TONY BLAIR INSTITUTE FOR GLOBAL CHANGE

The economic value of digital ID in Africa: a multi-country field study

About Us

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.
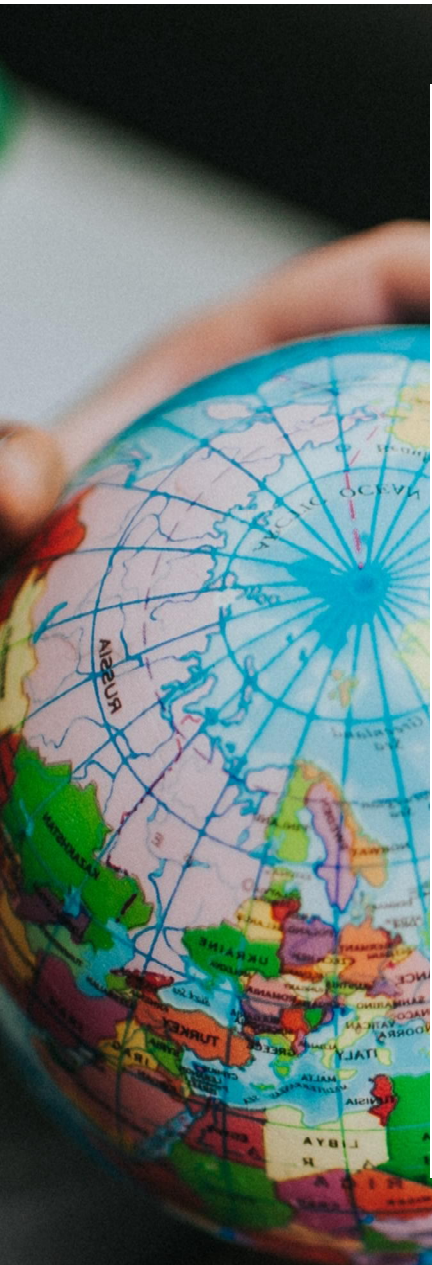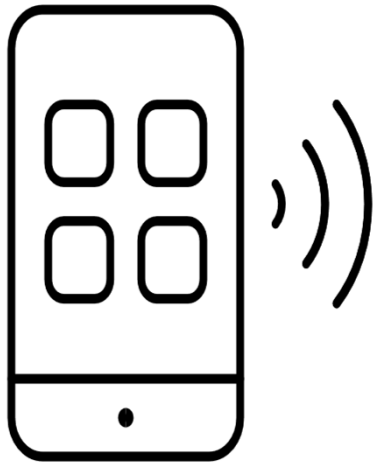
African governments are prioritising digital ID to help people access services remotely

3 factors drive the momentum:
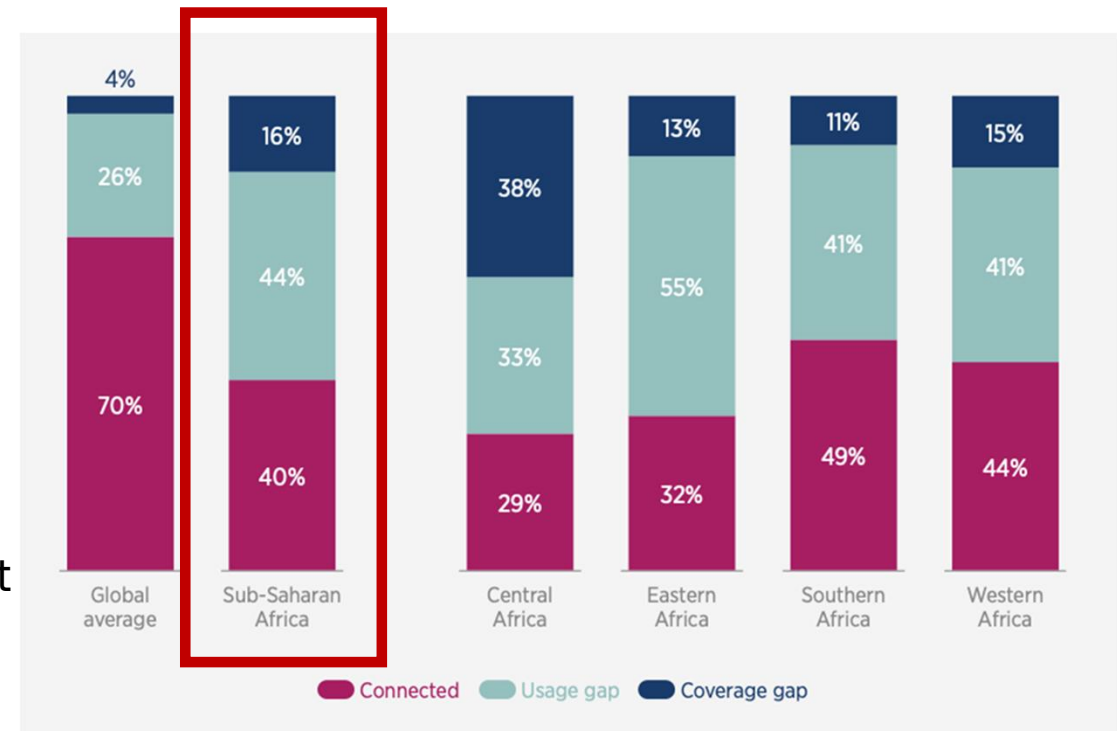
1. The COVID-19 experience

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%.

Mobile usage as a percentage of adult population in 2021*

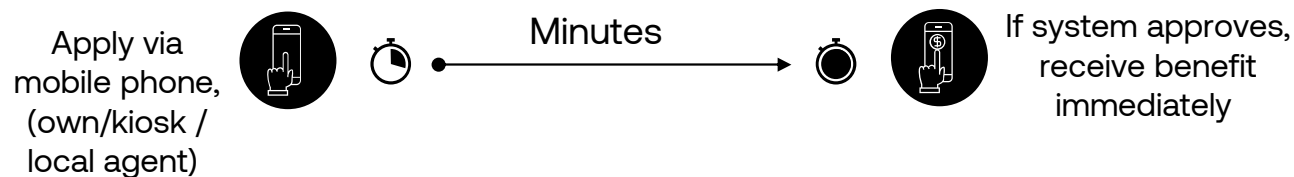*source: GSMA, 2022 The Mobile Economy Report Sub-Saharan Africa

3. Remote access to government services achieves efficiencies, improves delivery and saves people time and money...
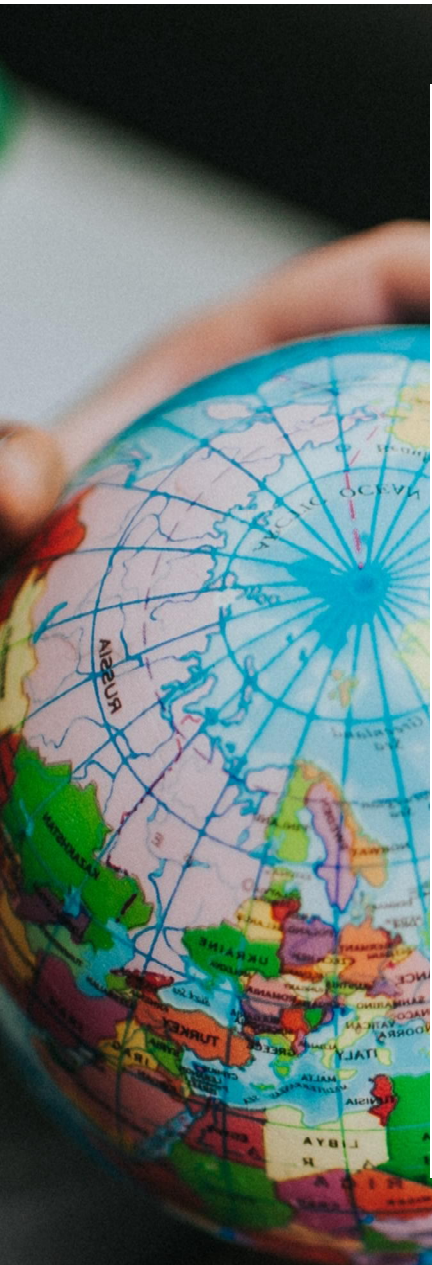
EXAMPLE: APPLYING FOR A STATE BENEFIT

TRADITIONAL

Weeks

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)

Minutes

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…

| **TARGET GROUPS**	**COUNTRIES**	**METHODOLOGY**
• Rural females • Informal retailers • The elderly • Urban unemployed	Rwanda South Africa Cote D'Ivoire	• Primary data collection and modelling • KII • Desktop research

COSTS FACTORED IN: TRAVEL COSTS, SUNDRY COSTS , OPPORTUNITY COSTS (HOURS SPENT AWAY FROM HOME X HOURLY WAGE)
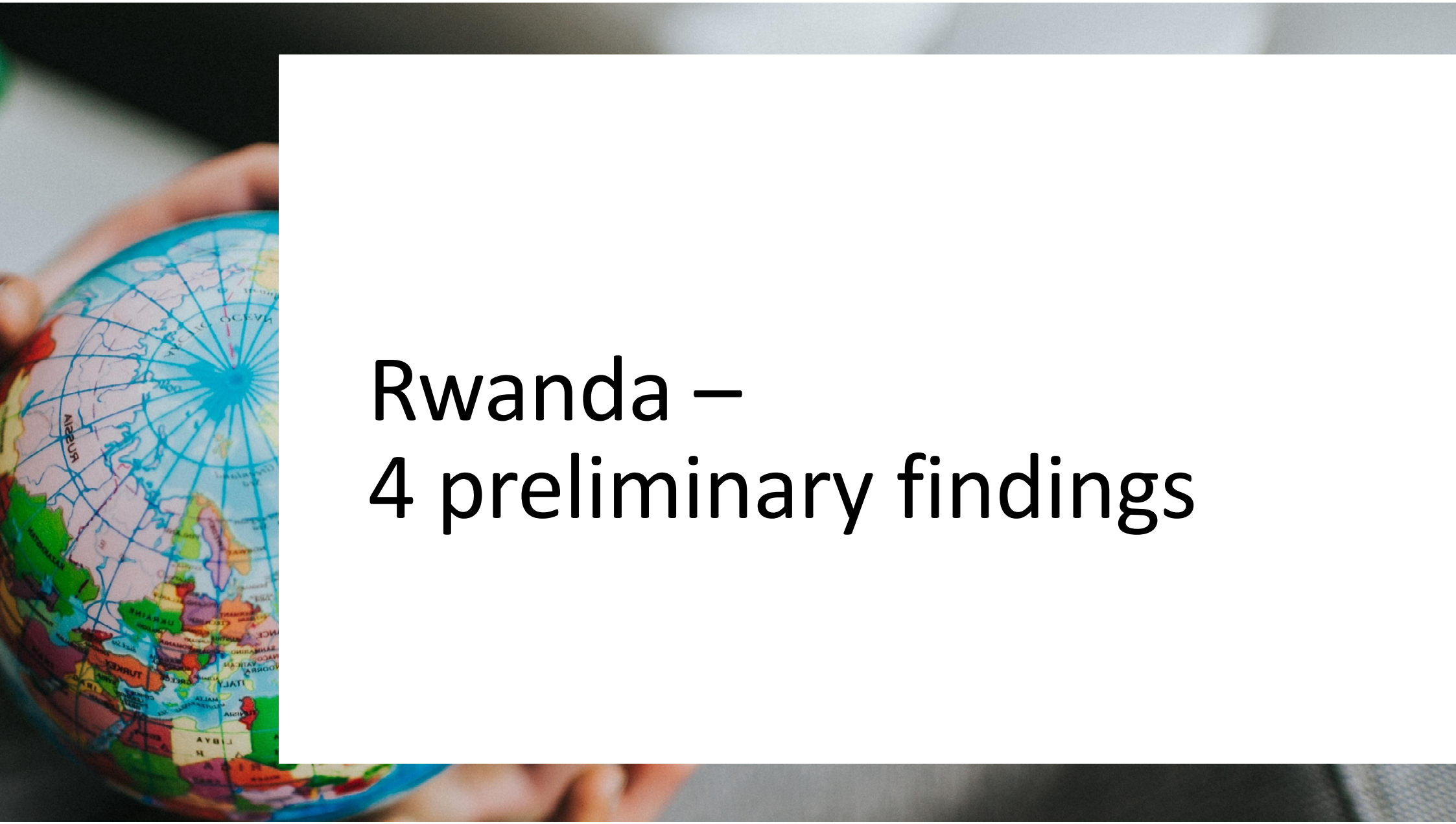
Rwanda –
4 preliminary findings

On average, an elderly person stands to gain the most from digital ID
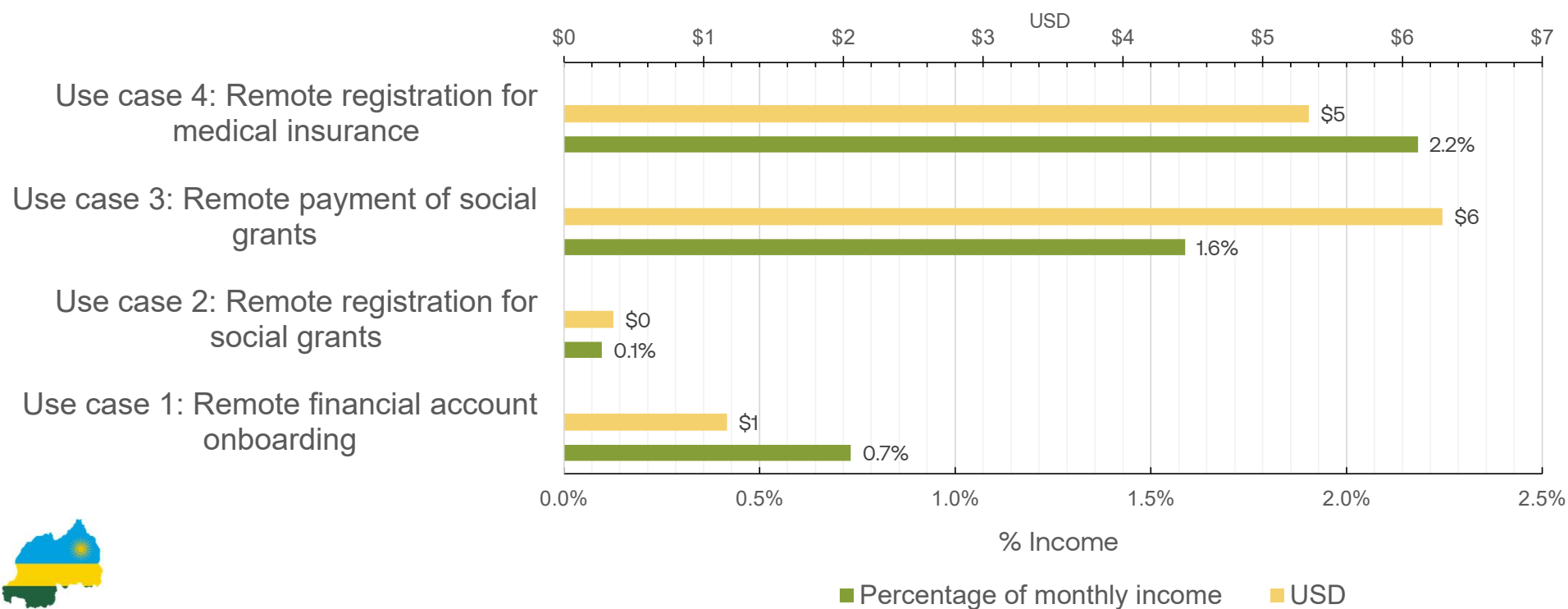
Potential savings as a % of monthly income and in USD
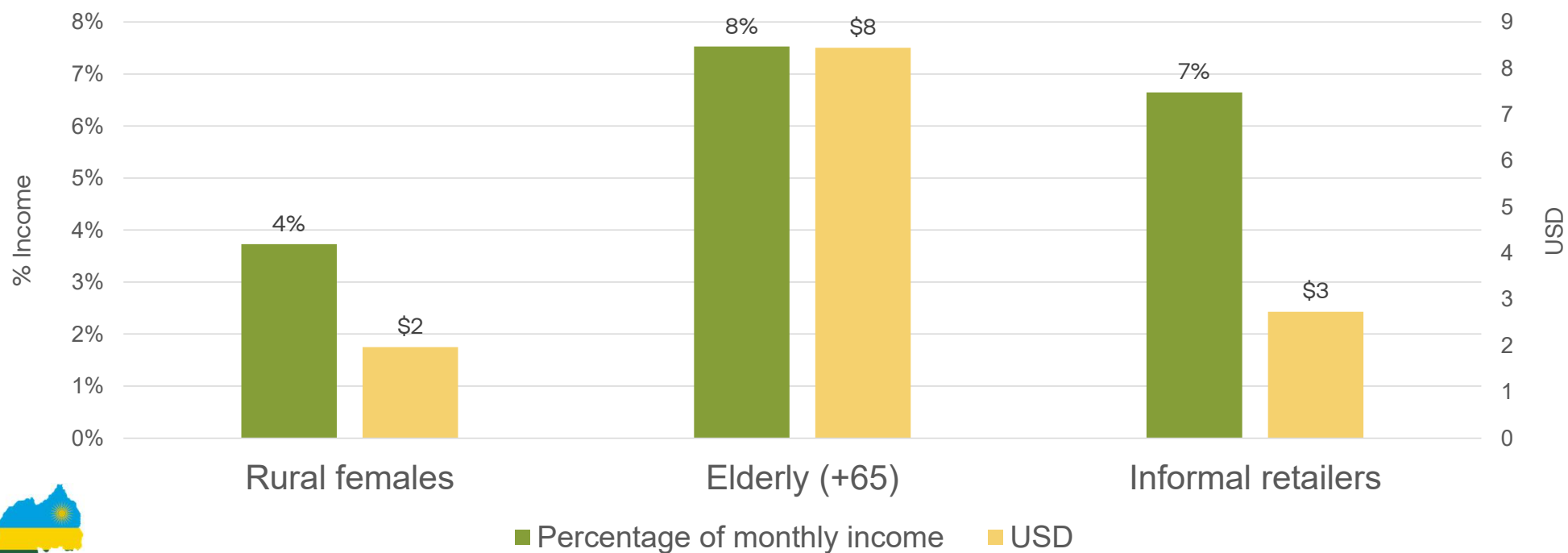
Rwanda

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

USD

	$0	$1	$2	$3	$4	$5	$6	$7

Use case 4: Remote registration for medical insurance
- $5
- 2.2%

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

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

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

0.0%   0.5%   1.0%   1.5%   2.0%   2.5%

% Income

■ Percentage of monthly income   ■ USD

Rwanda

Marginalised populations could save $9.7m per year if a digital ID is used across the four selected use cases
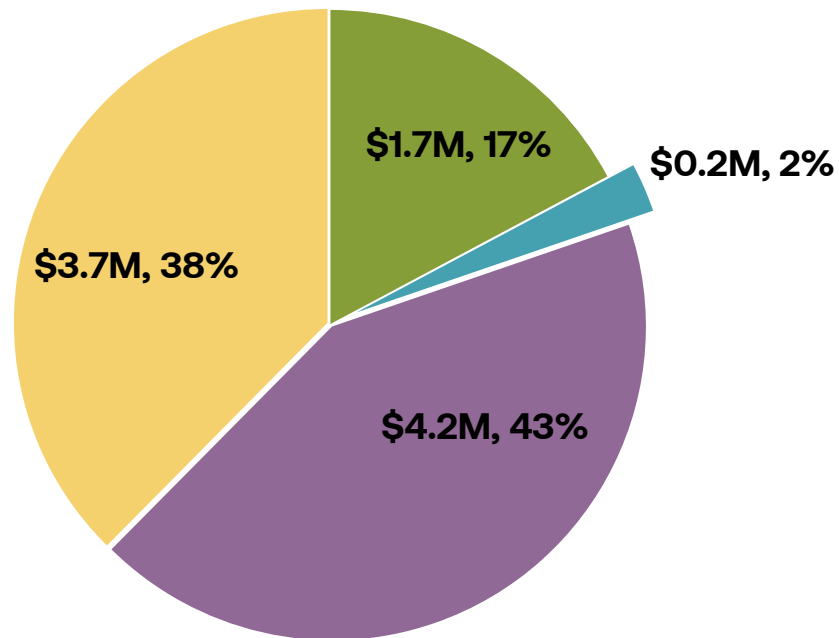
$1.7M, 17%

$0.2M, 2%

$3.7M, 38%

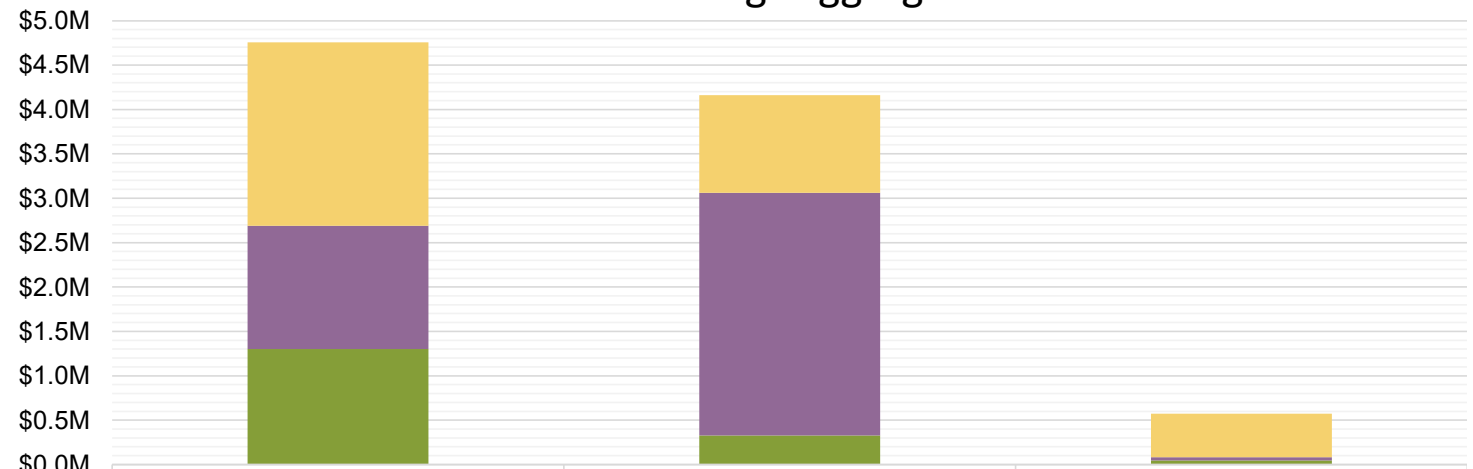$4.2M, 43%

Impact per use case

- Use case 1: Remote financial account onboarding
- Use case 2: Remote registration for social grants
- Use case 3: Remote payment of social grants
- Use case 4: Remote registration for medical insurance

Rwanda

On aggregate, rural females and the elderly stand to save the most from using a digital ID to access services

Potential savings aggregated at national level

	Rural females	Elderly (+65)	Informal retailers
Use case 4: Remote registration for medical insurance	$2.1M	$1.1M	$0.5M
Use case 3: Remote payment of social grants	$1.4M	$2.7M	$0.0M
Use case 1: Remote financial account onboarding	$1.3M	$0.3M	$0.0M

Rwanda
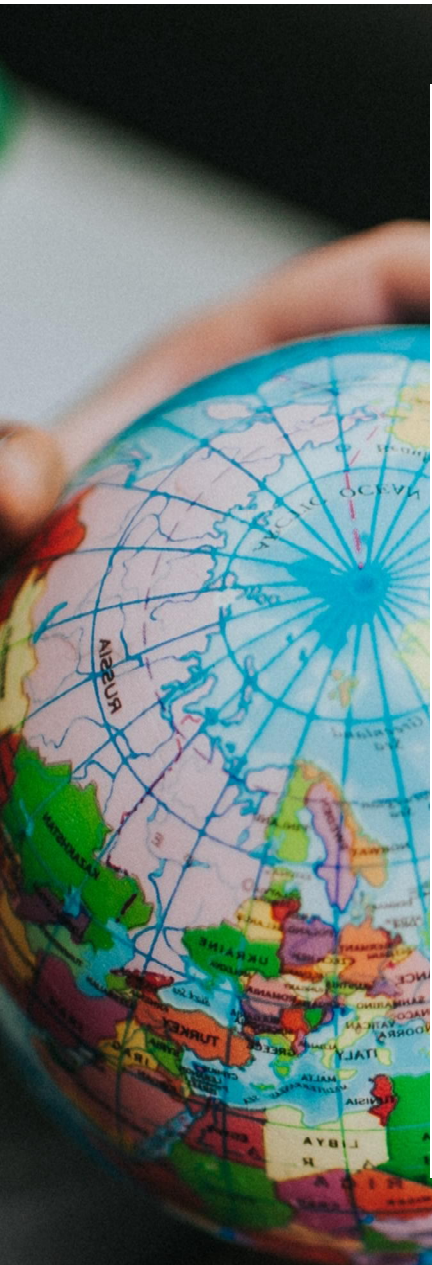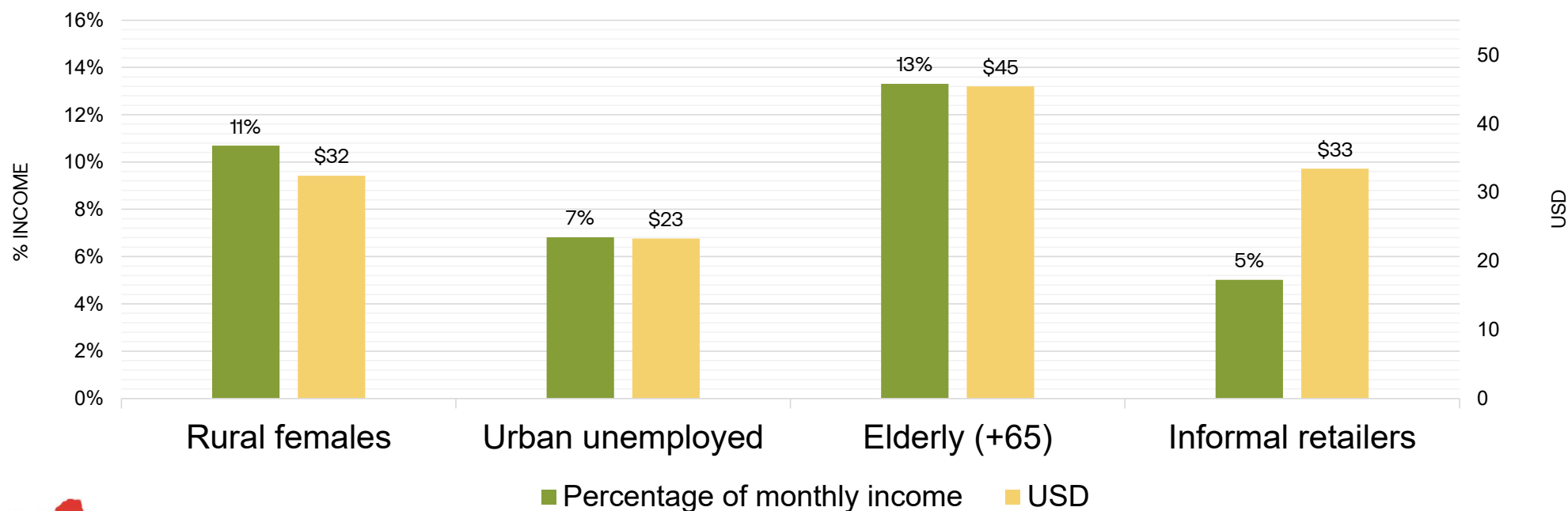
South Africa –
4 preliminary findings

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

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

South Africa
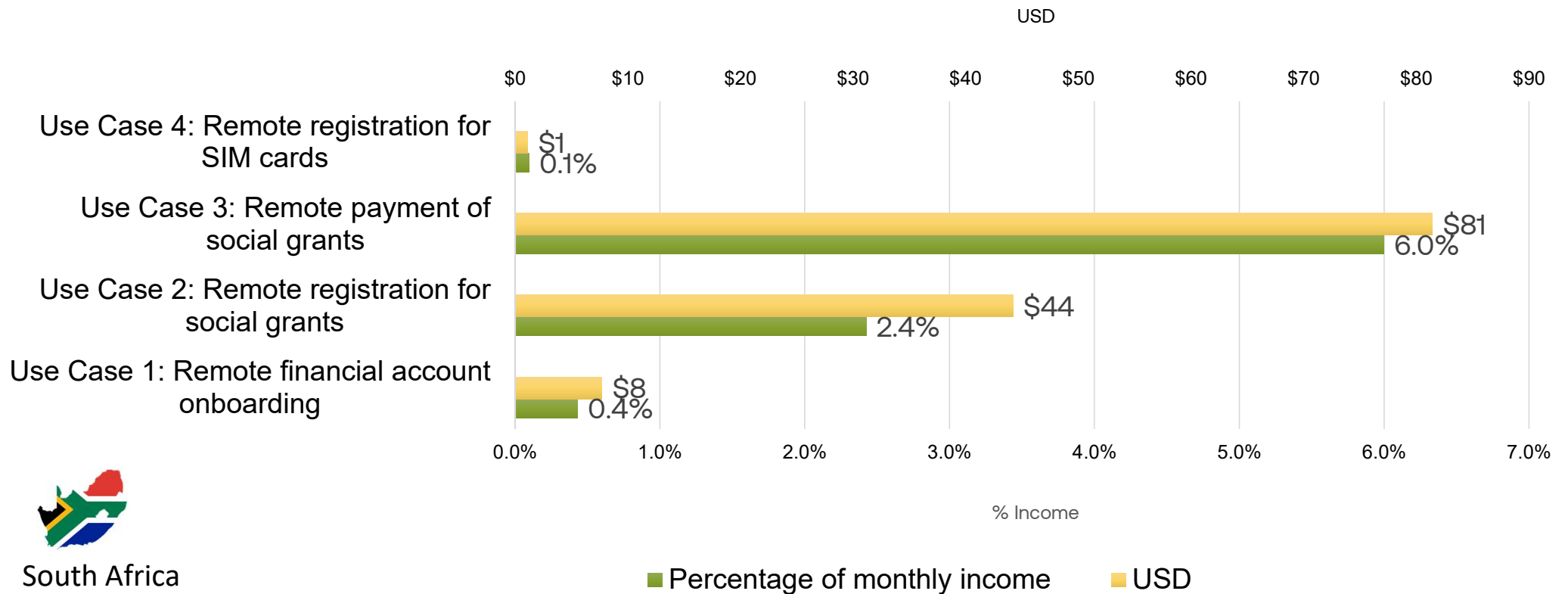
Marginalised groups could collectively save $620m per year if digital ID is used across all use cases
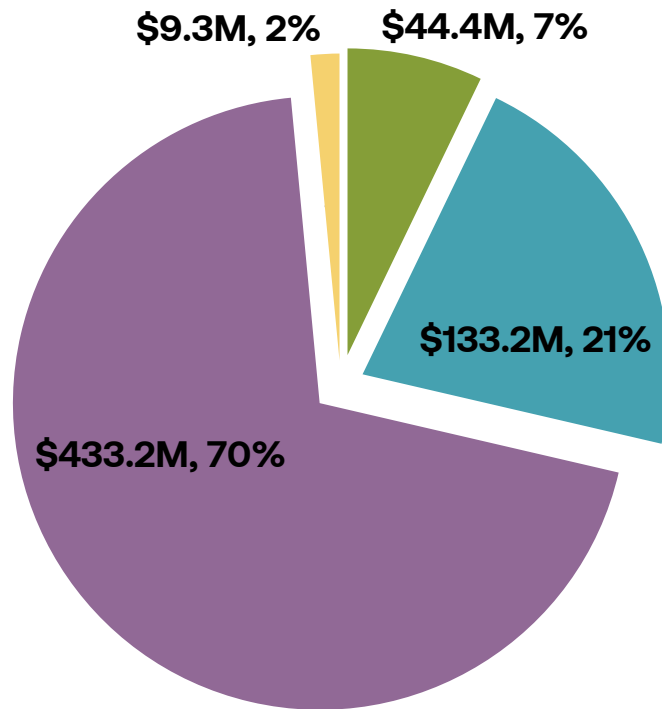
$9.3M, 2% $44.4M, 7%

$133.2M, 21%

$433.2M, 70%

South Africa

Impact per Use-Case

- Use Case 1: Remote financial account onboarding
- Use Case 2: Remote registration for social grants
- Use Case 3: Remote payment of social grants
- Use Case 4: Remote registration for SIM cards

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

	Rural females	Urban unemployed	Elderly (+65)	Informal retailers
Use Case 3: Remote payment of social grants	$216.3M	$113.4M	$95.2M	$8.3M
Use Case 2: Remote registration for social grants	$54.3M	$31.3M	$35.7M	$11.9M
Use Case 1: Remote financial account onboarding	$18.1M	$11.9M	$7.8M	$6.6M
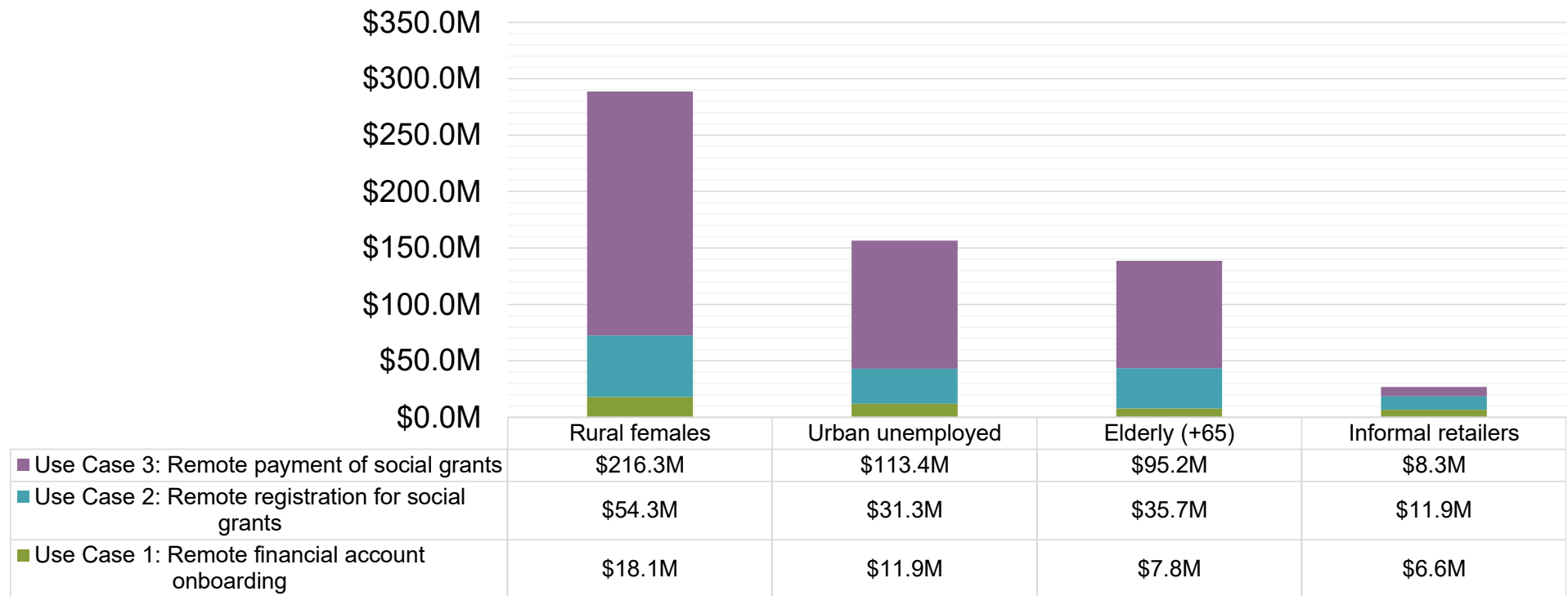
South Africa
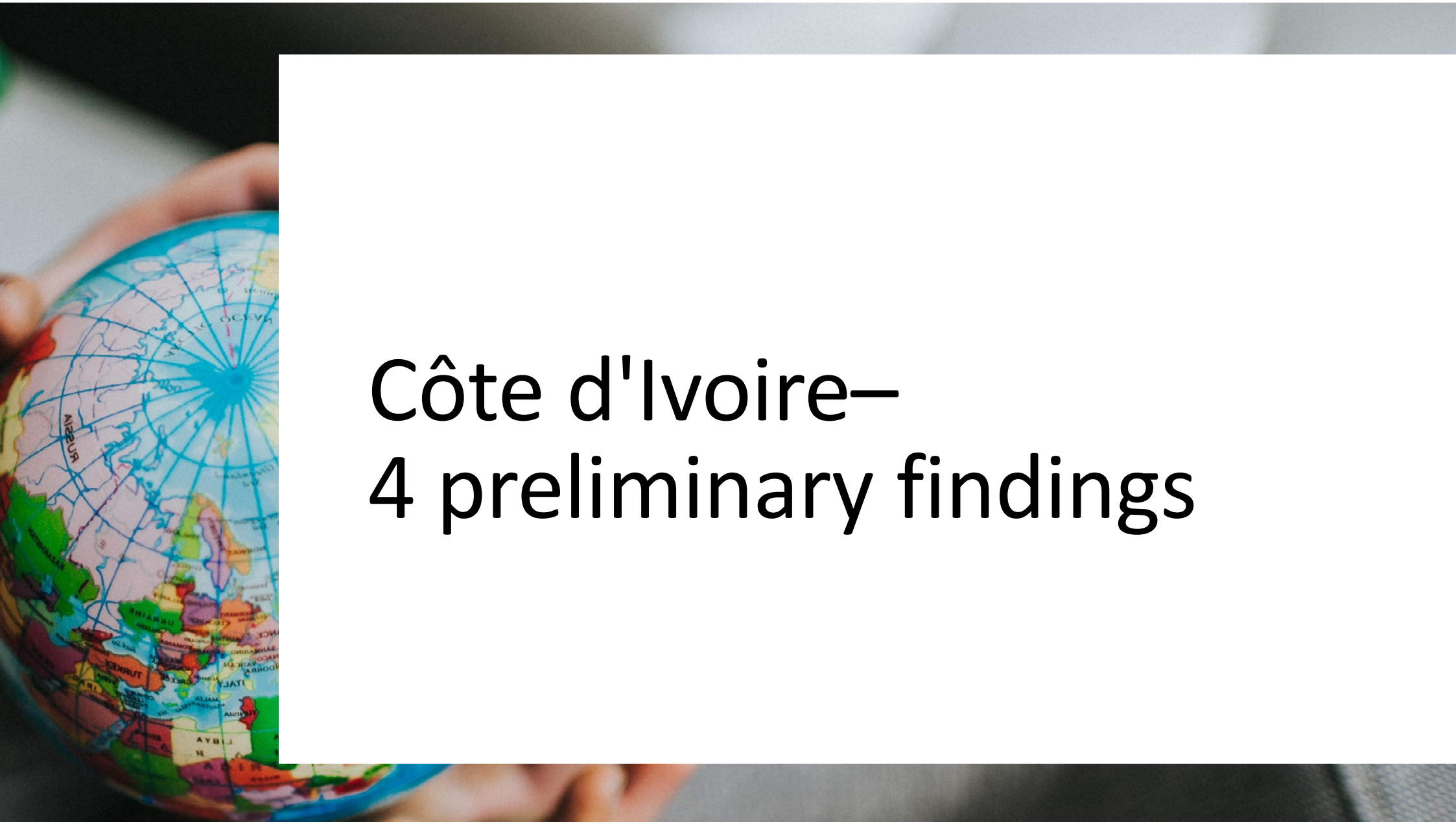
Côte d'Ivoire–
4 preliminary findings

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

USD

| | $0 | $5 | $10 | $15 | $20 | $25 | $30 | $35 | $40 |

Use case 3: Remote Registration for Education
$33
5.8%

Use case 2: Remote Birth Registration
$33
5.7%

Use case 1: Remote Onboarding Mobile Money
$2
0.4%

0.0% 1.0% 2.0% 3.0% 4.0% 5.0% 6.0% 7.0%

% Income

■ Percentage of monthly income ■ USD
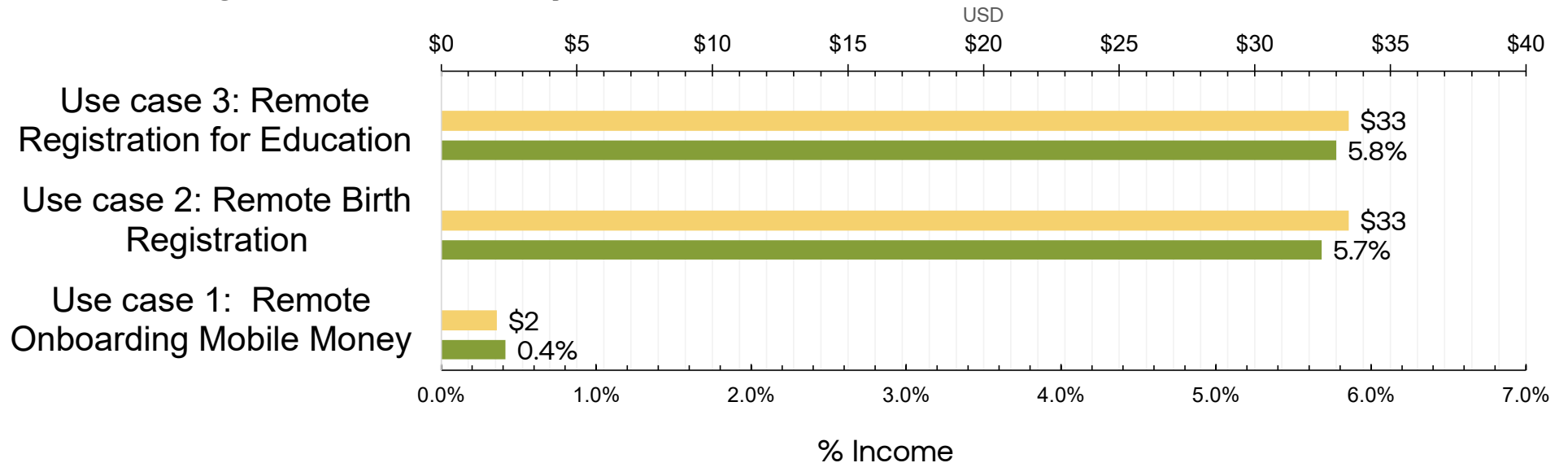
Côte d'Ivoire

Marginalised populations could save $43.7m per year if digital ID is used across selected use cases

$4.2M, 10%

$8.8M, 20%

$30.7M, 70%
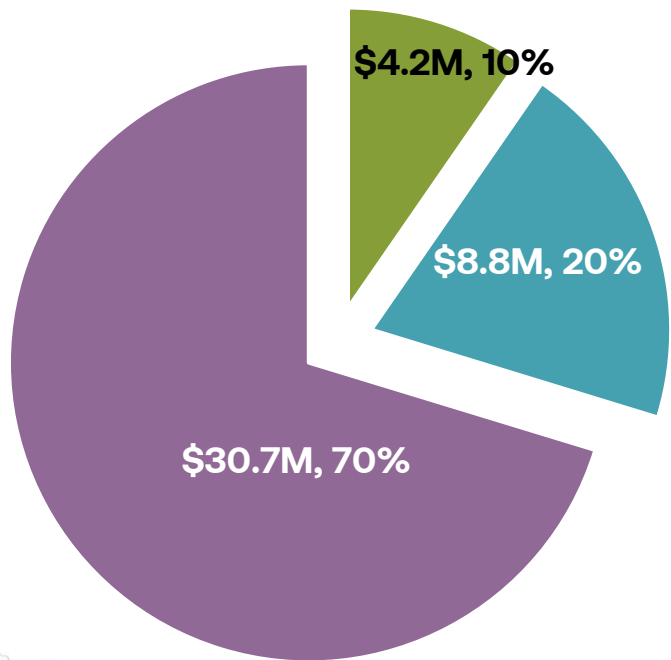
Impact per Use-Case

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

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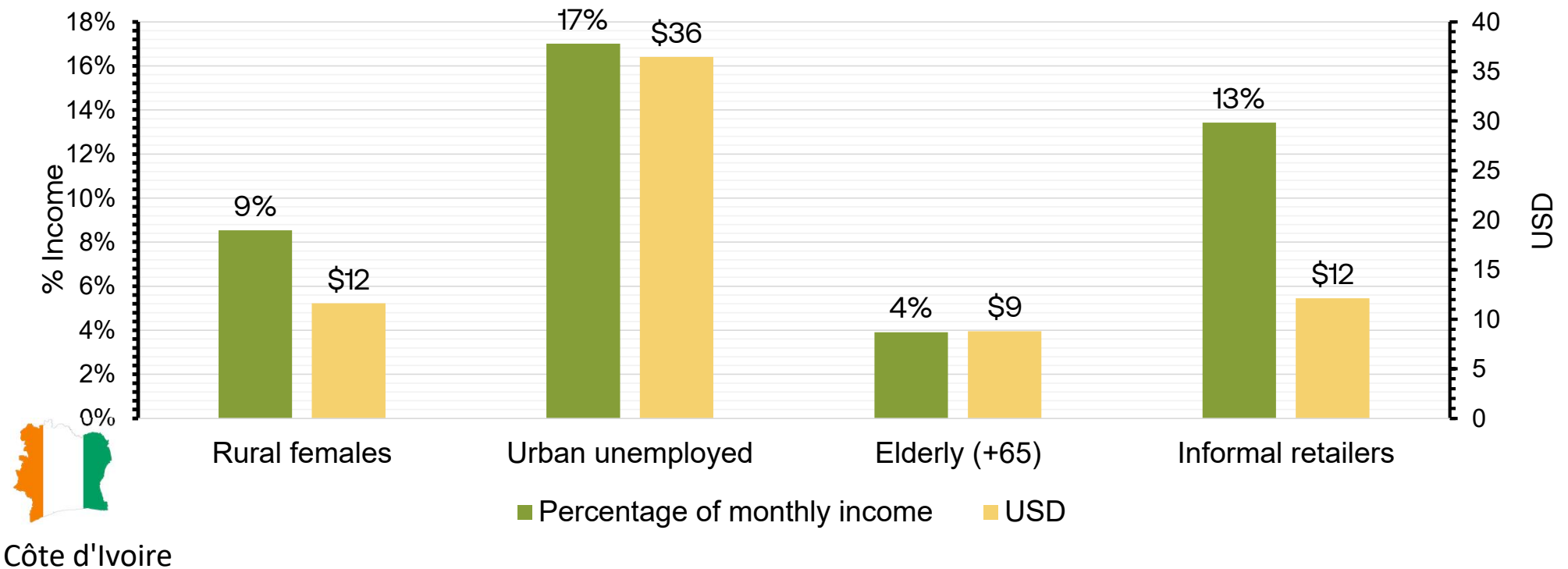
# On aggregate, the urban unemployed stand to save the most from using digital ID to access services remotely

Potential savings aggregated at national level

	Rural females	Urban unemployed	Elderly (+65)	Informal retailers
Use case 3: Remote Registration for Education	$12.3M	$15.4M	$2.2M	$0.8M
Use case 2: Remote Birth Registration	$1.1M	$5.7M	$0.2M	$1.8M
Use case 1: Remote Onboarding Mobile Money	$2.8M	$0.7M	$0.3M	$0.3M
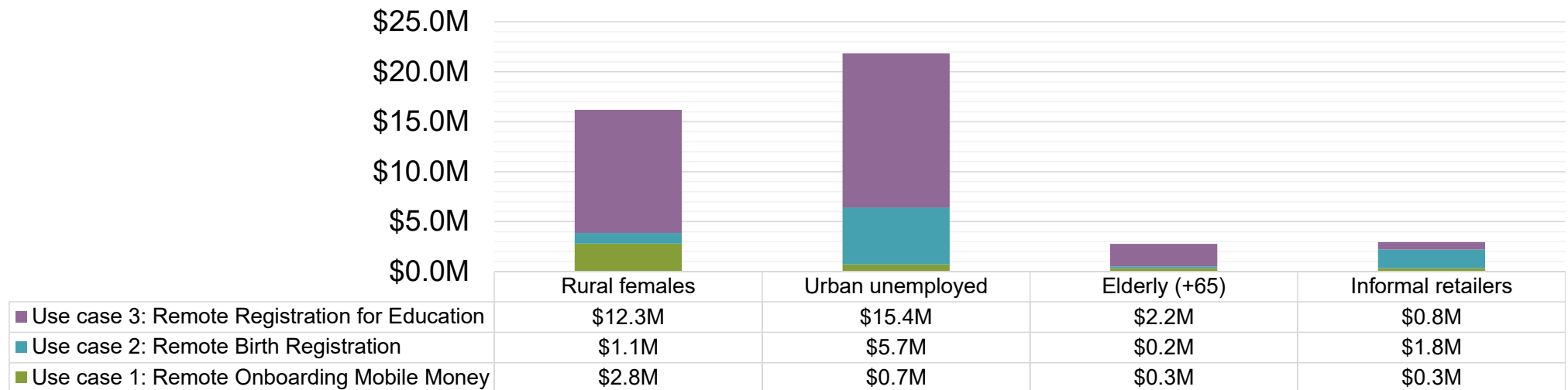
Côte d'Ivoire

Key policy recommendations on maximizing the economic value of Digital ID systems

INVEST IN PKI

- Needed for full potential of Digital ID to be realised
- Enables Digital authentication mechanisms for public & private sector services
- Supports security, scalability and reliability of Digital ID systems

LEVERAGE EXISTING PLATFORMS

- Leverage existing technical and governance structures to complement and support use of digital IDs
- Train and incentivize civil servants to onboard & upskill more users
- Align incentives – ensure no conflicting priorities between agents & service providers

BE *ALL* USER-FRIENDLY

- Design for inclusivity with diverse user groups in mind
- Ensuring that the digital ID system is accessible and user-friendly for all from enrolment to use case engagement

Key policy recommendations on maximizing the economic value of Digital ID systems (cont)

INTEGRATE SILOED REGISTRIES

- Integrate identity registries for effective implementation of digital ID systems
- Promotes interoperability
- Cuts duplicative entries, effort and inefficiencies

FOCUS ON THE KEY USE CASES FOR *YOUR* COUNTRY

- Assess via cost-benefit analysis
- Focus on highest impact on public service delivery, economic growth, and social inclusion
- Cross reference against broader national development goals

EXPAND INTERNET / MOBILE COVERAGE & DIGITAL SKILLS

- Identify policies to incentivise internet coverage where there are market failures
- Promote access to mobile & smartphone adoption
- Invest in digital skills capacity building
- Communicate economic value of Digital ID to people

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Thank you !

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

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