SIAD: SOCIAL INSURANCE ADMINISTRATIVE DIAGNOSTIC

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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 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
1. 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
Quantitative Indicators grouped into three categories:

1. **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
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
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.
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)

Per-beneficiary costs relative to per-beneficiary costs of a plan with 5 mil beneficiaries

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