The economic value of digital ID in Africa: a multi-country field study
We are the Tony Blair Institute for Global Change.

We work with political leaders around the world to drive change.

We make change happen by turning bold ideas into reality.

We do it by advising on strategy, policy and delivery, unlocking the power of technology across all three. By sharing what we learn on the ground, so everyone can benefit.

And we do it to build more open, inclusive and prosperous countries for people everywhere.
African governments are prioritising digital ID to help people access services remotely.

3 factors drive the momentum:
1. The COVID-19 experience
2. More people are accessing smartphones and using the internet, offering more options for Digital ID-enabled services. Smartphones will make up 61% of all internet connections in Sub-Saharan African by the year 2025. In 2021, it was already at 49%.

*source: GSMA, 2022 The Mobile Economy Report Sub-Saharan Africa*
3. Remote access to government services achieves efficiencies, improves delivery and saves people time and money...

**EXAMPLE: APPLYING FOR A STATE BENEFIT**

**TRADITIONAL**
- Travel to various government departments
- Meet with representatives
- Wait to receive decision
- Travel back to various government departments
- Receive benefit

**DIGITAL**
- Apply via mobile phone, (own/kiosk / local agent)
- If system approves, receive benefit immediately
But what could the economic impact of digital ID be, if people could leverage its full potential?
We interviewed people from 4 marginalized groups in 3 countries to get a sense of what this value could be...

<table>
<thead>
<tr>
<th>TARGET GROUPS</th>
<th>COUNTRIES</th>
<th>METHODOLOGY</th>
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</thead>
<tbody>
<tr>
<td>Rural females</td>
<td>Rwanda</td>
<td>Primary data collection and modelling</td>
</tr>
<tr>
<td>Informal retailers</td>
<td>South Africa</td>
<td>KII</td>
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<td>The elderly</td>
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<td>Desktop research</td>
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<tr>
<td>Urban unemployed</td>
<td>Cote D’Ivoire</td>
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COSTS FACTORED IN: TRAVEL COSTS, SUNDRY COSTS, OPPORTUNITY COSTS (HOURS SPENT AWAY FROM HOME X HOURLY WAGE)
Rwanda – 4 preliminary findings
On average, an elderly person stands to gain the most from digital ID

Potential savings as a % of monthly income and in USD

- Rural females: 4% income, $2
- Elderly (+65): 8% income, $8
- Informal retailers: 7% income, $3

Rwanda
Enabling remote registration for medical insurance and the remote payment of social grants could be particularly impactful use cases for digital ID.

Potential savings as a % of monthly income and in USD

- **Use case 1**: Remote financial account onboarding
  - Savings: $1
  - % Income: 0.7%

- **Use case 2**: Remote registration for social grants
  - Savings: $0
  - % Income: 0.1%

- **Use case 3**: Remote payment of social grants
  - Savings: $6
  - % Income: 1.6%

- **Use case 4**: Remote registration for medical insurance
  - Savings: $5
  - % Income: 2.2%
Marginalised populations could save $9.7m per year if a digital ID is used across the four selected use cases.

Impact per use case:
- Use case 1: Remote financial account onboarding, $1.7M, 17%
- Use case 2: Remote registration for social grants, $0.2M, 2%
- Use case 3: Remote payment of social grants, $4.2M, 43%
- Use case 4: Remote registration for medical insurance, $3.7M, 38%

Rwanda
On aggregate, rural females and the elderly stand to save the most from using a digital ID to access services.
South Africa –
4 preliminary findings
On average, an elderly person stands to gain the most from digital ID in South Africa too.

Potential savings as a % of monthly income and in USD:

- Rural females: 11% of income, $32
- Urban unemployed: 7% of income, $23
- Elderly (+65): 13% of income, $45
- Informal retailers: 5% of income, $33

South Africa
Enabling the remote payment of social grants would be the most impactful use case among marginalised groups.

Potential Savings in % Monthly Income & USD

Use Case 1: Remote financial account onboarding
- $8 USD, 0.4% of % Income

Use Case 2: Remote registration for social grants
- $44 USD, 2.4% of % Income

Use Case 3: Remote payment of social grants
- $81 USD, 6.0% of % Income

Use Case 4: Remote registration for SIM cards
- $1 USD, 0.1% of % Income

South Africa
Marginalised groups could collectively save $620m per year if digital ID is used across all use cases.
On aggregate, rural women stand to save the most from using a digital ID, especially when it unlocks remote payment of social grants.

Potential savings aggregated at national level

<table>
<thead>
<tr>
<th>Use Case 1: Remote financial account onboarding</th>
<th>Use Case 2: Remote registration for social grants</th>
<th>Use Case 3: Remote payment of social grants</th>
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<tbody>
<tr>
<td>Rural females</td>
<td>Urban unemployed</td>
<td>Elderly (+65)</td>
</tr>
<tr>
<td>$18.1M</td>
<td>$11.9M</td>
<td>$95.2M</td>
</tr>
<tr>
<td>$11.9M</td>
<td>$31.3M</td>
<td>$35.7M</td>
</tr>
<tr>
<td>$7.8M</td>
<td>$11.9M</td>
<td>$7.8M</td>
</tr>
<tr>
<td>$6.6M</td>
<td>$18.1M</td>
<td>$216.3M</td>
</tr>
<tr>
<td>$0.0M</td>
<td>$50.0M</td>
<td>$300.0M</td>
</tr>
<tr>
<td>$0.0M</td>
<td>$100.0M</td>
<td>$250.0M</td>
</tr>
</tbody>
</table>

South Africa
Côte d'Ivoire—4 preliminary findings
On average, an urban unemployed person stands to save the most from a digital ID (followed by an informal retailer)

Potential savings as a % of monthly income and in USD

Côte d'Ivoire
Enabling remote registration for education & birth registration by using a digital ID, could have the greatest impact.

Potential savings as a % of monthly income and in USD

Use case 1: Remote Onboarding Mobile Money
- 0.4%

Use case 2: Remote Birth Registration
- 5.7%

Use case 3: Remote Registration for Education
- 5.8%

Côte d'Ivoire
Marginalised populations could save $43.7m per year if digital ID is used across selected use cases.

Impact per Use-Case:
- Use case 1: Remote Onboarding Mobile Money
- Use case 2: Remote Birth Registration
- Use case 3: Remote Registration for Education

Côte d'Ivoire
On aggregate, the urban unemployed stand to save the most from using digital ID to access services remotely.

Potential savings aggregated at national level

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<tr>
<th>Use case 1: Remote Onboarding Mobile Money</th>
<th>Use case 2: Remote Birth Registration</th>
<th>Use case 3: Remote Registration for Education</th>
<th>Informal retailers</th>
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<tr>
<td>$2.8M</td>
<td>$2.2M</td>
<td>$12.3M</td>
<td>$0.8M</td>
</tr>
<tr>
<td>$0.7M</td>
<td>$5.7M</td>
<td>$15.4M</td>
<td>$1.8M</td>
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<tr>
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</table>
Key policy recommendations on maximizing the economic value of Digital ID systems

<table>
<thead>
<tr>
<th>INVEST IN PKI</th>
<th>LEVERAGE EXISTING PLATFORMS</th>
<th>BE ALL USER-FRIENDLY</th>
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</thead>
<tbody>
<tr>
<td>• Needed for full potential of Digital ID to be realised</td>
<td>• Leverage existing technical and governance structures to complement and support use of digital IDs</td>
<td>• Design for inclusivity with diverse user groups in mind</td>
</tr>
<tr>
<td>• Enables Digital authentication mechanisms for public &amp; private sector services</td>
<td>• Train and incentivize civil servants to onboard &amp; upskill more users</td>
<td>• Ensuring that the digital ID system is accessible and user-friendly for all from enrolment to use case engagement</td>
</tr>
<tr>
<td>• Supports security, scalability and reliability of Digital ID systems</td>
<td>• Align incentives – ensure no conflicting priorities between agents &amp; service providers</td>
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</tbody>
</table>
Key policy recommendations on maximizing the economic value of Digital ID systems (cont)

<table>
<thead>
<tr>
<th>INTEGRATE SILOED REGISTRIES</th>
<th>FOCUS ON THE KEY USE CASES FOR YOUR COUNTRY</th>
<th>EXPAND INTERNET / MOBILE COVERAGE &amp; DIGITAL SKILLS</th>
</tr>
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<tr>
<td>• Integrate identity registries for effective implementation of digital ID systems</td>
<td>• Assess via cost-benefit analysis</td>
<td>• Identify policies to incentivise internet coverage where there are market failures</td>
</tr>
<tr>
<td>• Promotes interoperability</td>
<td>• Focus on highest impact on public service delivery, economic growth, and social inclusion</td>
<td>• Promote access to mobile &amp; smartphone adoption</td>
</tr>
<tr>
<td>• Cuts duplicative entries, effort and inefficiencies</td>
<td>• Cross reference against broader national development goals</td>
<td>• Invest in digital skills capacity building</td>
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<tr>
<td></td>
<td>• Communicate economic value of Digital ID to people</td>
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</table>
Thank you!

YIANNIS THEODOROU (GLOBAL LEAD, DIGITAL ID) - 23 MAY 2023