



2023

IN REVIEW

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From the Chair of the Board

From sandbox to societies

The initiatives of 2022 of the Sovrin Foundation "Enhancing accountability" led to some difficult yet necessary decisions in order to enforce the Sovrin policies. Introducing transaction fees for Sovrin TestNet and expanding legal contracts for TestNet Endorsers and Authors called for a change in contribution from users - not only financially but also to the integrity of the identity management system.

The upsurge in adoption of Sovrin's privacy enhancing technology in 2023 meant that further enforcements were required, leading to the 2023 strategy "From sandbox to societies". Widespread implementation by both public and private sector parties called for the Sovrin Foundation to further enforce policies and for production use to move from TestNet to Sovrin MainNet. Guided by the Sovrin Ecosystem Governance Framework, the self-governance of the Sovrin community has reached a maturity to match the ledger technology as proven over time.

The Sovrin Foundation's commitment to stability bore fruit. As a result of those governing actions, the Foundation enters 2024 with stable operations and an improved financial position, providing flexibility and possibilities for the coming year. Clever ideas, such as implementing a "pre-payment" model for ledger fees, streamlined network and Foundation operations while simplifying processes for Sovrin users.

In the upcoming year, the Foundation's theme will be "Growing the digital identity Ecosystem." 2023 witnessed the expanded adoption of Sovrin networks, with several new Endorsers joining Sovrin. We will actively seek out others who can capitalize on Sovrin's experience and stability for their digital trust initiatives. 2023 marks six years since Sovrin Mainnet's inception and the fourth year with 100% uptime, showcasing the platform's exceptional reliability and resilience.

In 2023, the Sovrin Foundation hosted a series of Hyperledger Indy Ecosystem Summits, which brought together stakeholders from around the world involved in organizing, running, using, and accessing Hyperledger Indy networks. The Summits focused on Indy network activities, needs, and collaboration on expanding technical, marketing, and regulatory acceptance of Indy-based networks.



Stephen Curran

**Trustee
Chair**

Trustees

- **Stephen Curran**
- **Andre Kudra**
- **Philippe Page**
- **Jamie Stirling (Until September)**
- **Sankarshan Mukhopadhyay (Until December)**
- **Line Kofoed**
- **Andrew Smith**

In 2024, the Foundation plans to extend the series to make concrete progress in enhancing the Indy open source software and capabilities, leading to improved Sovrin Foundation networks.

The recent completion of the latest General Availability (GA) release of Hyperledger Indy means that we can push on with the upgrade of all three of the Sovrin ledgers. We have one node upgraded to the “release Candidate” version of Indy, and with the GA announcement, we’ll continue the upgrade process.

On the regulatory front, we continue to both watch and contribute to the evolution of Digital Trust globally. The situation in Europe is particularly interesting as the proposed eIDAS2 regulations continue to evolve, and the rules around qualified ledgers clarify. We look forward to seeing if and how Sovrin’s networks might fit into a regulatory Verifiable Credential network across the region. Global networks will be needed, and the Sovrin Foundation is proud to operate the oldest and most stable network focused solely on Digital Trust and Identity.

The Foundation will continue its commitment to operating the Sovrin Network, as we embark on our renewed mission of "Growing the digital identity Ecosystem." We are actively seeking collaborators to join our cause in the pursuit of "Identity for All." The Sovrin Network, together with its robust Governance Framework, represents a wealth of untapped potential for decentralized identity solutions. Join us in this exciting journey!!

Financial Report

From the Treasurer

Sovrin second year in a row with profit

Moving into its 6th year of operations, Sovrin MainNet continued to be the heart of the Sovrin Foundation. The Sovrin Finance Committee remained dedicated to its areas of attention:

Objectives 2023

- Make Sovrin Foundation economically viable for long-term sustainability
- Stabilize financial situation
- Strive for availability of MainNet of 100%
- Ensure accountability for transactions
- Guard the reputation of the Sovrin brand and trademark

Since the Foundation had to let staff go in March 2020, the Board of Trustees has been tasked with both governing and managing the Foundation.

With a determination to make the utility in this MVP form pay its own way, the Finance Committee performed its annual risk assessment, which signaled four areas of continued attention:

- Accountability for all transactions
- Missing revenue for both short and long term
- Debt situation originating from 2019/2020)
- Hyperledger Indy adoption - widely used but in temporary limbo awaiting regulatory decisions

Following years of preparations and with support of a pro bono law firm, the Finance Committee was able to fend off a claim on the use of the Sovrin trademark. We were subsequently able to secure the Sovrin trademark on the principal register.



Line Kofoed

Trustee

Treasurer



The Finance Committee decided that enforcement of the economic policies was needed as TestNet was used for production cases, involving real use cases. The Committee concluded that decentralized identity had moved out of the sandboxes and into societies - countries even. A decision was consequently made to update the price plan and remove the 90% discount on TestNet transaction fees by 1 May 2023. This in order to generate revenue from TestNet and support for Sovrin Networks.

As the Finance Committee had noticed a sharp drop in transaction in October 2022, the need to generate more revenue from both networks to maintain operations.

Sovrin MainNet was able to attract several new Endorsers in 2023, supporting such important use cases as global supply chains.

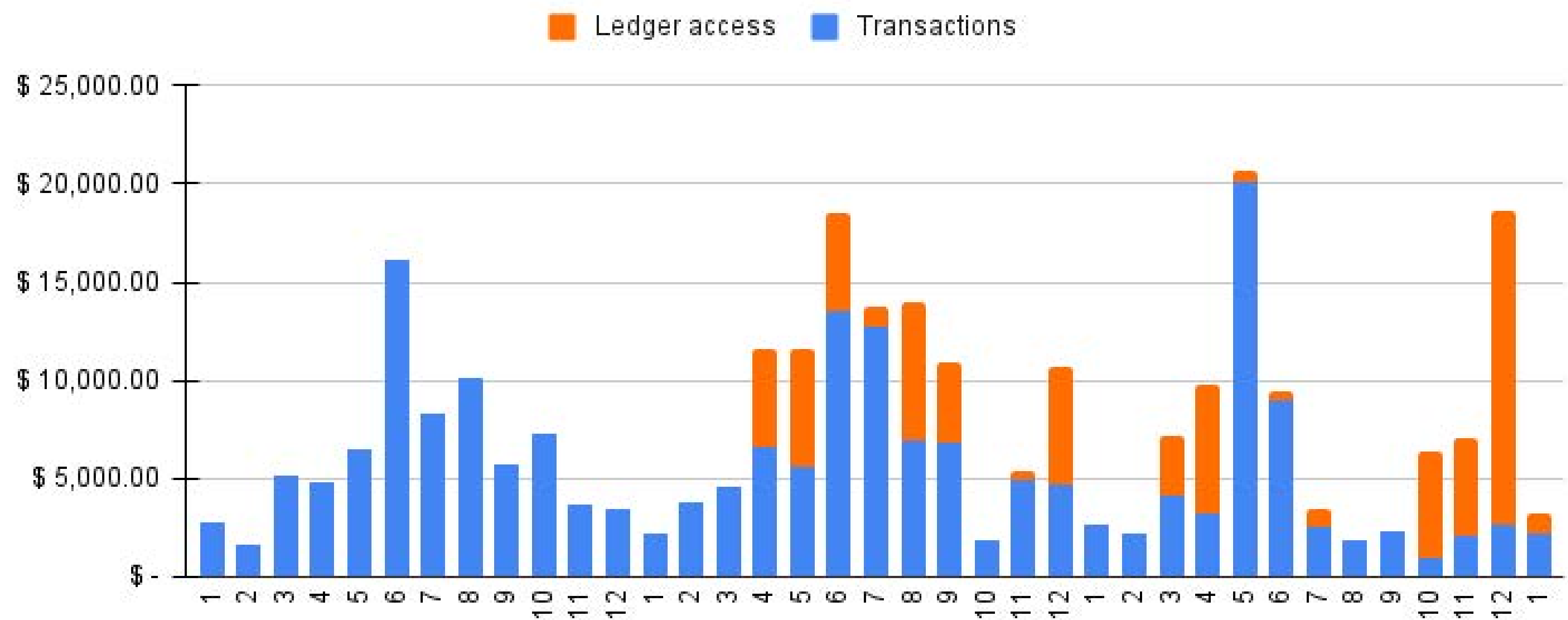
We were happy to see 2023 closing with a profit for the second year in a row, this time of 10K USD and with a healthy cash position of 99K USD. This would enable Sovrin Foundation to make necessary investments in 2024.

Finance Committee

- Line Kofoed, chair
- Andre Kudra, member
- Stephen Curran, member
- Philippe Page, member

Billable revenue

2021/2022/2023



While the use of DID's and Verifiable Credentials continued to grow interest, the regulatory uncertainty about the use of DLT in digital identity endured.

As the original sponsor of the Indy code, Sovrin Foundation saw it as a natural role to establish a forum for the Hyperledger Indy Ecosystem*. By convening participant from Indy instances, developers, code maintainers and use case owners, we set out to seek collaborative funding in order to realize regulatory wishlist and provide advocacy for the technology.

Three Hyperledger Indy Ecosystems Summits in 2023 helped align on the need to feed the open source development and the specific need for funding a capability called Ledger Redactability (see the Technical Report). Sovrin Foundation explored several possibilities and continued this collaboration in 2024.

*Ecosystem = economic system of competitors and collaborators working on a collective objective



SOVRIN FOUNDATION

STATEMENT OF SUPPORT AND EXPENSE

FOR THE YEARS ENDED DECEMBER 31, 2023

AND 2022 (DOLLARS IN THOUSANDS)

	2023	2022
Corporate contributions:		
Contributions	1	15
Grants	0	0
Other income	0	0
Ledger write fees	84	381
Ledger write access	43	42
Discounts given	(35)	(318)
Total support and revenue	US\$ 94	US\$ 120
Costs and Expenses		
Payroll	0	0
Outside contractors	12	33
Legal	3	10
Travel and conferences	0	0
Operating costs	36	31
Interest	33	32
Facilities and equipment	0	0
Total cost and expense	84	106
Excess (deficit) of support and revenue over expense	US\$ 9	US\$ 14
Debt forgiveness	0	0
Net Income	US\$ 9	US\$ 14
Balance Sheets As of December 31, 2023 and 2022		
Cash	US\$ 96	US\$ 41
Pledges receivable	3	21
Security Deposit	0	0
Other investments	0	0
Total Assets	US\$ 99	US\$ 62
Accounts payable	US\$ 1	US\$ 2
Notes payable long term	2'010	2'010
Notes payable short term	0	0
Other liabilities	122	93
Total liabilities	2'132	2'105
Earned surplus (deficit)	(2'033)	(2'043)
Total liabilities and equity	US\$ 99	US\$ 62

Technical Report

The Sovrin Network and its Stewards



Stephen Curran

Trustee

Chair

Steward Qualification Committee

Chair:

- Stephen Curran

Members:

- Jamie Stirling
- Daniel Hardman
- Markus Sabadello
- Sankarshan Mukhopadhyay

Technical Governance Board

Chair:

- Stephen Curran (interim)

Members:

- Markus Sabadello
- Axel Nennker (Until Novemb)
- Steve McCown
- Avesta Hojjati
- Mike Bailey
- Chris Eckl (untill November)
- Sebastian Weidenbach

Sovrin Network and Steward 2023 highlights include:

- The Sovrin Network celebrated its 6th anniversary in 2023 and maintained its impressive stability throughout the year, continuing its remarkable record of over four years of 100% uptime. Operating costs for the network remain low. To reduce the expenses associated with running cloud instances of Sovrin network nodes, the Sovrin Board of Trustees, following a recommendation from the Technical Governance Board (TGB), lowered the technical requirements for Steward nodes.
- The Hyperledger Indy community, which includes the Sovrin Foundation, finalized the most recent Indy release in 2023. This release entailed upgrading the base to Ubuntu 20.04, implementing fixes and enhancements, and significantly improving the CI/CD pipeline to automate the release process. One of the Sovrin BuilderNet nodes has been upgraded to the new version's Release Candidate instance. With the recent declaration of the version's General Availability, we will accelerate the upgrade across the networks. Additionally, this update provides Stewards the opportunity to lessen the resources (and expenses) associated with their network node.



The Sovrin Foundation organized a series of three Hyperledger Indy Ecosystems Summits in 2023 that included substantial technical discussions on the future direction of Indy. We look forward to working with the community on the Hyperledger Indy Roadmap, outlined in the Annual Report to the Hyperledger Technical Oversight Committee.

Top of mind for Sovrin is looking into adding Ledger Redactability to Indy — the ability to remove access to specific objects or transactions on the ledger, such as illegal content or “right to be forgotten” data.

We also saw significant progress in the broader privacy-preserving Verifiable Credentials space with upgrades to Hyperledger AnonCreds libraries, the first code for AnonCreds v2 and support for AnonCreds using the W3C Verifiable Credential Data Model (VCDM). We also saw a few initiatives looking at the use of Sovrin Networks for hosting roots of trust for non-AnonCreds verifiable credentials.

The Sovrin Foundation’s moderate growth in 2023, sets the stage for a future ripe with possibilities. We continue to forge ahead in our goal of nurturing a secure, reliable and long-term sustainable self-sovereign identity ecosystem, and continue towards making the Foundation’s mission, “Identity for All”, a tangible reality.

Approved Stewards 2023

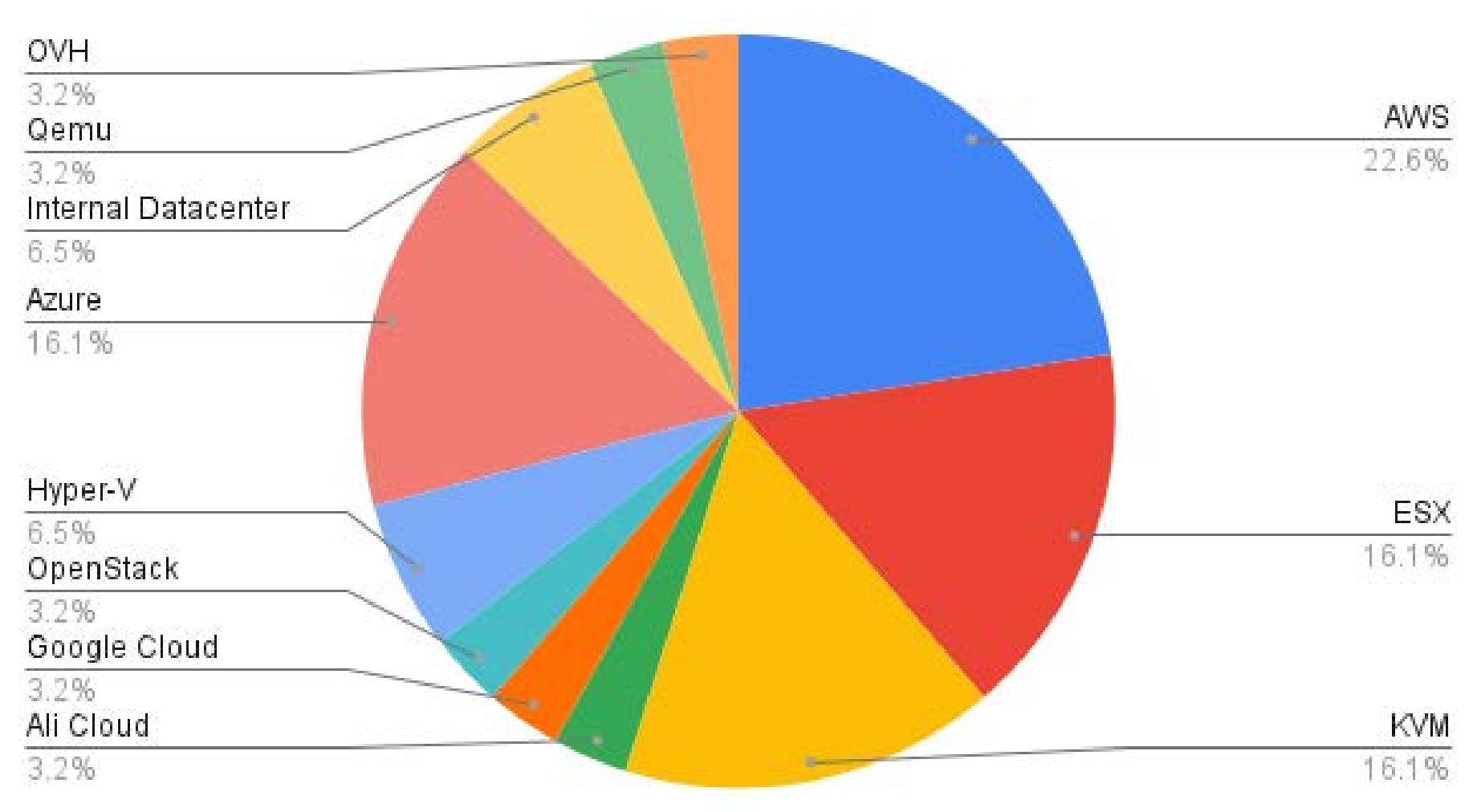


Go **here** for a complete list of current Sovrin Stewards

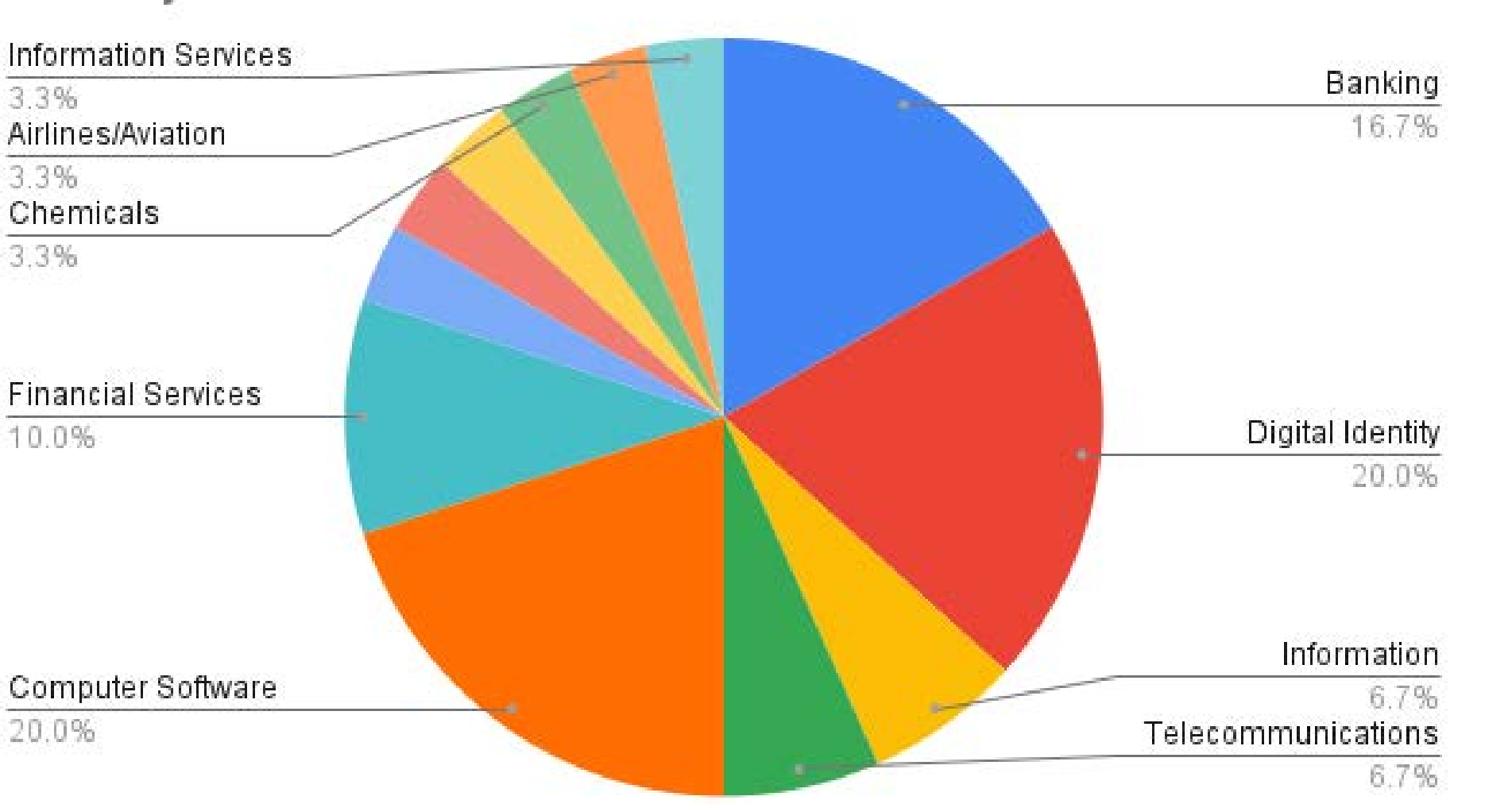
Diversity check Stewards 12-2023

The diversity check serves to ensure technical resilience, regulatory conformance, sector representation, global presence and inclusion.

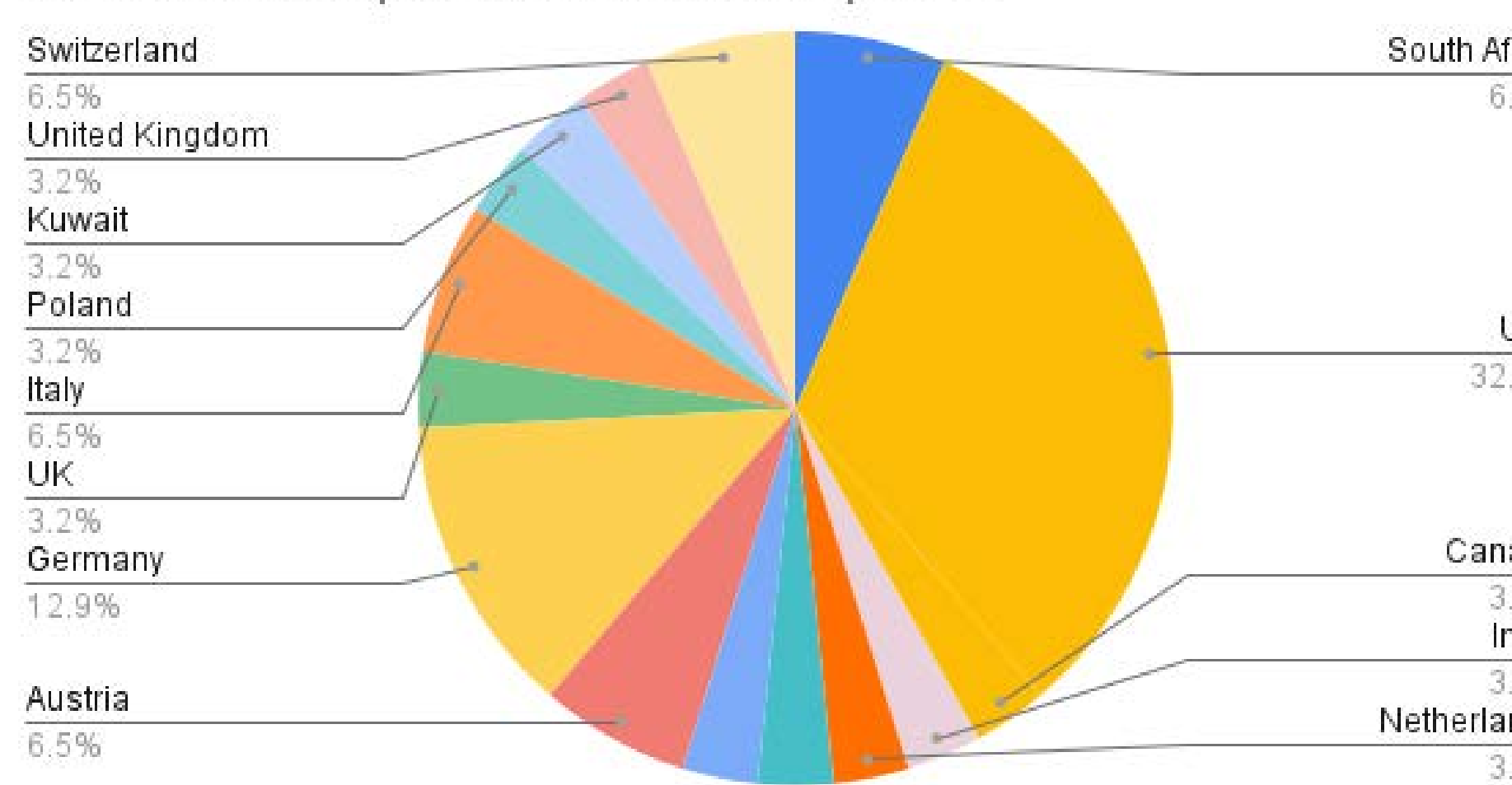
Virtualization



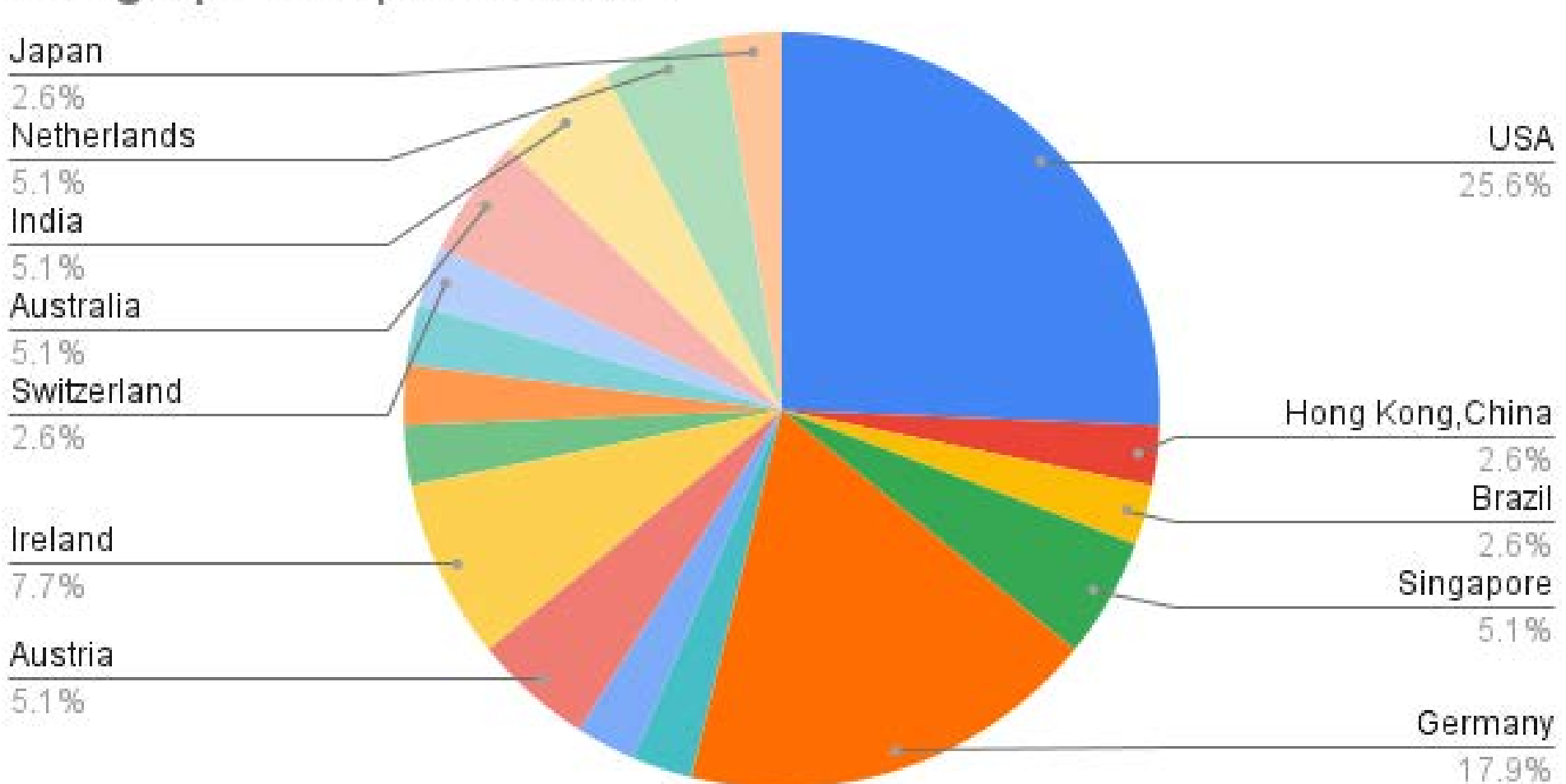
Industry



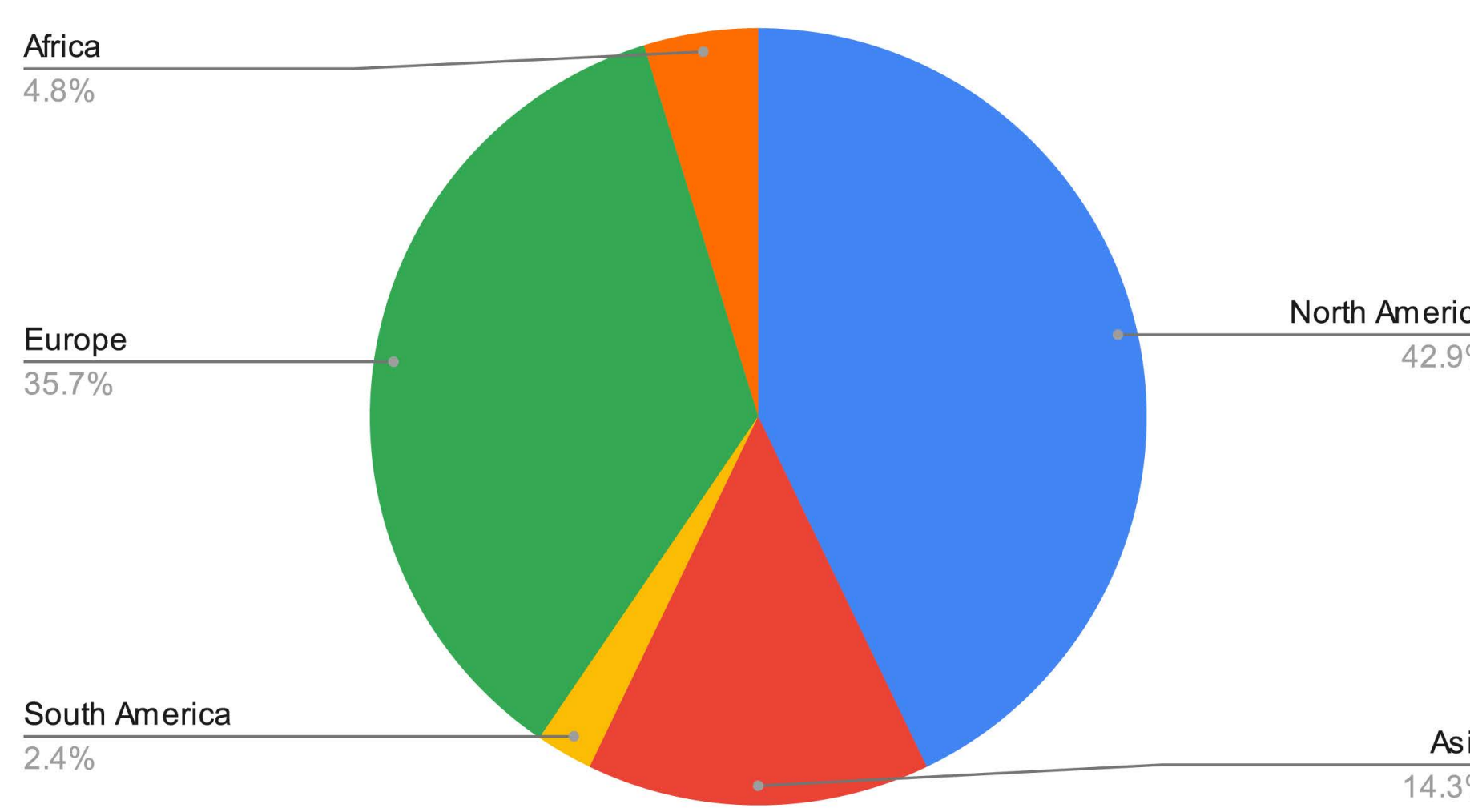
Jurisdictional spread steward companies



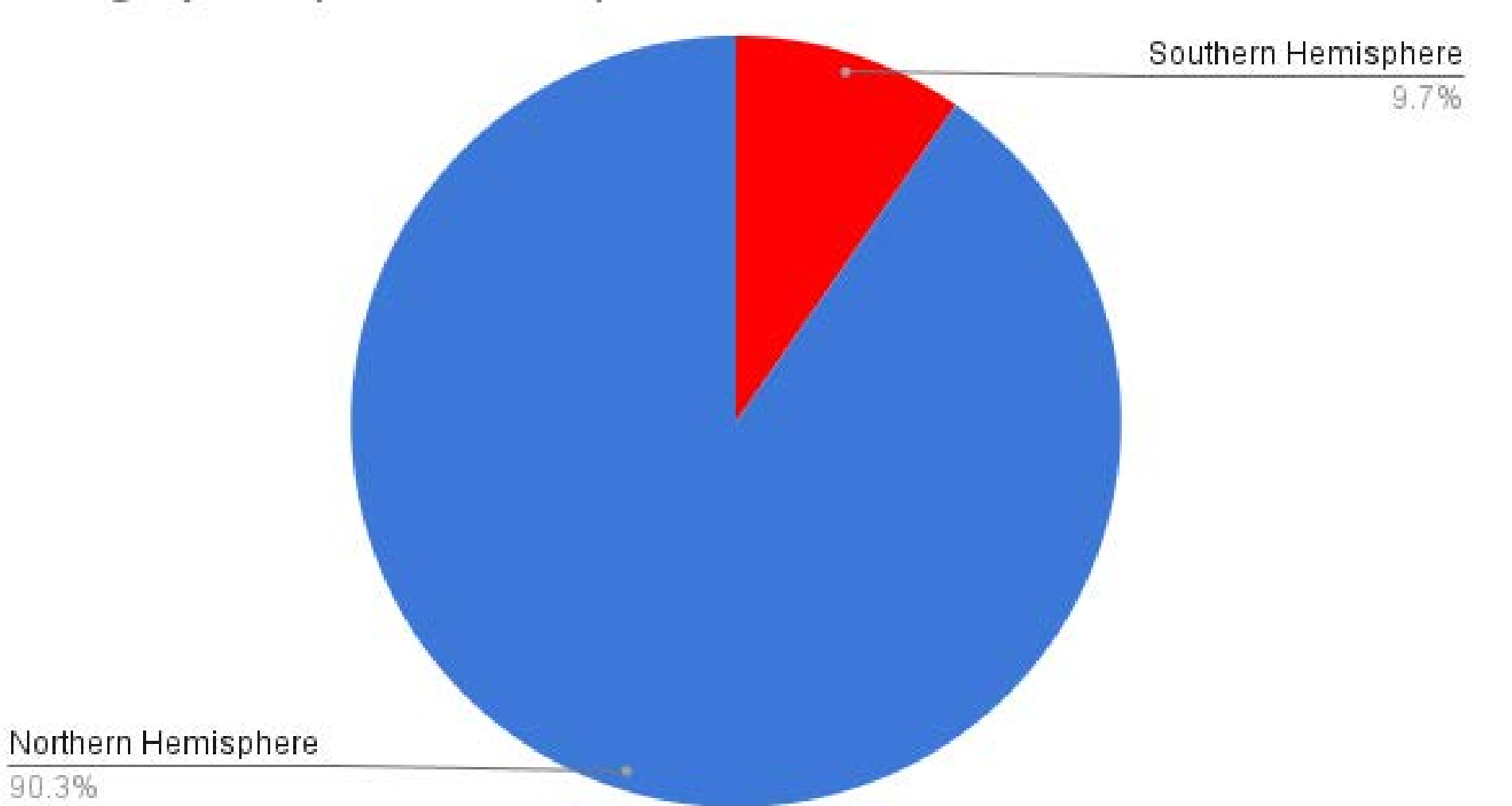
Geographical spread nodes



Geographic spread continents

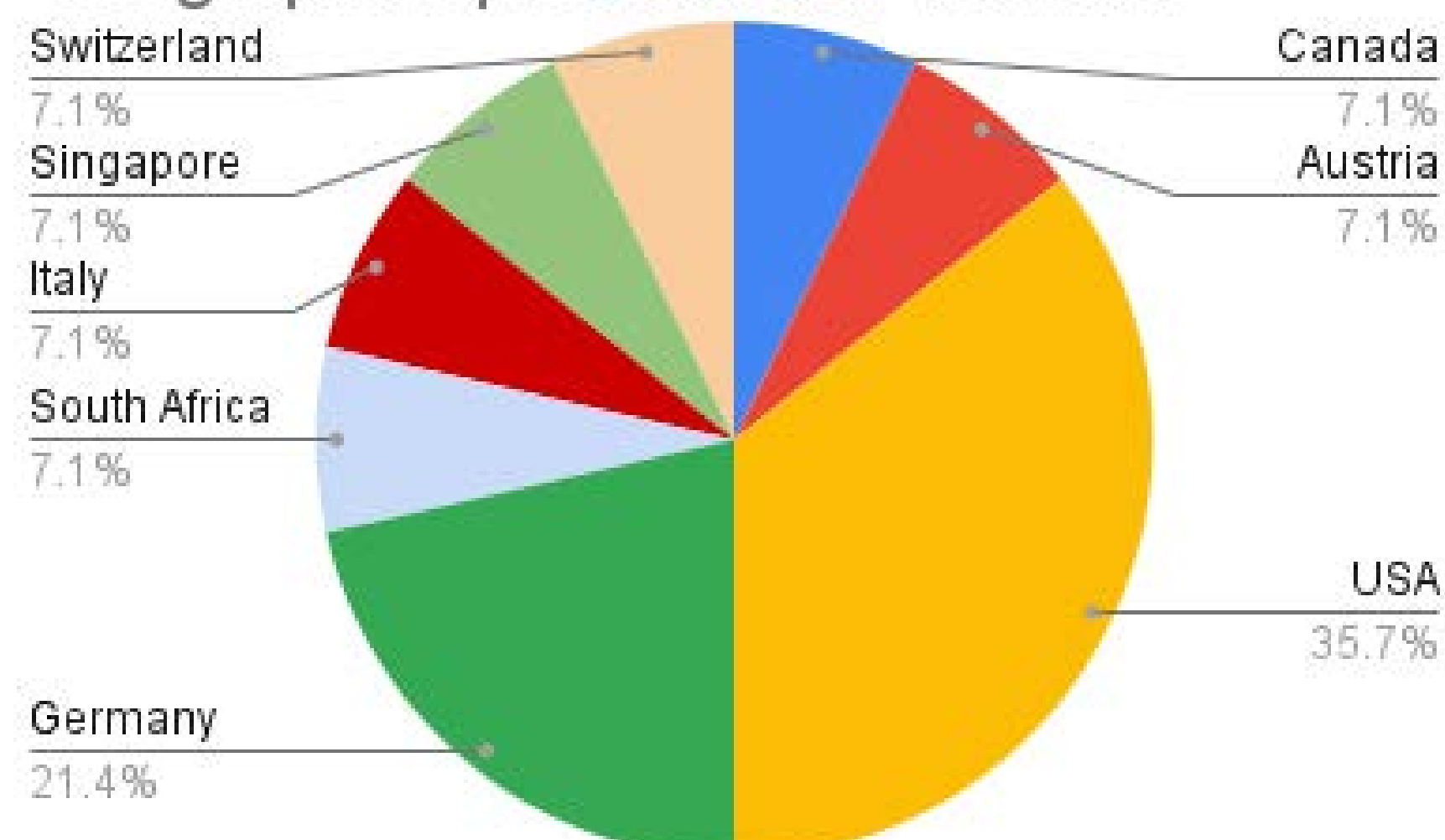


Geographic spread hemispheres

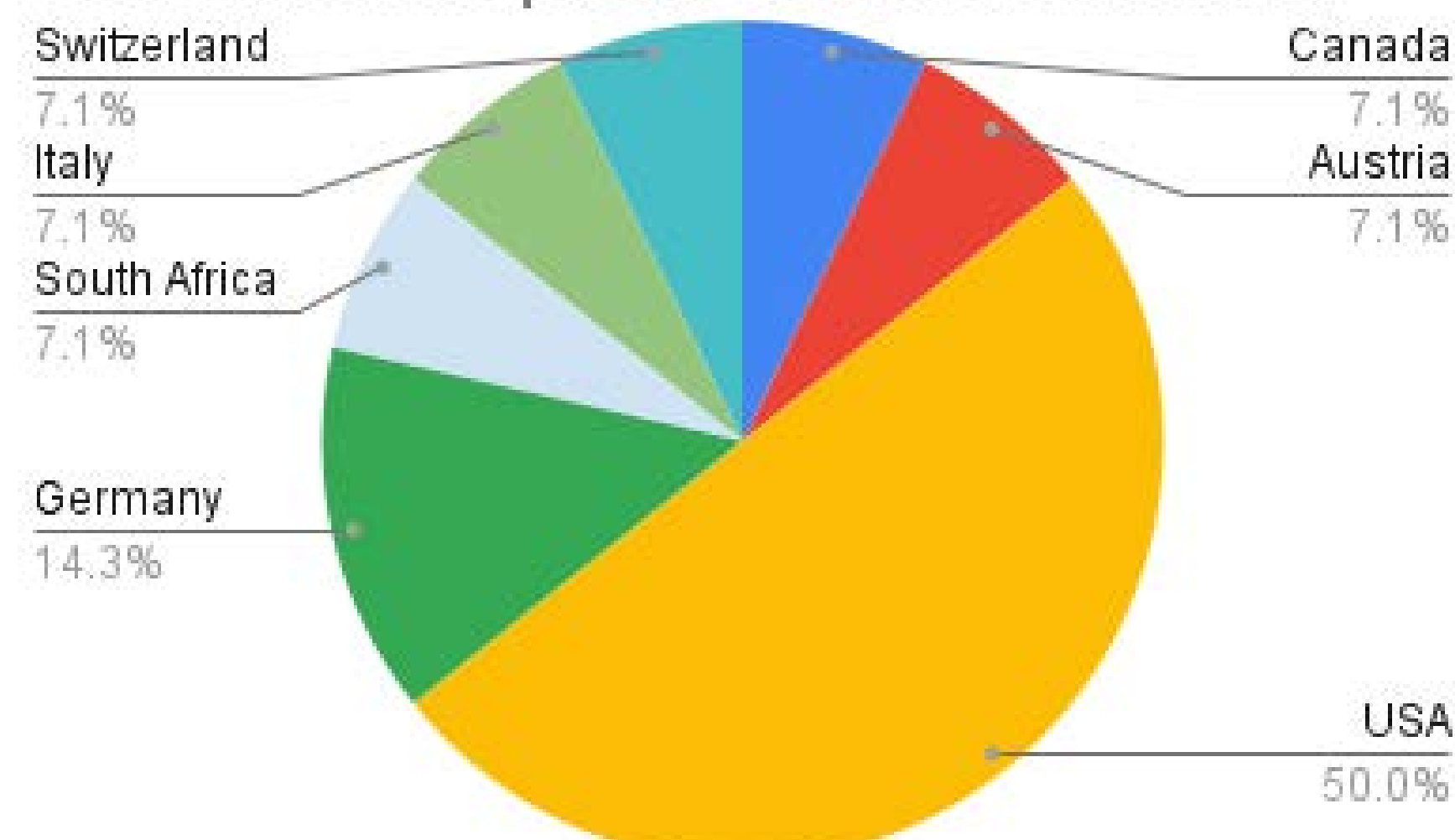


Diversity check Stewards 12-2023

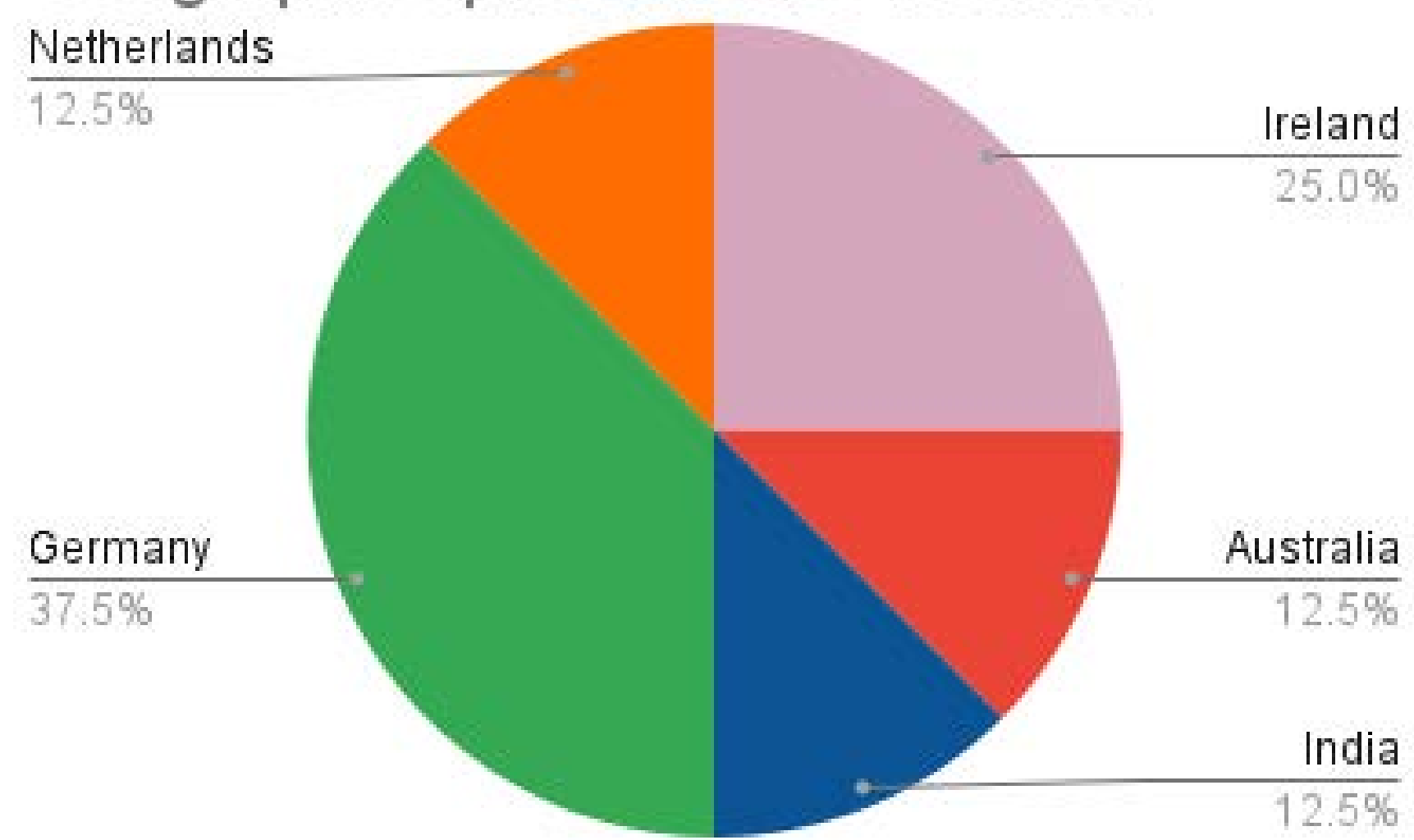
Geographic spread nodes MainNet



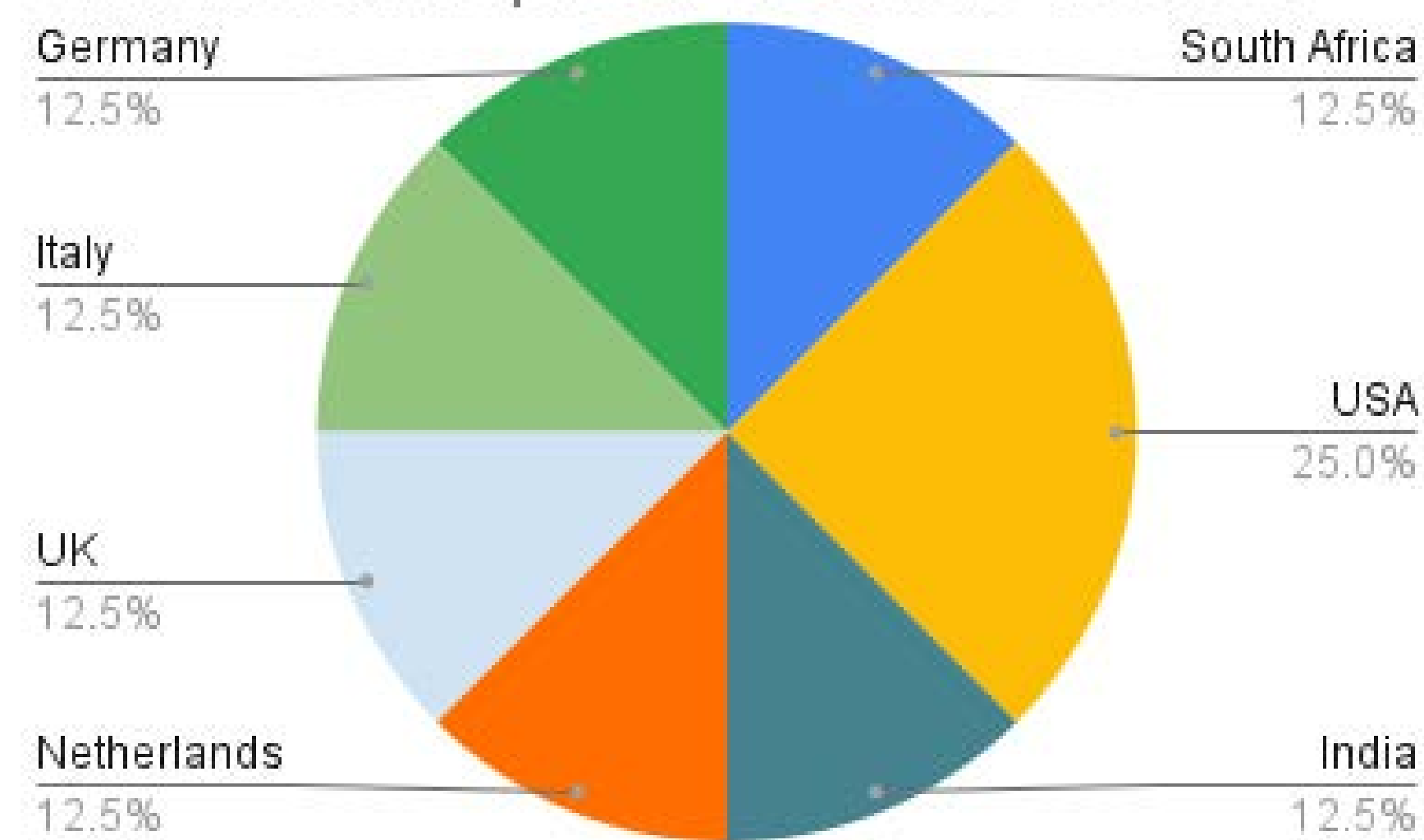
Jurisdictional spread stewards MainNet



Geographic spread nodes TestNet



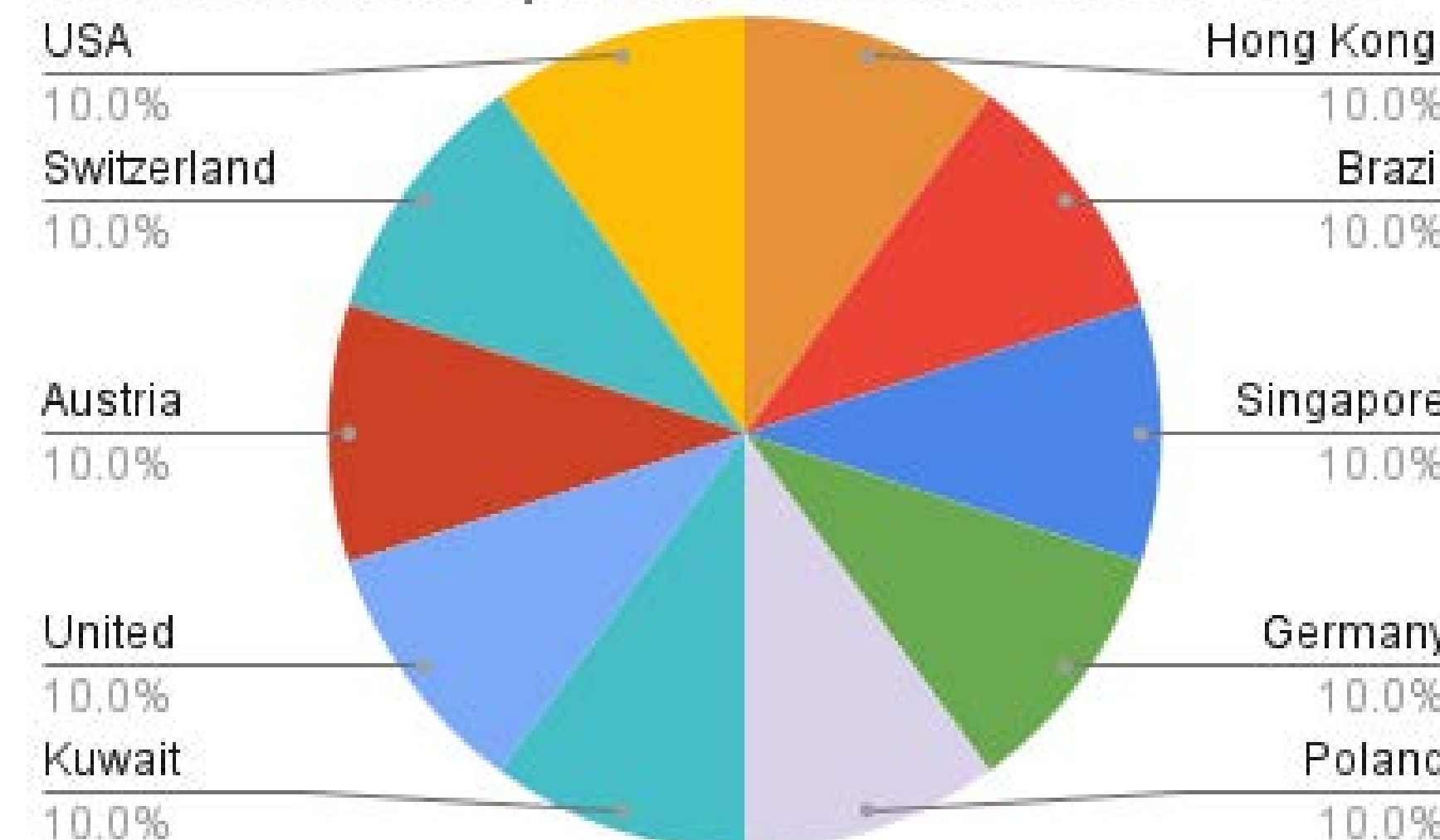
Jurisdictional spread stewards TestNet



Geographic spread nodes BuilderNet



Jurisdictional spread stewards BuilderNet



Following the decision to reserve BuilderNet for Sovrin Foundation development, a plan for redistribution of nodes over the networks MainNet and TestNet has been made, taking diversity into account.

Governance



Sovrin Governance Framework V3.1

Co-Chairs

Sovrin Governance
Framework Working
Group

Digital identity systems have a special obligation to secure availability of the service. That requirement sets certain conditions for the participants in the ecosystem around the digital identity system: the members of the governing authority, the operators, the sponsors, the users.

Sovrin Foundation has released a primary document for the Sovrin Ecosystem Governance Framework which supports the mission of Identity for all. The objective of the framework is to secure the sustainability and growth of the Sovrin Ecosystem while keeping with the Principles of SSI, enabling human agency, autonomy and integrity. The Governance Framework takes a risk-based approach to assess the uncertainties of achieving the goals of sustainability and growth of the ecosystem while adhering to the principles.

Fundamental to the analysis is the view of the dual nature of the driving powers for the participants in the ecosystem - of competition and collaboration, of private versus common interests. These powers need to be directed in a manner that emphasizes and enables the collective ownership of the ecosystem.

Where a traditional risk assessment might allocate accountability to certain roles, this three part analysis provides a set of requirements for the Sovrin policies, to define tasks that are a collective responsibility of the ecosystem participants.

We hope other similar efforts can relate to the draft and similarly build their ecosystem governance frameworks.



• Sankarshan Mukhopadhyay



Line Kofoed

Highlights from 2023 include:

- Publication of Sovrin Ecosystem Governance Framework V3.1
- Publication of Sovrin Utility Governance Framework V3.1



Working Groups

Compliance and Payments Task Force

The purpose of the CIFWG is to advance financial inclusion globally through the use of self-sovereign identity (SSI) and other innovations in regtech and fintech. Its objectives include advancing financial inclusion and modern financial crimes compliance practices into a rapidly evolving financial services ecosystem that will enable more secure and sustainable access for all.

Highlights from 2023 include:

Updates to rulebook

The CIFWG makes periodic updates to the Rulebook to reflect developments in the regulatory space. It is important because the Rulebook is meant to be a dynamic document that provides current guidance for new entrants to the financial services ecosystem.

Chair:

- Amit Sharma



Steward Council

The purpose of the Steward Council is to oversee the operation, availability, and security of the Sovrin public ledger. It is also to give voice to the interests, concerns, and expertise of Sovrin Stewards in the activities of the Sovrin Foundation, the evolution of Sovrin Infrastructure, and in the roles and responsibilities of the Stewards themselves.

Chair:

- Andrew Smith, ID Crypt

Members:

- Sean Mouton, ABSA
- Maria Aarão, CQPD
- Aditya Santhanam, Entrustient (Until September)
- Carlos Calderon
- Mohamed Alrashidi

Sovrin Guardianship Working Group

The purpose of the Guardianship Working group is to inform technical standards, business strategies and government policies regarding guardianship and digital identity. We ensure the guidance is consistent with the Principles of SSI, Identity for All, and meets the legislative requirements for the governing jurisdiction. This collaborative community is made up with global partners from academia, business and government.

Chairs:

EMEA/America's:

- Jamie Stirling (Until September)
- Lisa Talia Moretti (Until June)

APAC:

- John Phillips
- Jo Spencer

Highlights from 2023 include:

- The publication of On Guardianship in Self-Sovereign Identity V.2

On Guardianship in
Self-Sovereign
Identity

Sovrin Guardianship Task
Force April 2023
V.2

 **sovrin**
identity for all

