

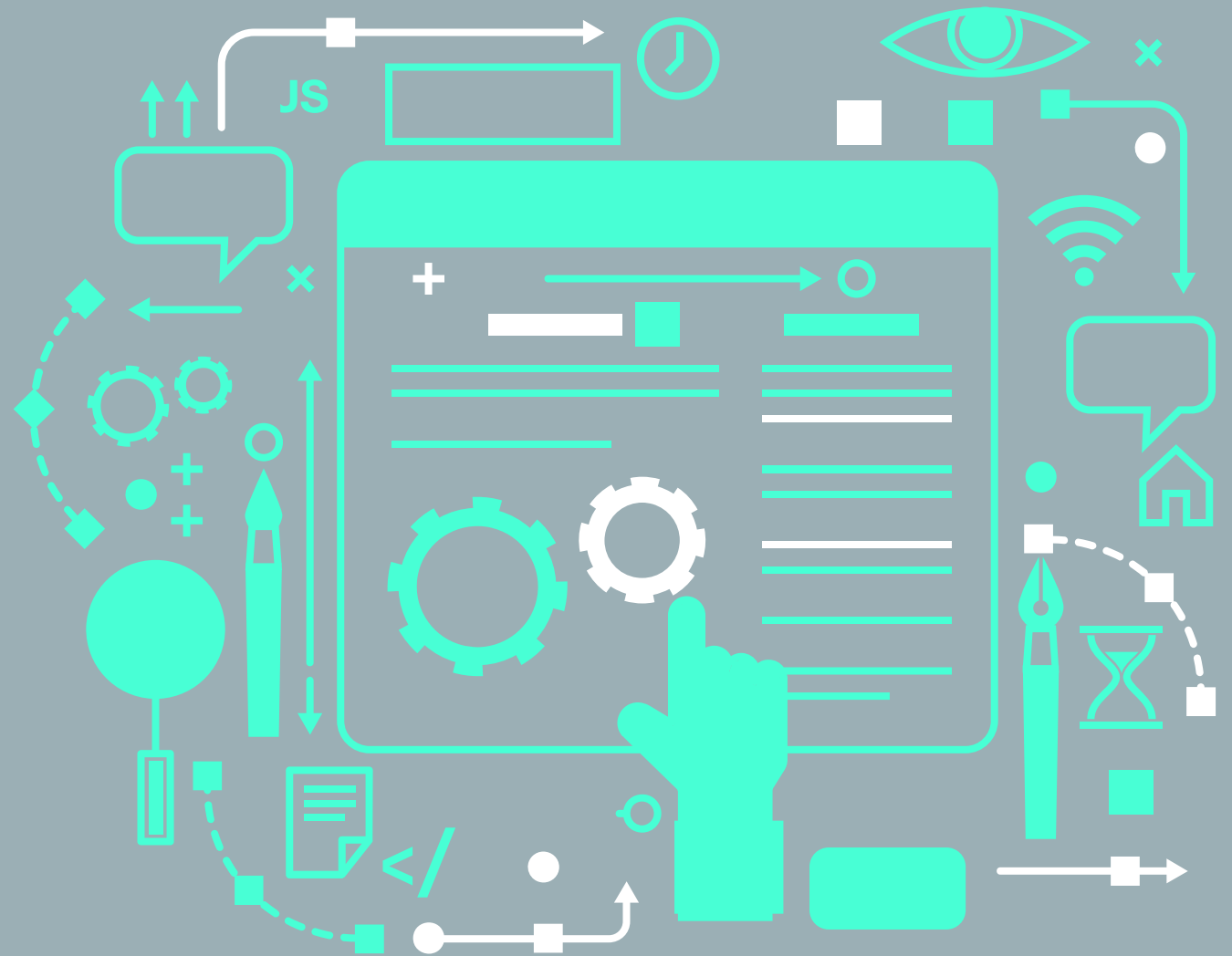
SOCIAL PROTECTION AND JOBS

# 2019 CORE COURSES

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# SIAD: SOCIAL INSURANCE ADMINISTRATIVE DIAGNOSTIC



Oleksiy Sluchynsky  
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# WHY IS SIAD NEEDED?

- Mandatory SI programs manage large volumes of data and significant amounts of money
- SI administration can be inefficient, expensive, leading to negative outcomes for people
- Social Insurance Administration Diagnostic (SIAD): is a systematic tool for assessment of SI operational systems, and a tool to support strategic planning
- Focuses on **governance, infrastructure, and business processes**: systems, structures, processes, policies and procedures, budgeting, planning, risk management
- Provides Boards and Management of Social Security Agencies (SSA) with 'board-level' view of the state of their delivery systems and processes

# WORLD BANK – ISSA COLLABORATION

- World Bank and International Social Security Association's (ISSA) are collaborating to advise and support social security institutions to improve governance, administration and institutional capacities.
- SIAD rooted in the framework of the *ISSA Guidelines on Social Security Administration*.
- *ISSA Guidelines* provide a broad set of standards, based on best practice, against which an SSA can measure quality of its delivery systems and processes.
- The WB SIAD structure closely aligns with the *ISSA Guidelines*, while bringing a more granular and targeted view of an SSA's delivery processes

# SIAD STRUCTURE

Five components:

1. Guidance Note and Implementation Guidelines
2. Administrative Questionnaire (on-line, multi-language)
3. Matrix of Indicators (quantitative)
4. Client Surveys (Members, Beneficiaries, and Employers)
5. Utility to Benchmark Administrative Costs

# SIAD STRUCTURE

## I. Guidance Note and Implementation Guidelines

- Explains SIAD context, purpose, objectives, components
- Describes the content and rationale behind each component
- Outlines principles of best practice in process management and business function design
- Provides procedures and templates for applying the SIAD

## 2. Matrix of Indicators

- Provides a quantitative view of SSA delivery systems and processes
- Groups indicators in three categories: Institutional; Program Scope; Service Performance
- Gives a snapshot of the SSA's management, delivery, and systems
- Signals areas that are ripe for in-depth assessment and improvement

# MATRIX OF INDICATORS

Quantitative Indicators grouped into three categories:

## **I. Institutional**

- Human Resources
- Administrative Budget and Charges
- Investment of Funds
- ICT systems

## **2. Program Scope**

- Coverage: Members, Beneficiaries
- Case load volumes
- Program Finances: Revenues; Benefit Payments

## **3. Service and Performance**

- Core Business Functions: Registration; Collection; Processing and Payments
- Communications:
- Appeals
- Compliance and Controls

# SIAD STRUCTURE

## 3. Administrative Questionnaire (Online) <- administrator's view

- Focuses on the eight strategic and operational areas and systems that enable an SSA's business processes, with greater depth in specialized business areas.
- Gathers and structures evidence to help SSA Board and management assess and prioritize issues.
- Modular – operational areas can be omitted, questions reduced or added

## 4. Clients Surveys <- client's view

- Captures perspectives on implementation outcomes from users of the system.
  - Templates for:
    - covered members (contributors)
    - employers
    - beneficiaries in receipt of payments
- Sets quantitative and qualitative baselines for assessment of how future reforms are perceived

# SIAD STRUCTURE

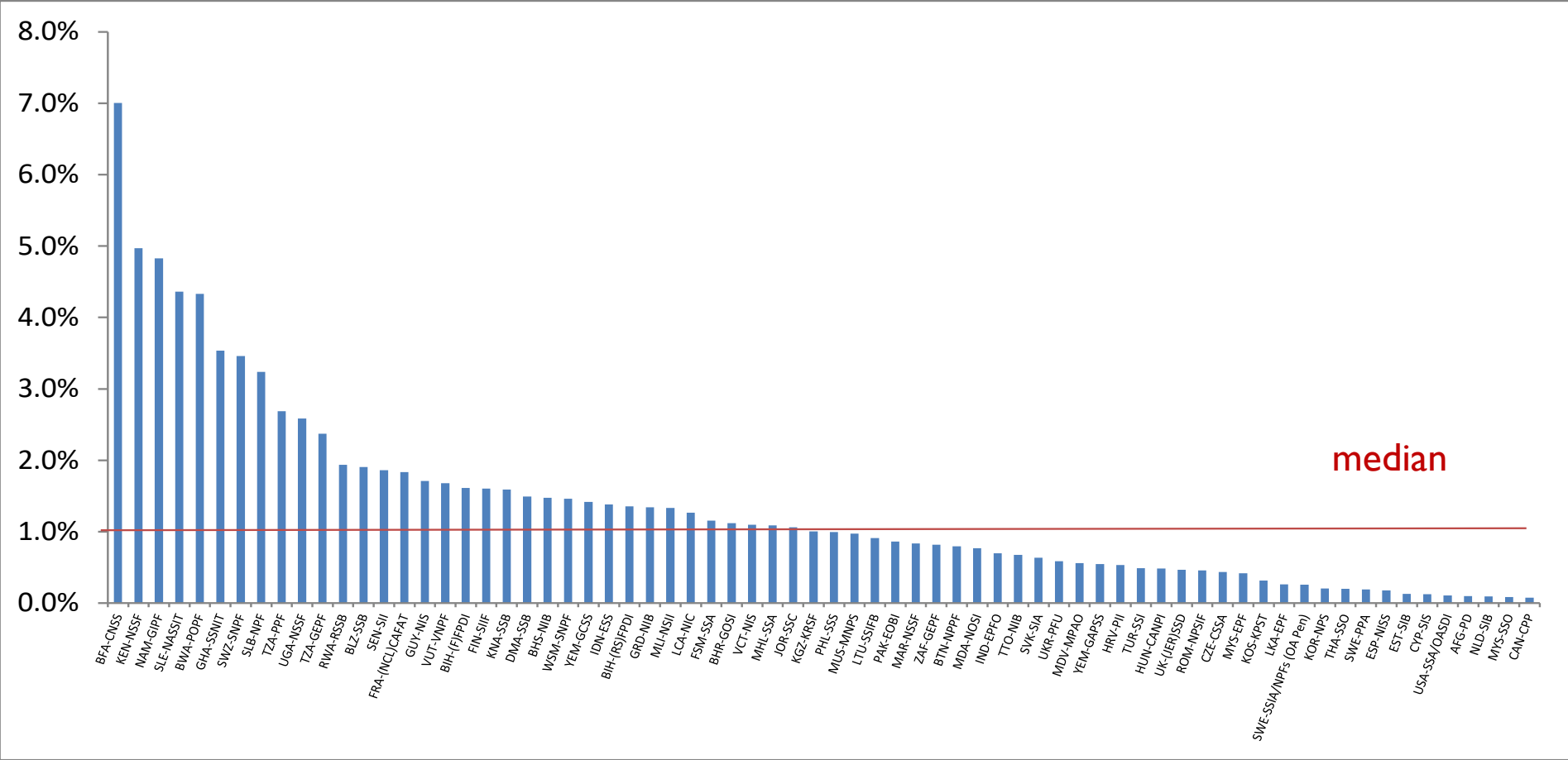
## 5. Utility to Benchmark Administrative Costs

- Frames assessments of the administrative efficiency of the delivery of public social security programs.
- Captures key elements of variation that drive administrative costs.
- Requires only a minimum set of data to provide broad guidance on efficiency of resource utilization.



# IMPACT OF ADMIN COSTS ON MEMBERS

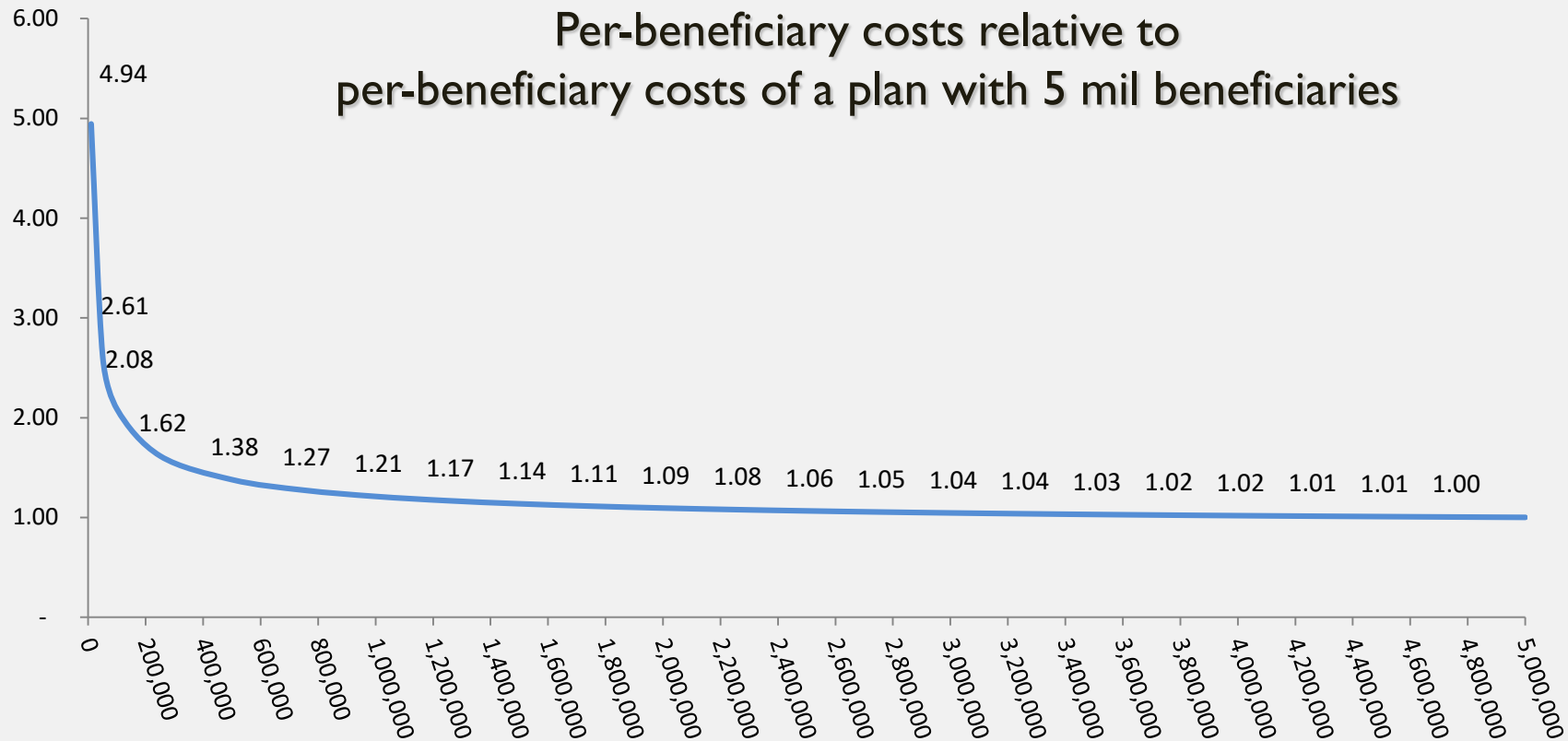
Administrative expenditures of public pension programs  
as share of imputed covered wage



Sources: Sluchynsky, 2015. Defining, Measuring and Benchmarking Administrative Expenditures of Publicly mandated Pension Programs

# ECONOMIES OF SCALE ARE IMPORTANT

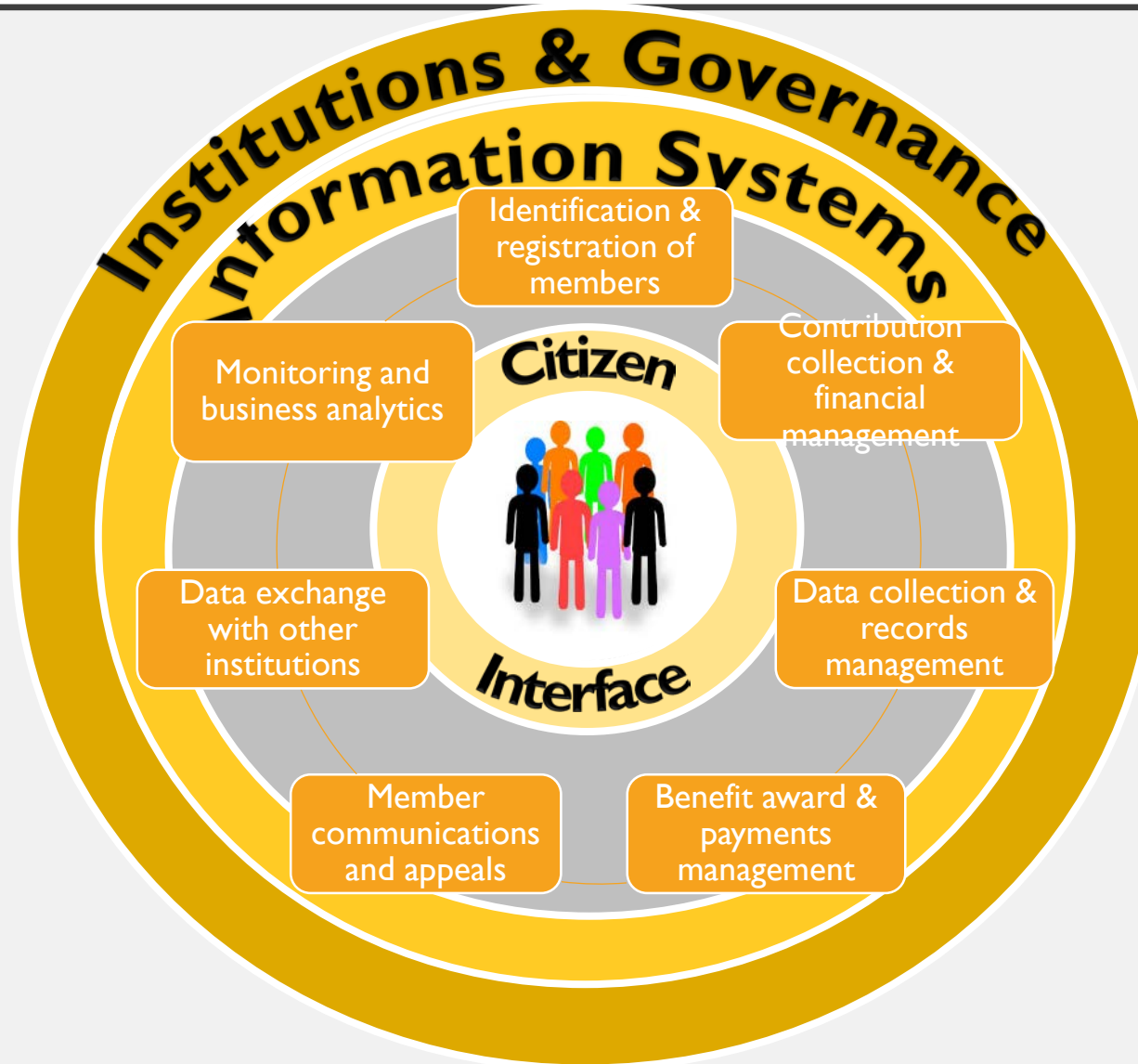
- Fragmented programs often result in loss of efficiency and extra costs to members
- Some reforms involved consolidation of public and private sector schemes (Jordan, Ghana, Zambia, Cape Verde, USA. Plans in Iraq, Egypt)



# SIAD IMPLEMENTATION PROCESS

- SSA declares interest to the World Bank or the ISSA (or any other development partner)
- An assessor/specialist with executive experience in management of social insurance programs initiate the process, including request for background documents (listed in Guidance Note)
  - SSA identifies a focal point
  - Specialist is available to the SSA throughout the exercise
- Self-evaluation: SSA completes the Administrative Questionnaire and Matrix of Indicators. (Online)
- At the same time the Specialist reviews documents provided by the SSA
- After the Questionnaire and Indicators are completed, the Specialist visits SSA for follow-up discussions (around 5 days required onsite)
- Specialist prepares a Report and presentation for the SSA Governing Board and Management Team. (template in Guidance Note)

# ADMINISTRATIVE QUESTIONNAIRE (AQ): DELIVERY CHAIN OF SOCIAL INSURANCE



# ADMINISTRATIVE QUESTIONNAIRE (AQ)

Questionnaire has eight (8) modules:

- I. Internal Governance
- II. Investment and Management of SSA Funds
- III. ICT Management and Data Policies
- IV. Core Business Processes: Identification and Registration
- V. Core Business Processes: Contribution Collection
- VI. Core Business Processes: Benefits Management
- VII. Grievances (Appeals and Complaints)
- VIII. Communications: Internal and External

# AQ: INTERNAL GOVERNANCE

- Legal and regulatory environment
- Role and structure of Management/Supervisory Board
- Role and structure of senior management
- Process for strategic planning and oversight: development and approval of strategic direction, annual plan, budget, etc.
- Accountability process
- Operational data to support business operations and planning: monitoring systems and data analytics
- Systems for monitoring and evaluating performance
- Role of internal and external audits

# AQ: INVESTMENT AND MANAGEMENT OF SSA FUNDS

- Management of DB reserves and DC assets
- Governance process for investment decisions
  - Investment Policy Statements
  - Strategic asset allocation and investment limits
  - In-house vs. outsourced asset management and outsourcing process
  - Risk management
  - Conflict of interest guidelines
  - Reporting and review process

# AQ: ICT MANAGEMENT AND DATA POLICIES

- Software
  - Manage and interpret data
  - Process and store data
  - Interactions and transactions with clients and other government bodies
  - Communication among software systems
- ICT infrastructure
  - Framework and platform
  - Data center and backup; disaster recovery
  - Data storage, including cloud services
  - Internal and external communication technology (including website)
  - Security, including mobile devices
  - Prevention of cyber attacks



# AQ: ICT MANAGEMENT AND DATA POLICIES

- Institutional data
  - Data acquired, organized, stored and managed to support operational and management needs
  - Data policies on uses, sharing, privacy and data security
  - Data access and controls for internal and external users
- Software and hardware management
  - ICT and data policies
  - ICT staffing and budget
  - Policies for hardware and software upgrades, licenses, maintenance
  - User software support

# Example: Moving infrastructure to the cloud

## Maldives Pension Administration Office



- As of August 2017, all ICT infrastructure officially moved out to Google Cloud
- No any single piece of major ITC equipment at the office
- Infrastructure functions 24/7 without downtime
- Data also in the Cloud in two different locations (chosen by MPAO)
- Staff uses laptops, accessing the system by Internet from any location
- No office files stored locally. All office files in Google docs
- Monthly Cloud maintenance fee around US\$2,000
- ICT staff largely focused on strategic and functional aspects of system development with enhanced productivity and user experience

# AQ: CORE BUSINESS PROCESSES

- Identification and Registration
  - ID for social security, issuer, biometrics, interface with Taxation and other government departments
  - Ease of processes for employers and workers
  - Database(s) architecture, degree of centralization, digital or paper transmission, data entry points and verification procedures
- Contribution collection and enforcement
  - Benefit calculations, payment mechanisms, specialized software or web interfaces provided, control checks, verification of amounts due and received
  - Administrator enforcement powers, interface with tax authorities, on-site inspections

# Example: Probing into front-end of contribution collection:

- ❖ Type of contribution reporting
  - Full payroll
  - Changes only
  - Individual transactions
- ❖ Form of reporting
  - Paper
  - Electronic messaging
  - On-line portal
  - Mobile app
  - Distributed Ledger/Blockchain (?)
- ❖ Timing of submitting info
  - Prior to payment
  - At the time of payment
  - After the payment

Combination of these elements defines:

- ✓ Quality of services to clients
- ✓ Quality of records
- ✓ Complexity of business process
- ✓ Level of administrative costs

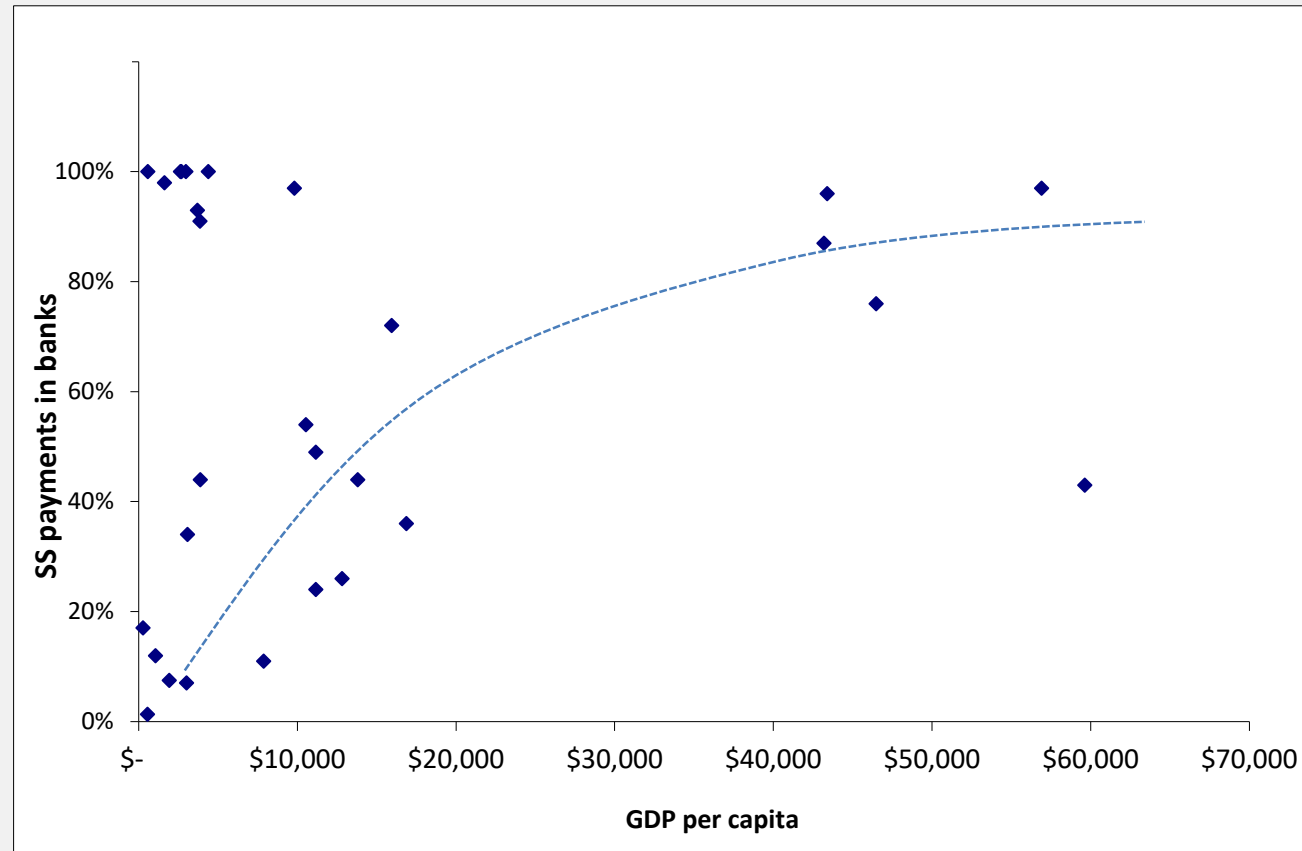
## AQ: BENEFITS MANAGEMENT

End-to-end processes: receiving applications, determining eligibility, awarding benefits, making payments, reconciling payments, and updating beneficiary records.

- Efficient processing of benefit claims.
- Accurate and timely decisions on status of members' eligibility for benefit(s) or service(s) - including changes in status (e.g. marriage/divorce, death, or recovery from disability), or changes in benefit entitlement amounts.
- Correct benefit amounts are paid (or service provided) on time and to the right person.
- Beneficiary records are kept updated, secure, and correct.
- Includes a range of benefit types and associated program controls (long-term, short-term, assistance, etc).

# Example: Probing into modes of payments

## Share of social security benefits paid via banks



Source: Compilation based on data from national SS agencies (World Bank, 2009)

# AQ: GRIEVANCES - APPEALS AND COMPLAINTS

- Legal Framework and Governance
  - Formal compliant and appeals process, including role of third-party decision makers and courts
  - Tracking of complaints
  - Time limit for submitting and for SSA response
  - Method of notification and rationale for decision
- Complaints and Appeals
  - Access points, mechanisms and processes
  - Feedback mechanisms to:
    - Clients (outcome of the appeal)
    - Staff (continuous learning)

# AQ: COMMUNICATION - INTERNAL AND EXTERNAL

- Outreach: Methods and Processes
- Partnerships: Collaboration with other ministries and stakeholders
- Training SSA staff
- Internal: SSA management and staff, governing Ministries
  - Use of intranet and other methods for internal communication
- External: Government, Parliament, contributors, beneficiaries, other stakeholders, general public, journalists
  - Channels and Technologies
  - Outreach to clients (surveys, focus groups, external website, social media, call center)
- Governance
  - Placement within SSA management structure
  - Legal requirements for disclosure of programs, operations, finances and performance issues
  - Written communication plan, linked to SSA strategic priorities



# CONCLUSION

- SIAD provides “Board-level” overview of SSA operations and guidance on areas requiring additional focus.
- Enables SSA management to identify areas of strength and of weakness, and to establish a plan with priorities and the actions required to advance them.
- Provides a view on the effectiveness and efficiency of the processes and institutional infrastructure of the agency tasked with implementing such policies.
- Helps SSAs and development partners to identify and address inefficiencies, reduce the cost of administration, and expand program coverage.