Identification: The Cornerstone of Social Protection

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First Government Forum on Electronic Identity in Africa

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Development does not always require identification...

Roads

Schools

Hospitals
But Social Protection programs deliver cash, goods or services to *individuals and households*

- **Cash transfers** (public works, CCTs, social pensions)
- **Subsidized food and fuel**
- **Old age and disability Pensions**
- **Health insurance for the poor**
- **Natural disasters**

Subsidized food and fuel

Old age and disability Pensions

Health insurance for the poor

Natural disasters
Without ID, SP processes break down

Eligibility determination and registration

- Periodic Employer submission
- Periodic survey or application
- Special one-time data collection
  
  Age/sex/wage
  
  Socio-economic indicators
  
  Death/damage

Social insurance/pensions

Targeted cash transfers
  
  Health insurance, food subsidies, etc.

Disaster/emergency

If ID field is incorrect, missing, or lost, the registry created is useless.
This happens quite frequently...

- For example, in Mexico, about US$400 million of unallocated pension contributions sit in a special account due to flawed ID data submitted by employers.

- In India, there were many examples like the one on the right, where enumerators filled in the same name for all members of the household – as a result, health insurance enrolment was suspended.
Program IDs in developing countries predate foundational IDs and become ‘silos’

- Civil servant pensions
- Provident Fund
- Subsidized food
- Health insurance
- Pension Fund
- Public Works
- CCT for hospital births
- Health insurance for poor
- Adhaar (UID)
Challenges of ‘siló’ functional IDs

1. Limited ability to ensure uniqueness
   – Deduplication without biometrics has larger errors but the cost for individual programs is prohibitive
   – It is not a one-off exercise as people move in and out of the program due to changes in their income and labor market status
   – As a result, programs don’t know how many people they actually cover, duplicates enter the system (e.g., multiple individual pension accounts) with costs to beneficiaries and government
## Authentication: ID-transaction nexus

<table>
<thead>
<tr>
<th>Security</th>
<th>Manual verification</th>
<th>Electronic</th>
<th>Off-line or on-line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Least</td>
<td>Some form of ID is shown to the agent/official and may be manually recorded</td>
<td>Card/SIM/voucher read by POS and e-record created</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No electronic record generated at point of transaction</td>
<td>Card/SIM plus PIN</td>
<td>Off-line or on-line</td>
</tr>
<tr>
<td></td>
<td>Card plus biometric verification</td>
<td>Off-line or on-line</td>
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<td></td>
<td>Combination of above</td>
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</tbody>
</table>

**Least**
- Manual verification
  - Some form of ID is shown to the agent/official and may be manually recorded.
  - No electronic record generated at point of transaction.

**Most**
- What you have and what you are
  - Card plus biometric verification
  - Off-line or on-line

- Combination of above
  - Off-line or on-line
Challenges of ‘silo’ functional IDs

2. Limited ability to authenticate
   - Many programs cannot authenticate securely and this has contributed to massive fraud
     • Billions of dollars of ‘leakages’ in the largest SP programs like subsidized food or fuel in India and Indonesia
   - This has led programs to invest in e-IDs with more secure authentication but this results in a plethora of cards, lack of interoperability and lots of extra cost
     • A household in Indonesia could receive 17 cards
     • RSBY in India collected biometrics for 130 million people most of whom are being enrolled again biometrically by Adhaar
     • Mexico has spent hundreds of millions on five different program biometric IDs with overlapping populations
Challenges of ‘silence’ functional IDs

3. Lack of common identifier limits ability to coordinate across programs in order to:
   - Improve targeting, e.g., comparing social insurance and social assistance registries
   - Monitor social spending – who is receiving benefits from multiple programs? Who is excluded?
   - Provide better service to beneficiaries (one-stop shop, common on-line platforms)
   - Scale up and expand during natural disasters
Some policies require identifying the entire population – Universal Health Coverage

- Incorporate unique ID number in social insurance database
- Subtract contributors and poor from total population of unique IDs in national database to find ‘missing middle’ – cross with other databases
- Incorporate unique ID number in poverty register

Formal Sector workers (including government)

Informal sector

non-poor

poor
Integration as a ‘win-win’ proposition

**Potential benefits**

**Social Protection Programs**
- Ensuring uniqueness
- Efficient authentication
- Advantages of linking multiple databases
- Lower overall costs of identification in long run

**Foundational ID systems**
- Outreach for coverage of the poor
- Potential for updating based on frequent contacts by programs
- Continuous demand for ID and services
- Revenues
Three steps towards integration

• First, take stock
  – Identifications Systems Analysis tool now available
• Second, hold consultations between provider of identification services and users
• Third, formulate national identification strategy and seek government and donor support for it
Conclusions

• Social protection programs need good IDs but have not always been able to rely on foundational IDs
• ‘Silo’ functional IDs suboptimal because:
  – Ensuring uniqueness and providing secure authentication for each program individual very difficult and expensive
  – Inability to link databases reduces effectiveness of programs and increases costs for beneficiary
  – Scaling up in context of natural disasters very difficult
• Social protection and foundational ID systems can have a symbiotic relationship with benefits flowing in both directions
There is a need to formulate a **national identification strategy**