcapil deals with grievances and complaints. There will be coordination with the Secretary-General and Planning Bureau of MoHA, Bappenas, MoF, the Ministry of Administrative and Bureaucratic Reforms (Menpan-RB) and the Ministry of Law and Human Rights (Kumham), among other stakeholders, to ensure that reforms are institutionalized and sustainable.

38. **Subcomponent 4.1 – Internal processes, human capital and Dinas Dukcapil performance management.** This subcomponent will support Ditjen Dukcapil to improve internal business processes (e.g., budgeting, planning, human resources (HR), legal, accounting, and procurement) and organizational structures of Dinas and Ditjen Dukcapil, as well as enhance human capital life cycle²³ management through the development and implementation of a new institutional strategy and policy, and new performance, human resource, knowledge and learning management systems. It will also rollout cross-cutting capacity-building programs across Dinas and Ditjen Dukcapil, such as to appoint and train data protection officers and on human-centric digital transformation, which will be coordinated in the topic-specific capacity-building programs implemented in other components. Furthermore, new systems for performance management of Dinas Dukcapil will be rolled out, including through fiscal transfers to incentivize higher performance and address resource gaps.

39. **Subcomponent 4.2 – Public awareness and establishing grievance mechanisms.** This subcomponent will support Ditjen Dukcapil to undertake a communications campaign to improve its perception among the public and to increase knowledge about various reforms and initiatives build trust

²³ In this context, the human capital life cycle comprises workforce planning, selection and recruitment, career and talent management, performance management, reward management, learning and development, and separation.



with the population, and improve its public image. It will also support the development of a customer relationship management system and new processes and SOPs for receiving, managing, and addressing complaints and grievances and cope with natural disasters through various channels, such as walk-ins, social media, and telephone hotlines.

40. **Subcomponent 4.3 – Legal and regulatory frameworks.** This subcomponent will support Ditjen Dukcapil to carry out an in-depth review of all relevant laws and regulations and to draft amendments and new ones, including amendments to the PR/CR law and a PerPres on digital ID, considering international good practices, technological advancements, and recent developments such as enactment of the personal data protection law. It will also support stakeholder consultations.

Component 5 – Project Management and coordination

41. **Subcomponent 5.1 – Project management unit.** This subcomponent will support establishment and operations cost for the project management unit (PMU) to drive project implementation, undertake fiduciary and reporting responsibilities under the Project, and act as a secretariat for the Project's governance committees, and augment technical expertise in more complex activities. A project management consultant will be procured to assist with managing procurement processes, vendors, and contracts.

42. **Subcomponent 5.2 – Risk management, monitoring and evaluation, change management, and communications.** This subcomponent will support Ditjen Dukcapil to carry out studies and consultations to pro-actively and comprehensively manage social, environmental, climate-related and other risks related to the Project, engage with civil society, academia, and the private sector, monitor and evaluate performance and impact of the Project, and manage grievances related to the Project.

C. Project Beneficiaries

43. **There are three sets of beneficiaries (also summarized in Figure 2):**

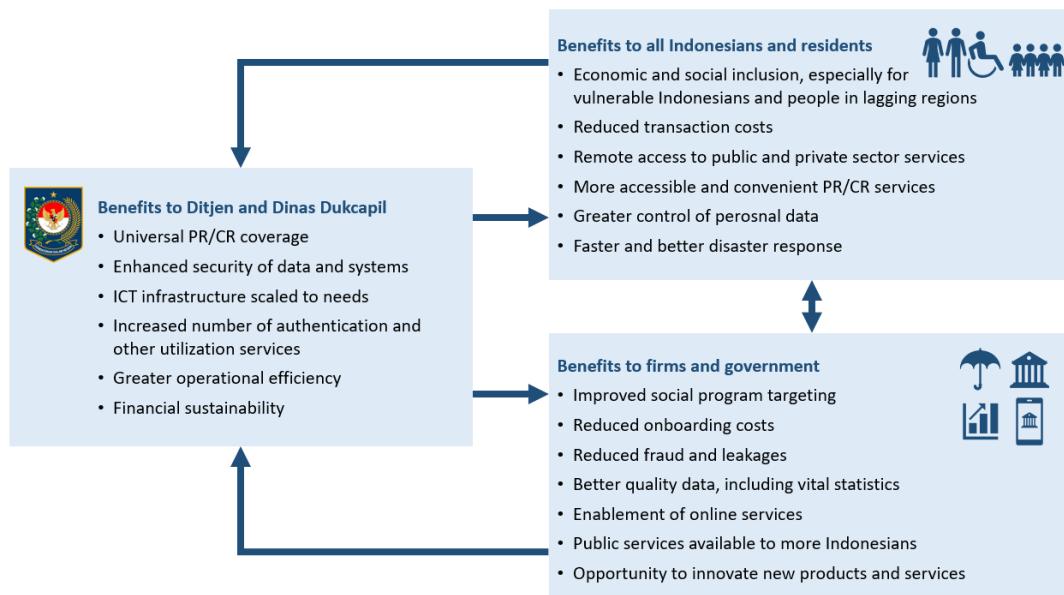
- a. **All Indonesians and residents:** Throughout their lives, starting with birth registration and certification, all Indonesians benefit from having proof of legal identity. On a regular basis, Indonesians use the documents issued and information managed by Dukcapil to access services. Therefore, given the universal nature, improvements in the inclusivity and quality of service delivery by Dukcapil as well as the introduction of the identity verification and e-KYC platform, digital ID, and data exchange platform (all supported by the Project) will reduce transaction costs and create economic opportunities for all Indonesians and residents at many points during their lives. It will also reduce their risks of identity theft. Furthermore, millions of Indonesians provided with proof of their legal identity for the first time will be better able to exercise their rights as citizens and access services and economic opportunities. This is especially true for the populations in the 11 priority provinces and the vulnerable population groups, who are more likely to face barriers accessing anti-poverty programs such as PKH. The opportunities for wider and deeper participation in the digital economy will help to ensure the benefits of digitalization are experienced by more Indonesians and residents. During and after climate-related disasters, affected communities and populations will also benefit from better business continuity of PR/CR services, which is crucial for delivery of assistance, as well as other public and private services that



can continue being delivered because they are integrated with the identity verification and e-KYC platform and digital ID, compared to if they were manual. All Indonesians and residents will also benefit from stronger security and protection of personal data managed by Dukcapil.

- b. **Firms and the GoI agencies:** The new identity verification and e-KYC platform, the digital ID, and the data exchange platform will improve and expand delivery of a range of services and bolster the digital economy. Furthermore, GoI agencies, especially in the human development sector, will benefit from improved targeting (e.g., to offset energy price hikes) and will have better-quality population data to plan for disaster response quickly. They will also benefit from better vital statistics for monitoring demographic trends and measuring progress against the SDGs. Both government agencies and the private sector will also be able to operate more efficiently and with reduced risk of identity fraud, while having a greater ability to innovate by building products and services on top of the digital ID in particular. This will particularly benefit women-headed micro and small e-commerce enterprises, which will be priority use cases.
- c. **Ditjen and Dinas Dukcapil:** Business process improvements, increased capacity, upgraded systems and ICT infrastructure will contribute to universal PR/CR coverage, enhanced data protection and cybersecurity, greater operational efficiency, and financial sustainability.

Figure 2. Summary of Project beneficiaries



Legal Operational Policies

Triggered?

Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No



Summary of Assessment of Environmental and Social Risks and Impacts

Environmental and social risks**44. The environmental and social risk classification (ESRC) for the project is classified as ‘Moderate’.**

The overall environmental impact on the environment and human health is anticipated to be minimal with no adverse risks which could be significant or irreversible. The Project is expected to generate positive outcomes by enhancing CR and PR system performance, through innovation in local processes and enhanced capacity to collaborate with other sectors to promote inclusive, accurate, complete, timely CR and PR services. Enabling people to establish and verify their legal identity is critical to fulfilment of rights and to promote access to public and private sector services. Further, as services are moving into digital platforms, transformation into official digital ID is expected to create efficiency gains, improved service standards, and enhanced data security. Such conditions serve as enabling environments to promote financial inclusion and economic growth.

45. The ESRC is determined on account of inherent risks associated with exclusion of vulnerable groups from access to services due to lack of PR and CR services. While the Project is not envisaged to exacerbate such exclusions – and, in fact, is explicitly designed to reduce these by increasing access to and coverage of PR/CR and designing platforms that are human-centred and inclusive – the proposed reform on digital ID may reinforce barriers faced by individuals who may lack of ownership of NIK and/or birth certificate, access to digital technologies and/or possess certain physical features which limit use of biometric such as amongst manual laborers, PWDs and elderly persons. Conversely, the digital ID will increase access to services for persons living in remote areas and other populations who face physical challenges traveling, such as PWDs and elderly persons. Potential impacts associated with labour and working conditions, including OHS are assessed as low and no land acquisition is envisaged under the Project. The main key environmental concerns are associated with potential generation of renovation and electronic wastes from upgrading of Dukcapil ICT infrastructure, including hardware and transition from full-on premise data centres to hybrid model under Component 2. No major infrastructure investments are being financed under the Project.**46. Relevant environmental and social concerns have been integrated as part of the design of Project activities.** Inclusive access to services requires an ID system that can address the concerns of vulnerable groups who are most at risk of being excluded and in need of the protection and benefits that identification can provide. Reluctance to establish legal identify may stem from social stigmas and potential discrimination in and/or as a result of accessing services. There may be certain population groups where collecting biometrics may be challenging. Anecdotes indicate that malnourished individuals affected by skin and/or eye diseases may present unrecognizable features overtime. Potential implications on individual religious beliefs or conflicts with certain groups' values against documenting biometrics can potentially lead to self-exclusion from future services. Under such circumstances, the provision of accessible and socially and culturally acceptable process in PR/CR, combined with tailored services to vulnerable groups, outreach and safe grievance handling mechanism have been incorporated into the Project's design to minimize exclusion risks. Further, exception handling mechanism(s) to ensure that false negatives do not lead to exclusion of individuals from access to services will be incorporated. The use of citizen engagement, human-centred design processes, and consultations will help to identify both existing barriers (i.e., in the status quo) that will be removed through the Project and potential barriers that may be brought about through the introduction of the digital ID and identity verification and e-KYC platform.



47. **The approach for the environmental and social management seeks to leverage positive benefits of the Project and at the same time, minimize the potential residual risks associated with the Project's activities.** A Stakeholder Engagement Plan (SEP) has been developed to guide inclusive and participatory engagement particularly with vulnerable groups. The Project's disclosure and Feedback and Grievance Redress Mechanism (FGRM) has been designed to enable inclusive access to Project information and grievance channels to the broader public. A Labour Management Procedure (LMP) has been prepared to address the World Bank Environment and Social Standard (ESS) 2 on Labour and Working Conditions and includes provisions on non-discrimination at work, fair and equal opportunity, occupational health and safety, respectful behaviour, and grievance management. Other risks associated with civil work and management of e-wastes will be addressed through implementation of an Environmental Codes of Conduct (ECOP).

48. **Relevant requirements addressing specific requirements under the applicable ESSs in the above instruments are reflected in the Project's Environment and Social Commitment Plan (ESCP).** These instruments have been disclosed on the MoHA's website²⁴, followed by a series of public consultations led by Dukcapil on 13 – 14 October 2022. These consultations involved both government and non-government stakeholders, including civil society organizations (CSOs) and think-tank groups. Feedback was received on aspects which the Project seeks to tackle, particularly on issues related to data protection, access to services, particularly for people with disability, children in institutions, people living overseas and remote areas, as well as urban poor. Further engagement is planned in the SEP to enable sustained and participatory dialogue on these issues.

E. Implementation

Institutional and Implementation Arrangements

49. **MoHA, through Ditjen Dukcapil, will be the implementing agency.** A project management unit (PMU) in Ditjen Dukcapil was established through a Minister of Home Affairs decree in November 2022 with the responsibility for orchestrating Project activities. The PMU is headed by an echelon II level official in Ditjen Dukcapil, reporting to the Director-General of Dukcapil. The PMU will be responsible for general project operations, financial management, procurement, project monitoring and reporting, environmental and social risk management, acting as secretariat for the governance committees, and preparing and maintaining annual work plans and budgets, the Project Operations Manual (POM) and procurement plans. A Project Management Consultant will be separately procured to assist the PMU for procurement, vendor management, and contract management.

50. **Three committees will be established with the following responsibilities:**

- a. **Project steering committee (PSC):** Overall oversight and guidance for implementation of the Project, including (but not limited to) approving annual work plans and budgets and other Project reports, supervising the PMU, and providing strategic direction and decisions for the Project. The PSC will initially comprise MoHA, Bappenas, and MoF at echelon I level, but it may invite other members.
- b. **Coordination and Consultation Committee (CCC):** Feedback and recommendations to the Project, including on annual work plans and budgets, plans, system designs, collaboration

²⁴ Available at: <https://dukcapil.kemendagri.go.id/arsip/8/dokumen-hukum>



across all Components, and priority use cases to be supported under Component 3. The CCC is also a mechanism for Ditjen Dukcapil to raise awareness about activities to key stakeholders, and hence the CCC may receive regular progress reports.

- c. **Supervisory Committee (SC):** Ensuring accountability and compliance with GoI laws, regulations, and policies, especially with respect to governance, financial management, procurement, risk management, and cybersecurity. The SC will comprise of at least the MoHA Inspectorate General, MoCIT, BSSN, Financial and Development Supervisory Agency (BPKP), National Public Procurement Agency (LKPP), Attorney-General, and Preventions Deputy of the Corruption Eradication Commission (KPK).

Results Monitoring and Evaluation Arrangements

51. **The monitoring of outputs and evaluation of outcomes are primarily the responsibility of Dukcapil.** These include coverage and utilization targets as well as the introduction and implementation of specific new systems and infrastructure (e.g., data exchange platform). Tracking of training of Dukcapil staff, especially at the local Dinas will require strong monitoring systems. In each area, the relevant directorate has been assigned responsibility while the PMU will centralize the reporting of the indicators as needed. The progress and achievement of the PDOs will be monitored and evaluated through the following activities: (i) semi-annual implementation support missions; (ii) annual project status and progress reports; (iii) mid-term review; and (iv) a final review of the project outcomes upon project closing. Findings from these activities will provide the basis for concrete policy actions and rectifications in the operations of the project.

52. **Sustainability.** The project supports investments that are designed to upgrade both processes and infrastructure for a new steady state equilibrium. The initial intensive efforts at improving ID coverage are combined with infrastructure, new SOPs and training to ensure that the gap does not reemerge. The expansion of authentication capacity and improvement of processes for institutional users makes it possible to generate non-tax revenues that will provide a degree of financial sustainability. In the medium term, savings from digitalization will also be generated. The improved performance of the ID system across many sectors is likely to generate increased support from individual and institutional users further bolstering institutional sustainability.

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