

# Setting the Stage: Why VCs, Why Now

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WORLD BANK GROUP





# Digital ID wallets and VCs in lower-income countries: opportunity



## Why Digital Wallets and VCs for LICs

- **Beyond proving who you are, proving you qualify.** One wallet can carry proofs across identity, health, education, and finance, unlocking access across an entire ecosystem of services and the ability to share additional data to fulfill eligibility criteria.
- **Low cost, iterative.** No costly point-to-point integrations between issuers and verifiers means any actor (small clinic, microfinance institution, local employer) can participate from day one. Implementation can start with VCs in one sector before scaling to a full national wallet.
- **Resilience.** VCs work fully offline: no live connection to a central server required. Essential in rural, remote, and fragile settings where connectivity is limited.
- **Portability.** Credentials follow the person, not the institution. Migrants, refugees, and mobile workers carry verified proofs of identity and eligibility across borders, without starting over in each new context.
- **Privacy by design.** Users share only what a transaction requires without exposing a full personal record. Particularly important for vulnerable groups facing potential discrimination.



## Key risks to mitigate

- **The smartphone trap.** *If a wallet requires a high-end device, it excludes the poorest by design.* → Mitigate with: QR codes on paper, SIM-based and cloud wallets
- **The gender gap re-emerging.** *In 14 countries, women are significantly less likely to own or use a digital ID.* → Mitigate with: targeted outreach, assisted access points, female enrollment staff
- **Ownership without use, Vietnam:** *70% own a digital ID. Under 20% have used it.* → Mitigate with: services-first design: no wallet use if there is nothing worth using it for
- **Vendor lock-in,** *Create permanent dependency and prevent potential uptake* → Mitigate with: open standards and interoperability requirements
- **Liability and fraud** *Who is responsible when a credential is wrongly accepted?* → Mitigate with: clear scheme rules, levels of assurance, and trust frameworks

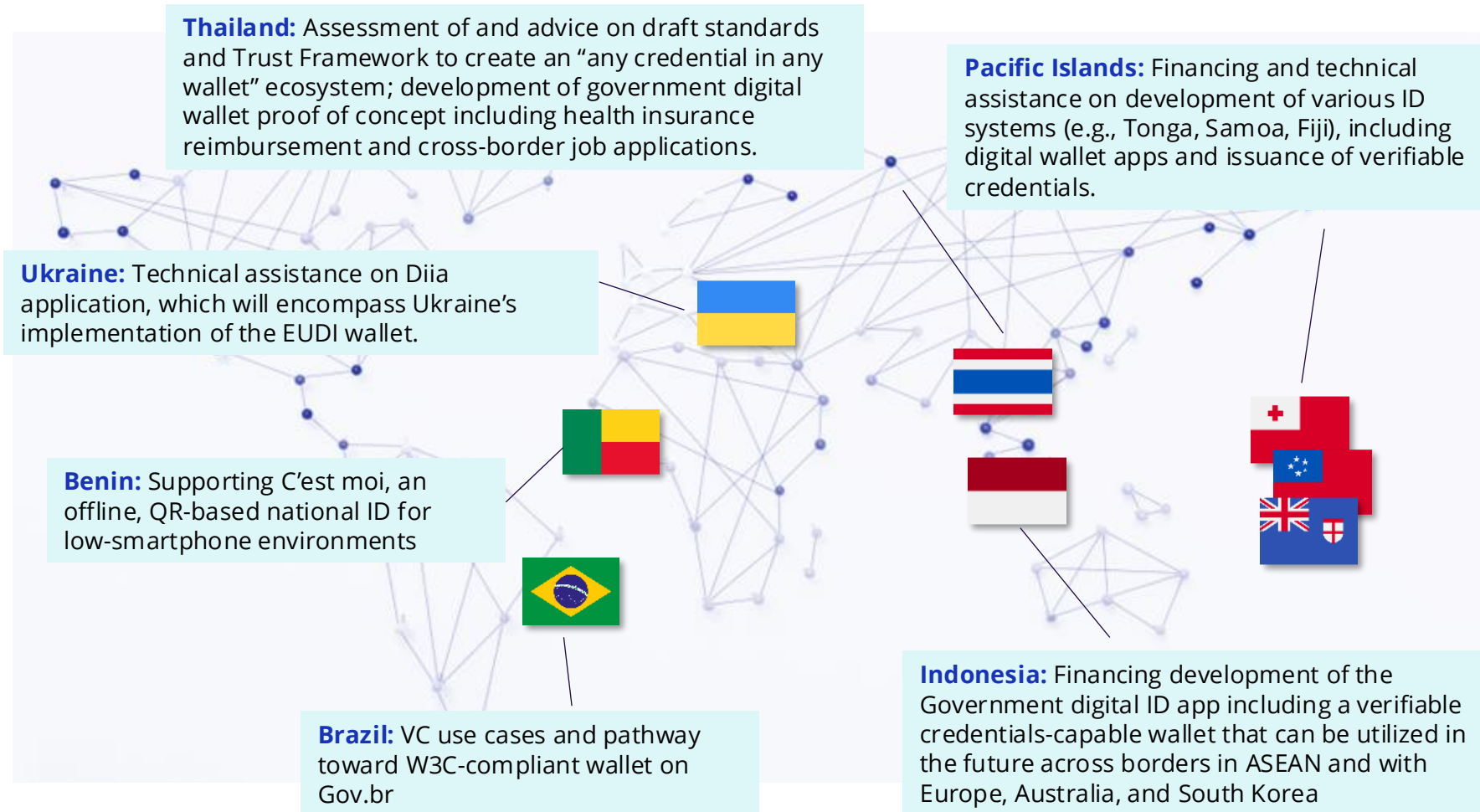


# World Bank Action: Support for Wallet/VC Design, Implementation & Use

The World Bank is actively supporting the design, implementation, and use of digital wallets and verifiable credentials (VCs) in at least 25+ countries.

These efforts span technical assistance, financing, and policy support across regions—from enabling cross-border interoperability in ASEAN and Europe to piloting VC-capable wallets in countries like Thailand, Indonesia, and Georgia.

By helping governments adopt international standards and build user-centric, privacy-protecting systems, the Bank is positioning VCs at the intersection of secure identity verification and trusted data exchange.



# Technical Procurement Guidance for DPI and Integral Digital Service

Good practices and tools for every stage of the procurement cycle, promoting the technical soundness of digital investments as well as making them more open, secure, sustainable, and optimized to maximize social value returns.

