

World Investment Forum
Investment and the Digital Economy
Remarks of Magdi M. Amin, Investment Partner, Digital Identity, Omidyar Network
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Since our founding in 2004, Omidyar Network has been a pioneering philanthropic investment firm. Our venture-capital mindset lets us see old problems in new ways and find market-based, tech-enabled innovations that could scale to match the global scope of those problems. We have a dual-checkbook model, combining impact investing with grantmaking to catalyze sector-level change. We have used this to commit \$1.36 billion to more than 700 organizations that have had a positive impact on [more than 1.2 billion lives](#). Our portfolio covers financial inclusion, property rights, education, emerging tech, governance, and digital identity.

We are here to talk about investment and the digital economy.

If countries would like to pursue a digital economy, they need several foundational investments. The first is digital infrastructure – not only mobile and fixed-line broadband to enable data to flow, but also enabling platforms like digital ID and payment systems. With these enabling investments in place, innovators in society can get to work creating the use cases that deliver services, such as trade, financial inclusion, health, education, and social safety nets, more quickly, at lower cost and with a far lower incidence of fraud.

As an enabler of the digital economy, digital identity is an essential part of the infrastructure of empowerment and inclusion in the 21st century. However, a billion people around the world, half of whom are in Africa, have no way to prove who they are, so cannot engage in a society or economy that is increasingly digitized. This gap must be closed, and we are supporting many valuable partners, such as the World Bank, and UN Economic Commission for Africa, working on this.

However, it is not enough to provide access to technology. Digital identity, like all technologies, can be abused and requires safeguards. Left unchecked, digital identity systems can create unintended consequences, such as exclusion from essential services rather than inclusion; or increased surveillance rather than individual empowerment. Without checks and balances, biometric data, such as through facial recognition cameras, can be combined with other databases so that people lives can be searched and examined without their knowledge, without cause, and without consent.

Individuals have very little control or agency over their data collected through their engagement with technology. In the current paradigm governing much of the digital economy, the economic benefit from data of individuals accrues not to those individuals, but to social media platforms whose value has grown to stratospheric levels. Finally, there is no privacy without cybersecurity, and the number of data breaches we see around the world is alarming.

Too many people see such harms as inevitable. They are not. *We believe that we are at an inflection point where we can decide whether or not technology is grounded in ethical, human-centered principles, or accept the malign uses that we see around the world.*

More needs to be done to make the digital economy safer, and to build trust. ID systems require proper checks and institutional architecture. Digital systems must limit access for bad actors to the information they might abuse. *We believe that the default setting for our engagement with*

the digital world needs to shift – from privacy as the exception, as it is today, to privacy, agency, and security as the norm. This shift can only happen through a combination of policy and technology.

Each of us -- as investors, as technologists, as policymakers, as civil society, and as individuals -- has a role in catalyzing this transformation. We believe an increased supply of good tech will lead to greater individual empowerment. At Omidyar Network we've decided to take a position that each of us should be empowered through better control and agency over our data and identities, and we're backing that with investment.

At Omidyar Network, we believe the significant economic value of identity systems can only be realized sustainably if it is Good ID, inspires trust (through privacy and security), and therefore increases engagement. Good ID can lead to an increase in gross domestic product, fuel technological innovation, save money, lower institutional risks, improve trust and acceptance, increase efficiency, and contribute to financial sustainability. As investors, we will not invest in digital ID that is not Good ID.

More specifically, this means that digital identity systems that we invest in **will emphasize inclusion and be designed and implemented with the interests of people at the center.** Digital identity, however, should not be made mandatory for the receipt of essential services, without providing an easily accessible alternative.

Digital identity systems should empower individuals and protect online privacy as a fundamental right. The consent of individuals is required for the capture and processing of their data. Digital identity systems will incorporate privacy by design, including the principle of data minimization – only the minimum data required to uniquely identify someone will be captured. The reasons for the collection, use, disclosure, and retention of personally identifiable information should be determined at or before the time of collection.

Digital identity systems should incorporate strong security – the confidentiality, integrity, and availability of personal data should be a key priority in the development of digital identity systems, and good security practices should drive the design, implementation, and governance of digital identity systems.

Digital identity systems should be interoperable, and their data portable at the request of the user. We should work to ensure that the unique digital identities authenticated by one system meet a specific standard, and all identity authentication meeting this standard should be mutually recognized across borders.

Digital identity systems should be built using open standards, neutral to any specific vendor or technology. Open standards, approved through a collaborative and consensus-driven process and intended for widespread adoption, facilitate competition and ensure market symmetry between ID issuers and vendors. Governments should retain the flexibility to adopt the technology most suited to their policy objectives.

Legal and regulatory framework covering data privacy, security, and user rights should be put in place to safeguard digital identity and personal data. Enforcement of the principles and legal frameworks described above will be subject to independent oversight, audits, and allow citizens access to independent grievance mechanisms concerning misuse or breaches of their data.

We are proud of the impact that our grantees and partners have already achieved. On the non-profit side we're investing in a robust civil society (e.g., The Engine Room, Ranking digital rights), developing guidance and tools for how to offer Good ID (e.g., ID4D), supporting important laws, policies, and governing institutions (e.g., data protection acts and authorities). We invested in a modular, open-source platform so countries can build upon the same standards and prevent vendor lock-in (e.g., MOSIP), introduced much-needed evidence to heated debates (State of Aadhaar Report, Digital Identity Research Initiative in India). Our for-profit investments focus on specific technologies aligned with our objectives, including (a) digital credentials, wallets, data intermediaries to allow individuals to control and benefit from their data. Digi.me is an example; (b) User-Driven ID Verification so that individuals can verify themselves through platforms they control. Learning Machine is an example. We are also seeking to invest in technologies that strengthen privacy regulation and compliance.

One of the most important investment opportunities in the world is the African Continental Free Trade Area (ACFTA). We invested in the United Nations Economic Commission for Africa, which is working with the African Union to establish a framework for digital identity in Africa. The project build capacity and a center of excellence which will help ensure that ID in Africa is Good ID.

I think you for your attention and look forward to engaging with each of you to build the digital economy we desire and deserve.