



SELECTION & IDENTIFICATION

TRANSFORM is the result of an iterative process of co-creation involving experts and practitioners from southern and eastern Africa. This manual is based on a document prepared by Stephen Kidd (Development Pathways) with contributions from Luca Pellerano (ILO), Daniel Kumitz (UNICEF) and Valentina Barca (Oxford Policy Management). It draws extensively from existing publications on the topic particularly Kidd (2014), Kidd (2017) and Kidd, Gelder and Bailey-Athias (2017).

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LIST OF ABBREVIATIONS

BISP	Income Support Programme
BLT	Bantuan Langsung Tunai
CBT	Community based targeting
CSG	Child Support Grant
CT-PwD	Cash Transfer for Persons with Severe Disabilities
FAP	Family Assistance Program
FIN	Financing and Financial Management
GDP	Gross Domestic Product
GOV	Governance
ICROP	Integrated Community Registration Outreach Program
ID	Identity
ILO	International Labour Organisation
LEAP	Livelihood Empowerment Against Poverty
M&E	Monitoring and Evaluation
MIS	Management Information System
NGOs	Non-Governmental Organisations
NREGA	National Rural Employment Guarantee Act
PKH	Program Keluarga Harapan
PMT	Proxy Means Test
PPPP	Philippines Pantawid Pamilyang Pilipino Program
PSNP	Productive Safety Net Programme
PSSB	Basic Social Subsidy Programme (Programa Subsidio Social Basico)
SAGE	Social Assistance Grants for Empowerment Scheme
SASSA	South African Social Security Agency
SCT	Social Cash Transfer
TSA	Targeted Social Assistance
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WB	World Bank

1

INTRODUCTION

This Module aims to give participants:

- An understanding of selection processes – often known as “targeting” – as comprising four key stages: policy choices; fiscal choices; design choices; and, implementation.
- An understanding of how policy choices can determine the inclusion and exclusion of people at later stages in the selection process, and how policy choices are closely linked to social ethical and value considerations. .
- Once a policy choice is made, how that can be further modified by fiscal choices, which are played out in decisions on the level of coverage of a scheme. Participants will understand how coverage is critical in determining the effectiveness of a scheme.
- An understanding of the range of design options for selection mechanisms, when a decision is taken to reduce coverage from universal coverage, as well as the implications of these choices.
- An understanding of the challenges of implementing selection processes and how the delivery of schemes can also contribute to the exclusion of people. Participants will build an awareness of the importance of understanding social exclusion and how this interacts with programme design to undermine access to schemes.
- An awareness of how to measure targeting accuracy and how different measures can be used to demonstrate that the same programme is either successful or unsuccessful.

The module comprises of three sections:

- The first section focuses on a) an overview; b) policy choices; c) fiscal choices and d) methods for measuring targeting accuracy.
- The second section focuses on the third stage of the selection process: design choices when decisions are taken not to provide universal coverage.
- The third section examines the challenges of implementing selection processes, in particular through registration, which is the point at which people apply for programmes.

2

“TARGETING” POLICY AND FISCAL CHOICES IN THE SELECTION PROCESS

A critical issue faced by all countries developing systems of social protection is how to select beneficiaries. No country has ever been able to effectively cover everyone in need of transfers during the early stages of developing their social protection systems. The numbers of people in need are too great and place excessive demands on a country's financial resources. Developed countries have taken decades to develop comprehensive social protection systems, which gradually expanded as resources become available. Therefore, developing countries need to take a long-term vision for their social protection schemes, expanding them as resources become available and greater priority is given to social protection.

As a result, in the early stages of the development of their social protection systems, countries have to make hard choices about which people to prioritise. Fortunately, there is significant international evidence on the consequences of the range of choices that have been made by countries, both historical evidence from developed countries and contemporary evidence from low and middleincome countries.

2.1 “TARGETING”: IS IT AN APPROPRIATE TERM?

Often, in developing countries, the process of selecting beneficiaries is referred to as “targeting.” Some people question it is an appropriate term, as it could be seen as dehumanising people. It encompasses an understanding of an “attack” and it is often not used in developed countries. Alternatives could be more neutral terms such as “selection” or “identification processes.”

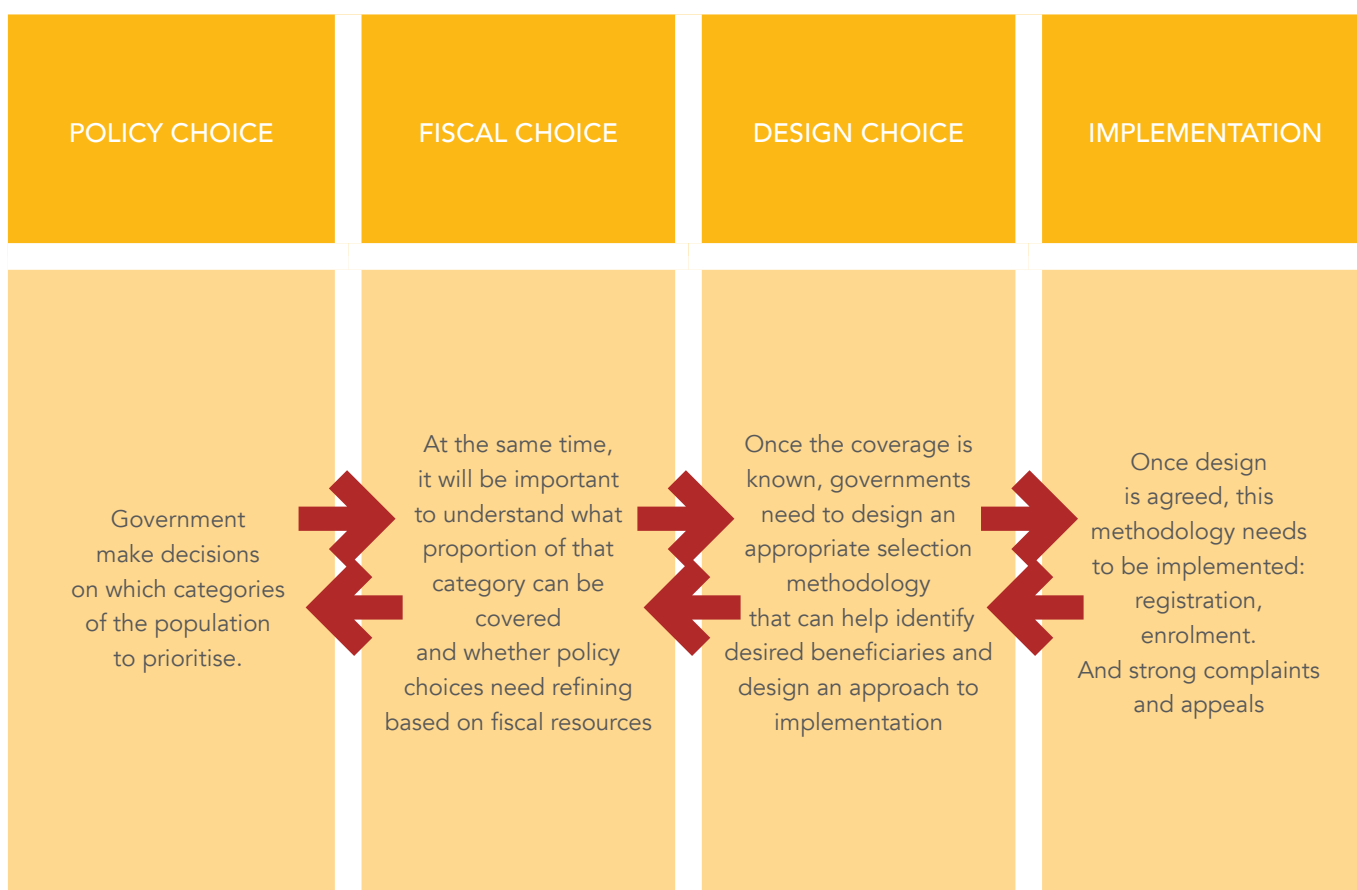
Furthermore, debates on “targeting” are often very narrow, focusing on how best to design particular social transfer schemes to accurately identify those living in poverty.¹ In reality, questions on the selection of beneficiaries should be considered much more broadly, especially when taking into account that social transfer schemes often have multiple objectives, beyond just providing those living in poverty with a minimum income.

¹ See Kidd (2013) for a more detailed discussion on the appropriateness of the term “targeting.”

2.2 OVERVIEW OF SELECTION PROCESSES

In fact, the process of selecting beneficiaries has at least four stages, as set out in Figure 1. Governments initially have to make decisions on which category of the population to prioritise: this may be a particular demographic category – such as older people, people with disabilities or children – or it may be an economic category such as the “poor.” Once this decision is made, governments need to decide on the coverage of people within this category: do they, for example, choose to provide the transfer to everyone in the category or to a sub-set, such as the poorest 10%, 30% or 70%. To a large extent, governments make this decision on the basis of the level of finance they wish to invest in the programme (while also taking into account the value of the transfer to be provided). Once the level of coverage is agreed, governments move to the next stage to design a selection mechanism that identifies the right people: in the context of a universal programme, the selection mechanism is relatively simple but, if governments decide on a lower coverage based on level of incomes or wealth, they need to determine how to measure incomes or wealth. The final stage is implementation of the design: this includes the process of registration – which, if not done well, could erect barriers that inhibit eligible people from entering the programme – but also grievance mechanisms so that those who are incorrectly excluded can appeal.

Figure 1: The four-stage selection process for social assistance transfers



Source: Authors

This module, therefore, examine the selection process in more detail, examining the four stages in more detail and showing how exclusion from social protection schemes are consequences of decisions made at each stage of the selection process.



2.3 POLICY CHOICES

Governments always make policy choices on which categories of the population to prioritise for all types of public services, not just social transfers. However, when deciding their policy approach to social transfers, governments tend to make choices between two approaches. They either decide to direct their social transfers to the category of the population regarded as "poor"; or, they follow a more complex policy direction by designing their social transfer systems to address challenges and risks faced by individuals across their lifecycle. The former can be referred to as a "Poor Relief" approach while the latter can be categorised as a "Lifecycle" approach. Each will be examined in more detail.

2.3.1 Poor relief approach

The Poor Relief approach was adopted by developed countries in the 18th and 19th Centuries, when they took the policy choice to address the needs of the "poor". A number of countries developed schemes directed at those regarded as "poor" with England, in 1820, investing 2.7% of GDP in its Poor Laws scheme (Lindert 2004). However, these schemes were developed while these countries still had authoritarian governments and, as democracy strengthened, levels of investment in Poor Relief fell, with expenditure in England, for example, falling to 0.75% by 1880. The fall in investment was the result of the middle class gaining the vote and opposing their taxes being spent on the "poor," while they themselves were excluded. In response to the demands of the middle class, developed countries began to move towards a lifecycle approach, with Poor Relief eventually comprising only a tiny proportion of investment in social transfers.

In recent years, a number of developing countries have similarly adopted a Poor Relief approach during the initial establishment of their social transfer system. The Box below sets out a number of countries that have adopted Poor Relief as their main social transfer instrument, directing their resources at "poor households," irrespective of their demographic composition. Prominent schemes included China's Minimum Living Standards (MLS) scheme, the Philippines Pantawid Pamilyang Pilipino Program (PPPP) scheme, Pakistan's Benazir Income Support Programme (BISP), Mexico's Oportunidades programme and Indonesia's Program Keluarga Harapan (PKH) scheme. However, coverage of these schemes is relatively low, usually a maximum of around 20% of the population, but often much less. In Indonesia, for example, the PKH scheme reaches less than 5% of households. Furthermore, budgets tend to be low: internationally, similar schemes rarely reach more than 0.4% of GDP and are often much less. China, for example, invests only 0.14% of GDP in its MLS scheme, Pakistan's investment in the BISP is around 0.38% of GDP, while Mexico invests 0.4% of GDP in Oportunidades. Malawi's Social Cash Transfer scheme can also be regarded as Poor Relief, as it targets the poorest 10% of the population. However, this is a largely donor funded scheme and there are ongoing discussions about the need to relax the current focus on the ultra-poor.

Box 1: Examples of countries prioritising Poor Relief

- Mexico established the Progresa programme in the mid-1990s which currently – as Oportunidades – provides a transfer to around 20% of the population;
- Ecuador established the Bono de Desarrollo Humano (BDH) scheme in 1998, reaching around 40% of the population;
- Pakistan established the Benazir Income Support Programme (BISP) in 2008, which reaches around 15% of households;
- Indonesia established the PKH programme in the mid-2000s, and it now reaches around 5% of households
- The Philippines established the Pantawid Pamilyang Pilipino Programme (4Ps) in 2008, reaching around 20% of households;
- Colombia established the Familias en Accion programme in 2001 and, by 2007, it was reaching nearly 20% of households.

Source: Authors

As in 19th Century Europe, many Poor Relief schemes are developed as a means of addressing fears of social conflict, offering the poorest members of society a minimum level of income. However, some developing countries that initially prioritised Poor Relief are already moving to a Lifecycle system: for example, China and Mexico have recently established comprehensive old age pension schemes. Also in Africa countries like Mozambique, Kenya, Zambia or Lesotho are gradually building a social protection system based on the lifecycle approach (see Box 2 below).





To a large extent, Poor Relief schemes address the symptoms of poverty rather than the underlying causes: in effect, they tackle the challenge of low incomes by providing additional and regular income. As they are directed only at those who are under a poverty line, their aim is protective rather than preventive: in other words, they are not designed to stop people falling into poverty, but only help people once they are in poverty. They often provide similar levels of benefit to households, irrespective of the composition and capabilities of the household.

Poor Relief schemes have significant weaknesses in that – as will be discussed in the second section of the module – the concept of a fixed group of the “poor” is, to a large extent, an imaginary construct (also see Knox [2014] for further information). Household incomes are highly variable and standards of living of households can change significantly over short periods of time. So, there is often significant churning around poverty lines as households move in and out of poverty. Therefore, income dynamics is one explanation for the high exclusion errors found in Poor Relief schemes. Furthermore, the value of transfers provided by Poor Relief schemes tends to be low and insufficient to provide families with income security.

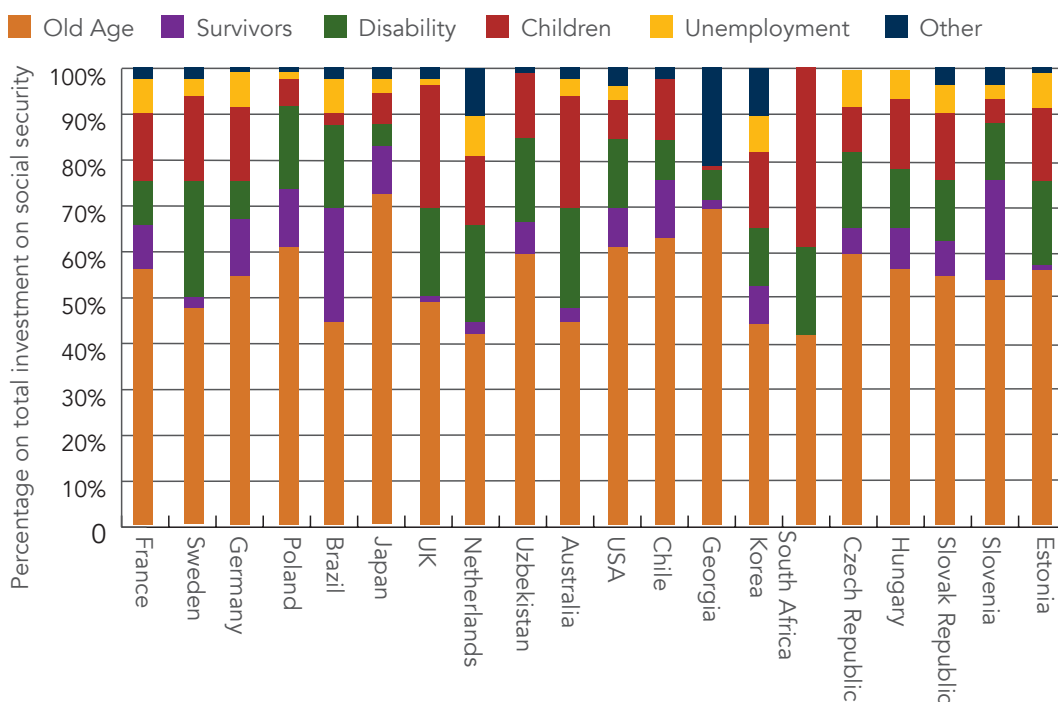
2.3.2 Lifecycle approach

The lifecycle approach is based on a broader concept of vulnerability. It considers that the role of social protection consists in guaranteeing basic income security and promoting human development throughout different stages of an individual's life. There are many causes of poverty and insecurity but, often, they are related to stages in an individual's stage in the lifecycle. Individuals face challenges and risks at each stage of their lives, which also impact on their broader social networks, including their families, households, kinship groups and communities. The type of challenges faced by individuals that make them vulnerable to falls in living standards varies as people move across the life course.

Most countries, even when they initially adopt a Poor Relief approach, eventually move towards a lifecycle approach. Countries usually develop social assistance transfer systems – and broader social security systems – by establishing schemes that address particular stages of the lifecycle, as a means of increasing people's resilience to the risks they face. The main lifecycle stages and risks addressed by countries are childhood, disability, widow(er)hood, old age and unemployment.

Figure 2 demonstrates the relative proportions of investment by a range of developed middle-income countries in lifecycle schemes. Often, lifecycle schemes – that can be implemented by a combination of social assistance and social insurance approaches - are supplemented by small Poor Relief schemes for those continuing to live in poverty or who fall through the gaps, but investment in them is usually very limited.

Figure 2:
Relative proportion of investment by developed and middle-income countries in lifecycle schemes



Source: Authors



"TARGETING" POLICY AND FISCAL CHOICES IN THE SELECTION PROCESS

As noted earlier, as developed countries moved away from Poor Relief during the 19th Century, they began to invest in lifecycle schemes, initially taking the policy choice to prioritise tackling insecurity in old age and establish pension systems.

However, over a period of decades investment expanded, with countries gradually taking policy decisions to develop schemes tackling other lifecycle contingencies. Eventually, developed countries moved towards the shape of systems found in Figure 2 (although this includes investment in both tax-funded social assistance schemes and social insurance schemes, that are at least partially funded with contributions from workers and employers). Increasing numbers of developing countries are also following a Lifecycle approach.

A Lifecycle approach contrasts with a Poor Relief approach in that it directly addresses the causes of poverty that are linked to lifecycle contingencies, rather than merely the symptoms. They are also preventive as well as protective, since they can stop people falling into poverty if they face a particular contingency, such as disability, unemployment or old age. Since benefits are individual entitlements, households are able to receive multiple transfers, meaning that the value of transfers received by a household is related to their demographic composition, labour capacity and capabilities.

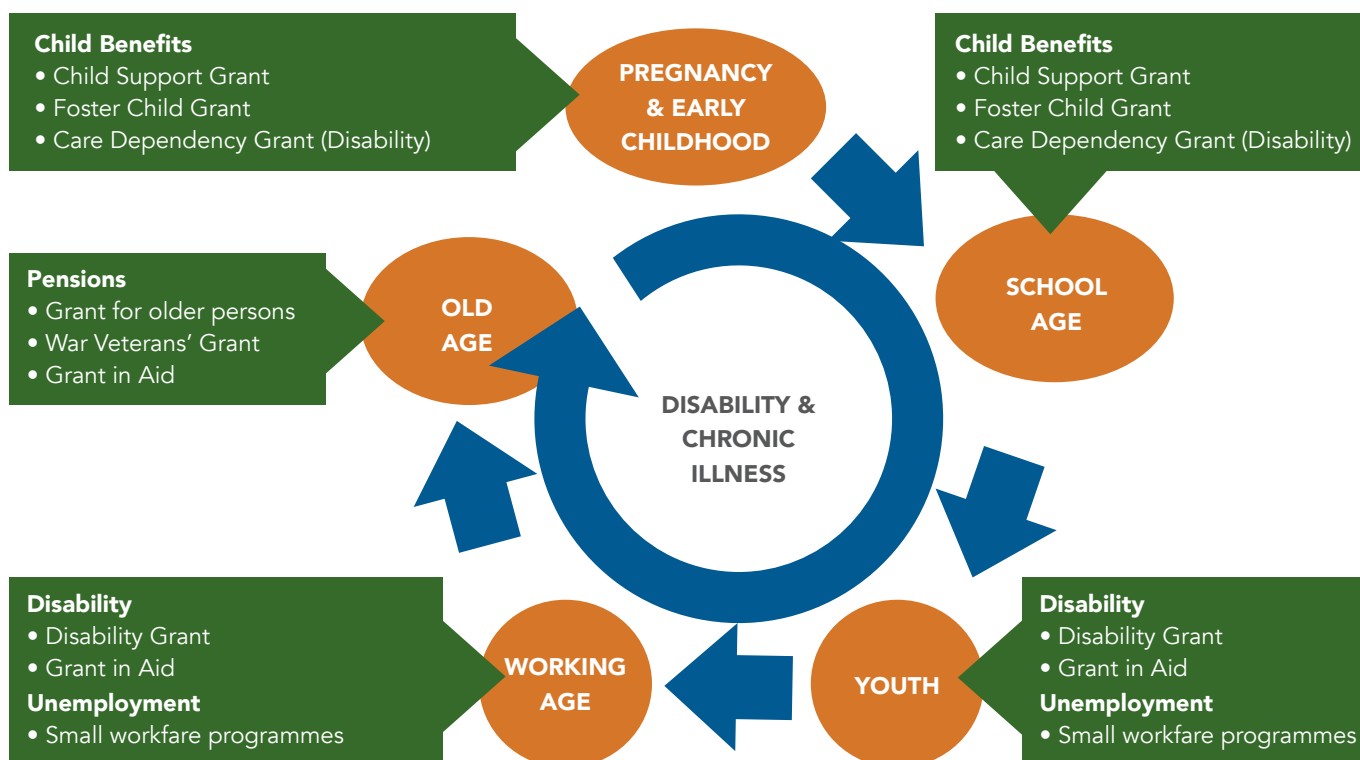
If fully tax funded lifecycle approaches are, necessarily, more costly than Poor Relief, although the overall cost depends on decisions regarding coverage, which happen during the next stage of the selection process (and they also depend on the value of transfers). Some middle-income countries with more established lifecycle systems – such as South Africa, Georgia, Brazil and Mauritius – invest more than 3% of GDP in lifecycle systems. However, as in developed countries, this level of investment develops over decades, with countries initially investing lower amounts in selected lifecycle schemes. Indeed, almost all countries take the initial policy choice to prioritise old age and develop pension schemes and old age pensions are the most common social transfer scheme in developing countries. However, a number of countries have moved beyond old age pensions and have taken policy decisions to address the needs of people with disabilities, single women, children and the unemployed. Even Nepal, one of the poorest countries in the world, already has social transfer schemes for older people, people with disabilities, single women and children.

In Africa countries like Lesotho, Mozambique, Kenya and Zambia are gradually moving towards a life-cycle approach to social protection that combines social pension programmes for the elderly and the disabled (Old Age Pension in Lesotho, PSSB in Mozambique, SCT in Zambia, Older Person's Cash Transfer and CT-PwD in Kenya), with the progressive introduction of transfers addressing the needs of infants and/or vulnerable children (CT-OVC in Kenya, proposed introduction of an Infant Grant in Lesotho and Mozambique).

Examples of countries more developed lifecycle approaches are South Africa and Brazil.

“TARGETING” POLICY AND FISCAL CHOICES IN THE SELECTION PROCESS

Figure 3: South Africa’s tax-financed social protection schemes set against the lifecycle



Source: Authors

Box 2: Box 1: Lifecycle approach in South Africa

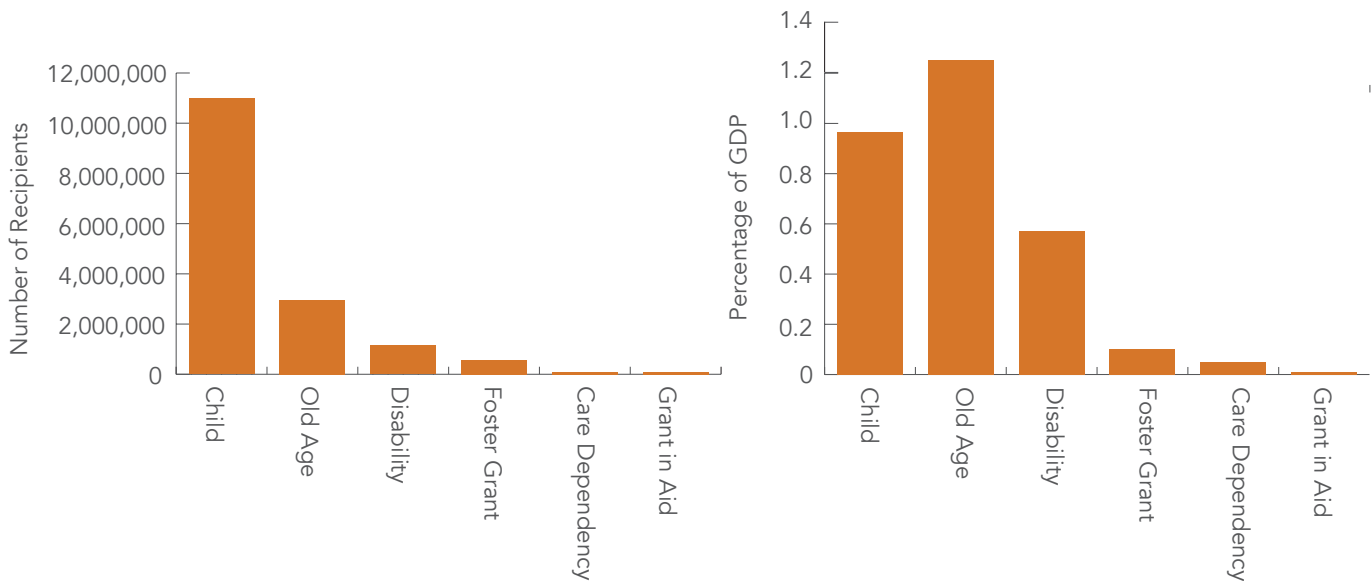
Before the fall of apartheid, South Africa had a long-established state social protection system that provided lifecycle benefits on racial lines, centred on a Grant for Older Persons and a Disability Grant. In effect, it was an early stage – but highly discriminatory – Lifecycle social protection system. With the fall of apartheid, the Lifecycle system began to evolve and become more inclusive, initially by ensuring that all racial groups had access to the existing benefits on equal terms. However, other lifecycle benefits were gradually put in place. The main new scheme was a Child Support Grant, which commenced in 1998 and was offered to children up to age 7 years. Subsequently, the age of eligibility has risen and it is now provided to children up to 18 years of age. Other schemes for children include a Care Dependency Grant for children with disabilities and a Foster Care Grant for orphans. A number of smaller schemes are in place including workfare, a Veterans’ Benefit, and a Grant-in-Aid Scheme that provides additional support to recipients of old age pension and disability benefit. An overview of the schemes against the different stages of the lifecycle is set out in Figure 3.

South Africa’s lifecycle social protection system has, therefore, been characterised by a gradual expansion over decades. While the system is meant to direct resources to people living in poverty, in reality it focuses on excluding the rich via a form of affluence testing (which is discussed in the next section). Poverty lines for the means test are set so high that most people are able to qualify. Furthermore, the Grant for Older Persons is complemented by contributory Civil Service and private pensions, so that almost all older people are covered by some form of pension.

² Over 300,000 people receive the Civil Service Pension. See: http://www.gepf.gov.za/index.php/about_us/article/who-is-gepf

Figure 4 sets out the number of people receiving the main tax financed social protection schemes in South Africa. The Child Support Grant benefits around 11 million children, reaching around 58% of those aged up to 18 years, with higher proportions in some age groups. Around 73% of over-60s receive the Grant for Older Persons while most people with a severe disability are in receipt of the Disability Grant. Overall, the vast majority of households in South Africa are in receipt of a social grant, with many receiving multiple grants. The spending on schemes as a proportion of GDP is also set out in Figure 4, with the Grant for Older Persons costing around 1.2% of GDP and the Child Support Grant around 0.9% of GDP. Overall spending is around 3% of GDP.

Figure 4: Number of recipients and budgets for the main social protection schemes in South Africa



Source: Authors

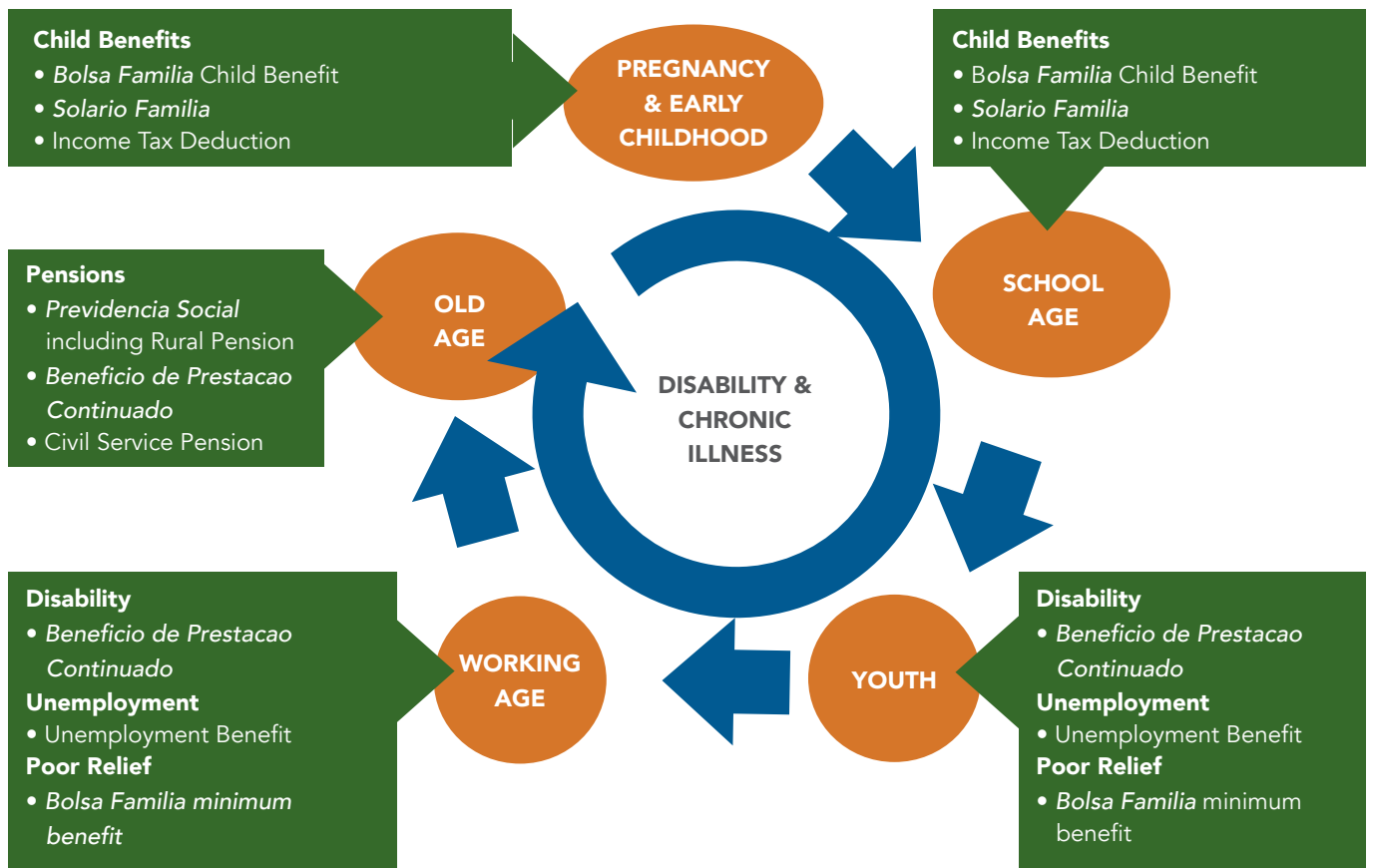
Box 3: Lifecycle approach in Brazil

Brazil has been developing a social protection system for many decades, essentially based around the lifecycle. Figure 5 sets out the main schemes in Brazil, mapped across the lifecycle. While Brazil's Bolsa Familia programme is well known, in reality Brazil directs most of its social protection investment to the elderly, through a pension system known as the Previdencia Social, complemented by a Civil Service Pension.³ While the Previdencia Social is mainly a contributory scheme, it is underpinned by investment from tax, in particular through the provision of pensions to those who have worked in rural activities. Another core scheme – the Beneficio de Prestacao Continuado – provides transfers to people with disabilities and the elderly poor. There are also a range of child benefits: one is integrated within Bolsa Familia while there are two other benefits for the children of formal sector workers: the Salario Familia and Income Tax Deduction. An unemployment benefit scheme is also in place. In addition, Bolsa Familia provides a small Poor Relief scheme for the most destitute families while the Previdencia Social offers a range of further benefits that deal with other lifecycle contingencies – such as for maternity, disability, accidents and sickness – but only for members who have paid contributions.

Source: Authors

³ See Kidd and Huda (2013) for a comprehensive description of Brazil's social security system.

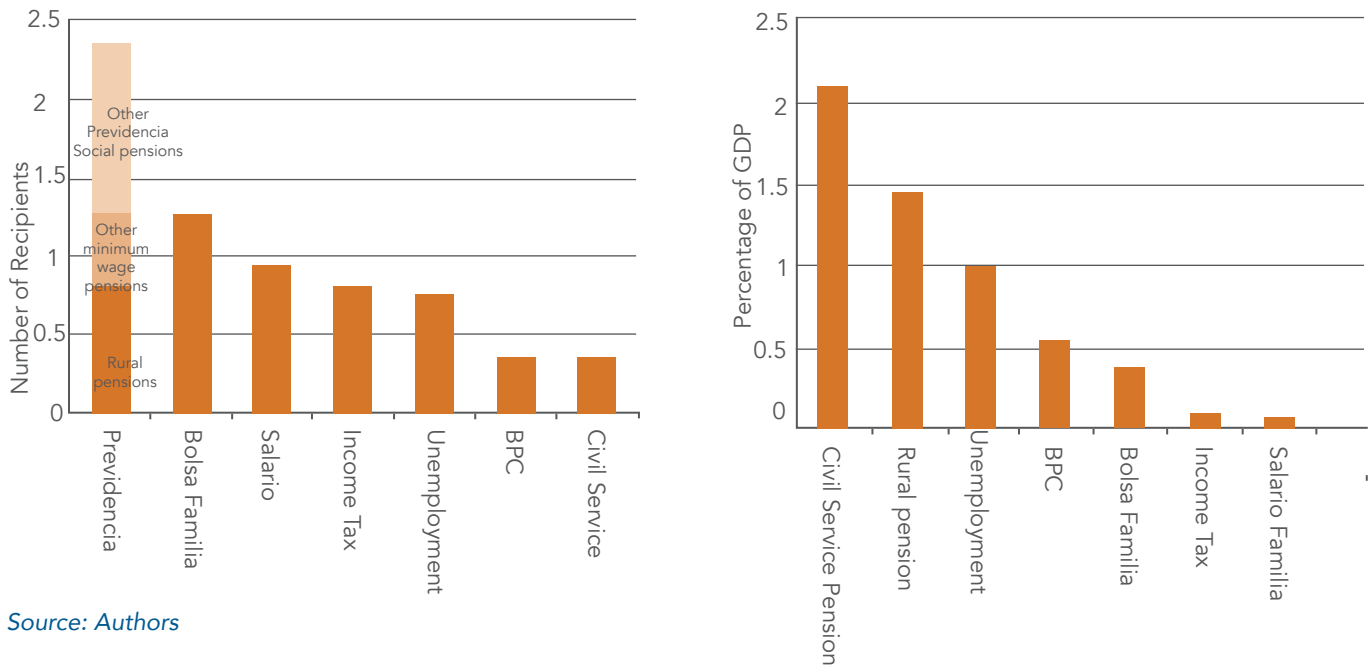
Figure 5: Brazil's main social protection schemes, mapped across the lifecycle



Source: Authors

Brazil's lifecycle approach to social protection ensures that a high proportion of the population are recipients of social protection schemes. Figure 6 indicates that old age pensioners are the main beneficiaries of Brazil's social protection system, both in terms of numbers and budgets. Around 29 million people – or 15% of the total population, and almost all older people – receive old age pensions, with the state investing around 3.8% of GDP across the Previdência Social, BPC and the Civil Service Pension. There are also 39.5 million children in receipt of benefits – around 63% of all children – at a cost of 0.3% of GDP. In 2010, there were 7.46 million recipients of unemployment insurance while around round 1.6 million people with disabilities receive a benefit from BPC, at a cost of just over 0.2% of GDP. Overall, therefore, a very significant proportion of households in Brazil – almost certainly more than half – receive some form of social protection benefit, ensuring that a minimum social protection floor is well on the way to being established.

Figure 6: Number of recipients and budgets – from general government revenues – of Brazil's main social protection schemes⁴



Source: Authors

2.3.3 Hybrid policy models in Africa

Many countries in Africa adopt a mixed policy approach, which appears to combine poverty relief and lifecycle objectives. In a number of countries, particularly in Southern Africa, social assistance programs originated as a response to the needs of the "deserving poor", often identified as households with no capacity to work, or the so called "labour constrained". This approach mixes dimensions of both the poverty relief model and the lifecycle model. On the one hand the lack of capacity to work resulting from the absence of breadwinners is associated in the intention of the policy makers with destitution and extreme poverty, and as a result of this the coverage of social assistance programs have been – particularly in the early stages – extremely limited (very often less than 10% of households). On the other hand the demographic structure of the household is the primary criterion to determine eligibility, as the presence of elderly, disabled, orphans and vulnerable children in the family is a socially accepted as a justification for the provision of public support. This is the genesis of many programs in the region (LEAP in Ghana, SCT in Malawi and Zambia, PSSB in Mozambique).

It is interesting to note that as a further evolution of this model, a large number of countries in Africa are gradually building a social protection system that are more strongly rooted in the lifecycle approach, with the progressive expansion of (mostly means-tested) transfer for the elderly and the disabled (e.g. in Kenya, Zambia, Mozambique), and planned or gradual introduction of child benefits (e.g. Kenya, Lesotho and Mozambique).

2.4 FISCAL CHOICES (LINKED TO COVERAGE CHOICES)

The policy choice discussed above - to address the needs of particular categories of population - goes hand in hand with complementary fiscal choices and commitments. These choices determine the effectiveness of a scheme in terms of its exclusion of eligible people. This section, therefore, examines the next stage of the process, when decisions are made on coverage, which, to a significant degree, are dependent on fiscal choices.

⁴ Source: Kidd and Huda (2013) and Global Extension of Social Security Database at: <http://www.ilo.org/gimi/gess/ShowTheme.do?tid=1787>. The overall cost of the Previdencia Social Scheme – which is mainly financed by payroll taxes – is 7.2% of GDP (Barbieri 2010).

"TARGETING" POLICY AND FISCAL CHOICES IN THE SELECTION PROCESS

The degree of commitment of governments to their policy choices is indicated, to a large extent, by their level of investment in implementing the policy. As noted earlier, a key determining factor in the cost of a scheme is the level of coverage of that scheme. For example, a country may decide to address the needs of the "poor" through Poor Relief but it also needs to determine the level of coverage (See also **MODULE FIN**). So, while Indonesia selects less than 5% of households for the PKH scheme, Ecuador selects 40% of households for its similar Bono de Desarrollo Humano programme. Similarly, a country could offer its old age pension to everyone over the age of 60 years or only to a sub-set of older people: Bangladesh, for example, has decided to only cover 24% of older people over the age of 60 years, while India has chosen to reach only 16%. At a similar value of transfer, lower coverage translates into a lower financial cost.

The political economy of selection of social protection programs is ultimately linked to choices on fiscal space. Here two views are debated and summarized in Table 1.

Table 1: Economic Targeting vs. Universal Coverage. Key considerations at play

	CONSIDERATIONS IN FAVOUR OF ECONOMIC TARGETING	CONSIDERATIONS IN FAVOUR OF UNIVERSAL COVERAGE
Ideological	Redistribution and equity principle. Give more to those who have larger needs. It is morally unacceptable to support those who are already better off.	Leave no-one behind. It is imperative to cover all in order to make sure none of those in need is excluded. Because of targeting errors, targeted programs necessarily exclude some of the poor. Redistribution can be more effectively achieved through a progressive tax system even when benefits are universal.
Fiscal Constraints & Efficiency	In the face of fixed budgets it is a matter of efficiency to maximize the impact of public spending by targeting resources on the poorest and most needy.	Budgets are not fixed and depend on political choices. Universal programs enjoy broader political support and they are more difficult to scale back. Universal programs also have larger multiplier effect on the economy, adding to the overall economic efficiency from a macro perspective.
Political Economy	Middle class and median voters prefer to support social assistance scheme if they are reassured that tax money will reach those who are really in need of that support (and does not foster dependency). Political support from the middle class for universal transfers can reinforce regressive social spending (e.g. subsidies).	Middle class and median voters support universal programs because they also benefit from them. Due to political pressure they can achieve larger benefits and broader coverage, including for the poor. Economic targeting is an argument to reduce spending on social protection. The focus on the "deserving poor" is paternalistic and segregating.

Table 1: Continued

	CONSIDERATIONS IN FAVOUR OF ECONOMIC TARGETING	CONSIDERATIONS IN FAVOUR OF UNIVERSAL COVERAGE
Social Acceptability and Social Cohesion		Universal programs are more transparent and understandable for people, they enjoy broader social support. Targeted programs offer grounds to being politicized. Poverty targeting leads to stigma and can create tension and division in communities.
Targeting Accuracy and Administrative Costs	Even if imperfect, economic targeting improves the allocation of resources to those most in need. The additional cost of poverty targeting will not offset the benefits of resources unless in very extreme cases (very high poverty rates, very high targeting costs or large targeting errors). Although categorical mechanisms (e.g. pensions) are simpler they leave out a largenumber of poor individuals (e.g. children) unless they cover the whole life-cycle.	It is extremely challenging to identify the poor, especially in countries where poverty is widespread and dynamic. As a result economic targeting is always associated with very large exclusion errors. Categorically targeted universal programme can be almost as good as poverty targeted programmes in reaching the poor, but they are by far simpler, more transparent and more economical to implement. Economic targeting is expensive.
Perverse Incentives		Targeted benefits create incentives for citizens to reduce labour supply or hide information from the government, as a way to access or remain on the programme.

Source: Authors

2.4.1 The equity and efficiency arguments for “targeting” in a resource-scarce environment⁵

Two powerful arguments can be made for targeting social transfers: redistributive equity and efficient allocation of social budgets. Both arguments support the ‘need’ principle of redistributive justice.” (Devereux, 2016).

Two powerful arguments can be made for targeting social transfers: redistributive equity and efficient allocation of social budgets. Both arguments support the ‘need’ principle of redistributive justice.” (Devereux, 2016).

- **The ideological argument:** “targeting aims to transfer resources from those who have more than they need to those who have less than they need to sustain a minimum subsistence or a decent standard of living. Targeted transfers are a prerequisite for redistributive justice: if they are well designed and delivered, they will reduce inequality and poverty.” (Devereux, 2016)
- **The pragmatic (or economic) argument:** “policy-makers operate in a real world of budget constraints. There is never enough money budgeted to distribute to all the poor – if there was, the problem of poverty could be solved simply through generous social assistance programmes. Given the reality of budget constraints, scarce public resources must be used optimally and allocated efficiently, where they can achieve the maximum impact.” (Devereux, 2016).

⁵ This section is largely taken from Devereux (2016)

"TARGETING" POLICY AND FISCAL CHOICES IN THE SELECTION PROCESS

If the objective of social protection is the redistribution of resources in favour of the poor and the reduction of inequality, it appears logical that in the presence of a fixed budget, by "targeting" the "poor" they can be provided with higher transfers, and hence a higher efficiency outcome can be achieved.

Under a fixed-budget assumption, achieving an ethical distribution of wealth requires "transferring enough income or assets to those whose income is considered too low, such that everyone reaches a socially acceptable level of income (equality of outcomes)." (Devereux, 2016). "Narrow targeting is more efficient as it reaches the poorest and excludes the non-poorest, while transferring enough resources to make a difference to poverty and inequality. This satisfies the need principle of redistributive justice" (Devereux, 2016). "Universal programmes are cost-ineffective because they do not allocate public resources efficiently to achieve the greatest impact."

A further political-economy argument in favour of targeting is that middle class voters (and elites) would be more inclined to ensure their political support to social assistance schemes if they are targeted hence clearly directed to those in need.

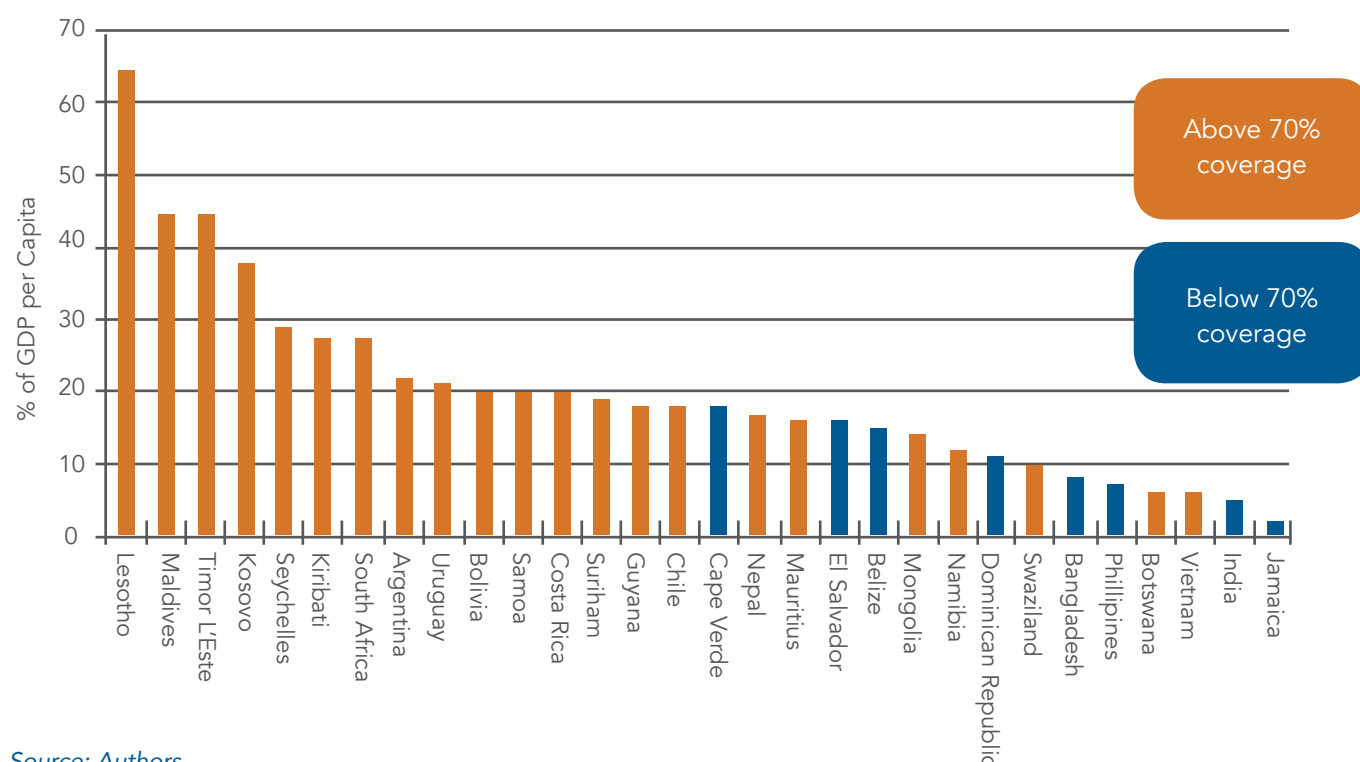
2.4.2 The political economy and inclusion argument for "universality"

Proponents of targeting those living in poverty often argue that, when financial resources are fixed or limited, it is preferable to target schemes at the "poor" since they can be provided with a higher transfer. However, the reality is somewhat different since historical and international evidence indicates that **schemes with universal or broader coverage will not only have higher budgets but with also provide recipients – including those living in poverty – with higher value transfers.** As Pritchett (2005) explains, there is no such thing as a "fixed budget." If a policy is politically popular, governments are prepared to increase budgets – and the value of transfers – since they will be rewarded politically. And, governments are more likely to respond to the demands of citizens that are more powerful politically.

The evidence indicates that transfer schemes with higher coverage provide higher transfers to those living in poverty.

Figure 7 indicates a comparison of social pensions, in which the higher transfers – as a percentage of GDP per capita – are generally found in countries with higher coverage. Vietnam is an exception and it should be noted that it is not a democracy, so the normal political economy influence would not be expected. The result from Botswana is probably influenced by the exceptionally high level of inequality in Botswana: for most people, this would probably be a relatively higher value of pension.

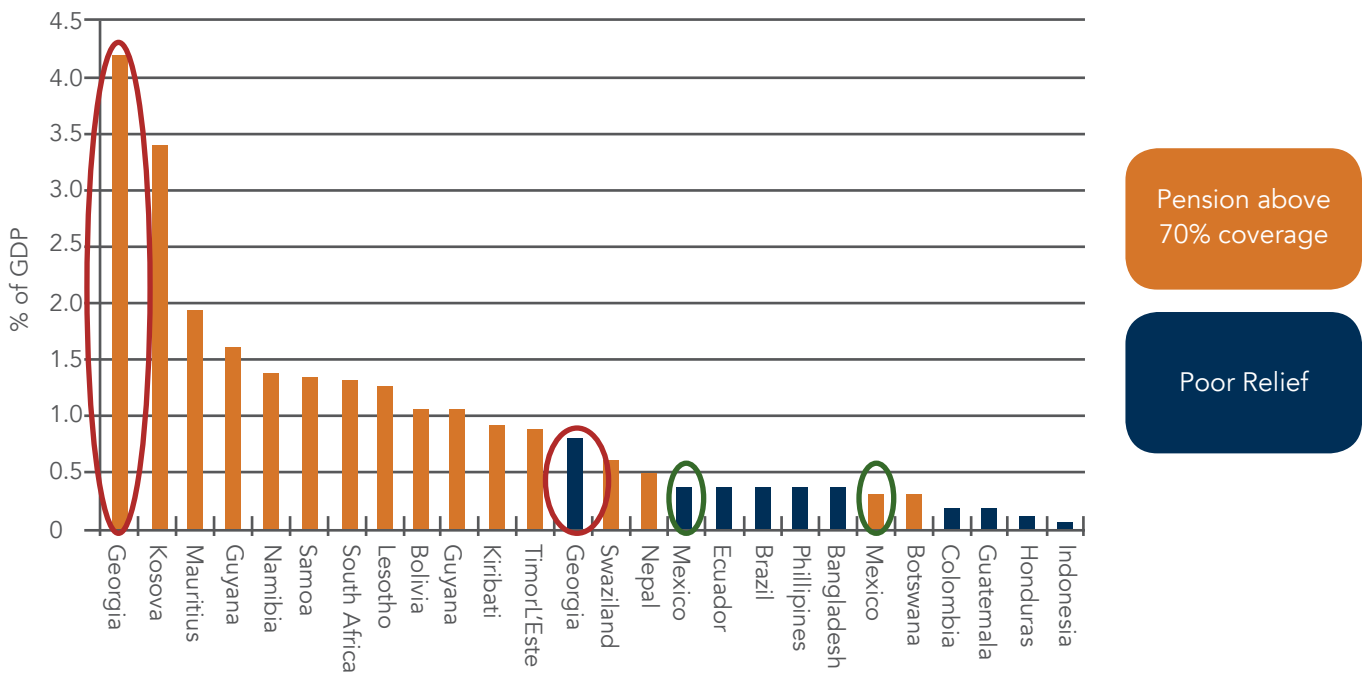
Figure 7: Value of transfers of social pensions, compared to coverage of recipients



Source: Authors

Similarly, pension programmes with high coverage are more popular than Poor Relief programmes, as shown by Figure 8 which compares the budgets of social pensions with high coverage with well-known Poor Relief schemes. It indicates that investment in social pensions is generally much higher than in Poor Relief schemes. A comparison is made in red between the pension in Georgia and the country's Targeted Social Assistance (TSA) scheme (Poor Relief). Although the TSA has a high level of investment compared to other Poor Relief schemes, it is very low compared to the country's pension. And, in April 2015, Georgia introduced a child benefit and, to do so, reduced its investment in the TSA: it is to be expected that the level of investment continues to fall as the government is likely to come under pressure to invest in the more popular child benefit. In green, there is a comparison between Mexico's Oportunidades scheme (Poor Relief) with its social pension. Although the social pension has just been introduced, it is already almost the same size as Oportunidades. It is to be expected that the pension will continue to grow, since it is almost universal, while Oportunidades will probably remain the same cost (as it has for many years).

Figure 8: Comparison between budgets of universal pensions and well-known Poor Relief



Source: Authors

The explanation for this is relatively simple. Social transfers are financed by taxes and most taxes are paid by the more affluent. So, when social transfers are targeted at the "poor", the "non-poor" – who effectively finance transfers through their taxes – are excluded. As a result, they are reluctant to provide political support for poverty-targeted transfers and, as a result, these schemes receive limited financial support. Furthermore, as Sen (1995) argues, the "poor" are politically weak and cannot argue effectively for higher budgets and transfers. According to this view, the main motivation behind "targeting the poor" is to reduce cost, limiting expenditure and, therefore, reducing taxation.

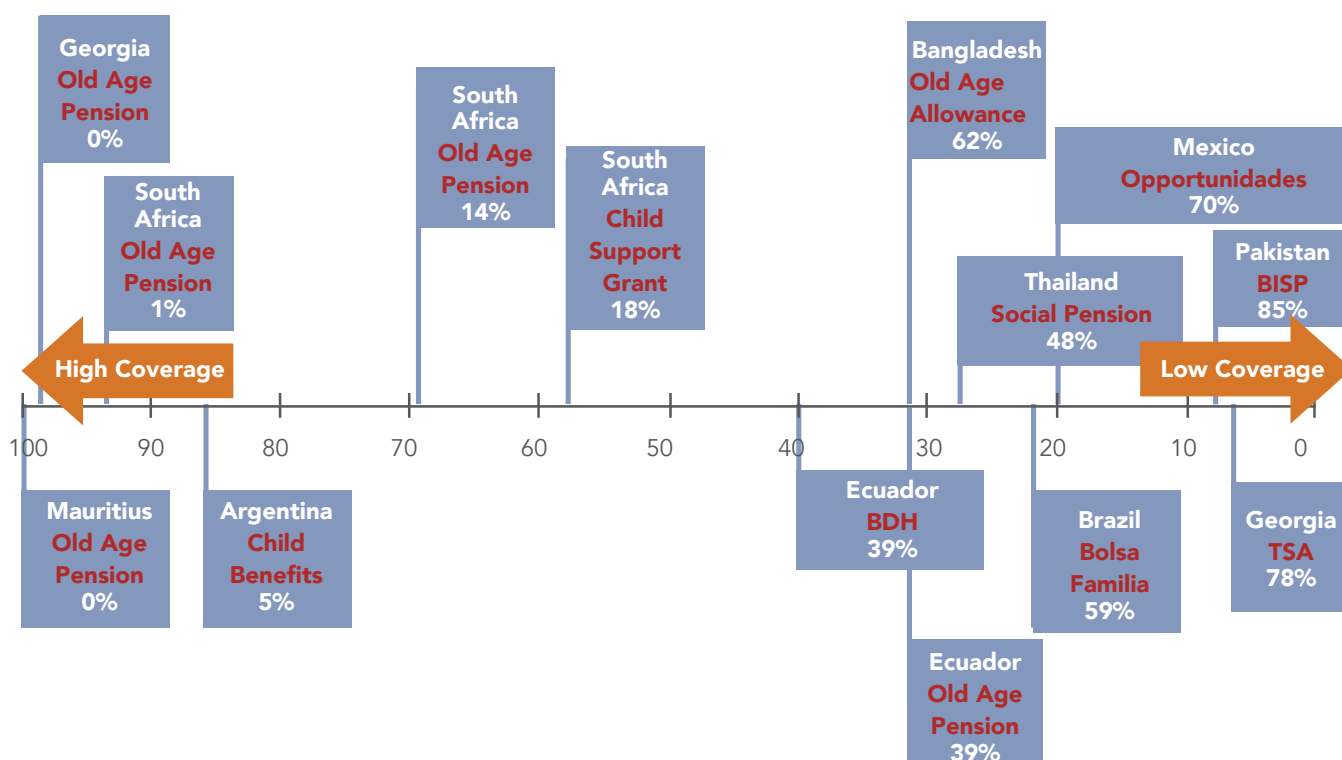
In contrast, when social transfers are provided to everyone – or the majority – in a particular category, implicit political alliances are generated between those living in poverty, those in the middle of the income spectrum and, in the case of universal transfers, with the affluent. The affluent and those in the middle of the income spectrum are more powerful politically and, out of self-interest, are more likely to fight for budgets to be maintained and for the value of transfers to increase.

There is also an ethical argument in support for universal coverage: **covering all is the most effective way to ensure that no one of those in need is left out of a social protection programme.**

“TARGETING” POLICY AND FISCAL CHOICES IN THE SELECTION PROCESS

Decisions on coverage have a significant impact on rates of exclusion from schemes, including the exclusion of those living in poverty. Necessarily, the higher the coverage of a particular category of the population, the lower the rate of exclusion of people within that category. Figure 9 indicates the relationship between decisions on coverage and the exclusion of people in the poorest 20% of the population. It maps a range of social transfer schemes along a scale indicating the coverage of the intended category of recipients. On the right hand side of the scale, zero indicates no coverage while, on the left, 100 indicates universal coverage. The number within the boxes indicates the proportion of the poorest 20% of the selected category – used here as a proxy for the extreme poor – excluded from the scheme.

Figure 9: Relationship between coverage and effectiveness of a sample of social security schemes, measured as a percentage of the poorest 20% of the selected category of recipients who are excluded⁶



Source: Authors

The diagram demonstrates that the higher the coverage, the greater the inclusion of the poorest 20% of the population in a scheme. So, for example, the universal Old Age Pension in Mauritius covers 100% of intended recipients – i.e. all those over 60 years – and, logically, all of the poorest older people. In contrast, Brazil’s Bolsa Familia programme covers just over 20% of the population but excludes nearly 60% of those living in extreme poverty. Schemes with intermediate coverage – such as Ecuador’s Bono de Desarrollo Humano – tend to achieve intermediate coverage of those living in the greatest poverty (in this case, around 39% are excluded).

Therefore, higher coverage of those living in the greatest poverty can be achieved by expanding the coverage of schemes. Evidently, universal schemes are the most effective while, when coverage is low, a high proportion of those living in the greatest poverty are excluded. This is the result of a combination of low coverage, inadequacies in selection design, and problematic registration (discussed in the remainder of the module). Increased coverage require larger fiscal allocation, but larger (or universal) schemes may also gain for greater political economy support.

⁶Source: Kidd (2013). The diagram only considers coverage within the specific category of the population addressed by the programme. So, Poor Relief programmes examine households in general while old age pensions and child benefits only consider those within the particular age group that are eligible, rather than all older people or all children.



Box 4: The opinion – The benefits of universal over poverty targeting (by Stephen Kidd)

When a comprehensive assessment is undertaken of selection processes, on objective grounds the provision of universal access to social protection schemes appears to have advantages over poverty-based selection. The inclusion of the "poor" is much higher, administrative costs are lower, fiduciary risk is less, perverse incentives are lower, people are not rewarded for deceiving the state, and social cohesion is more likely to be strengthened. One of the main arguments in favour of poverty-based selection – that higher benefits can be provided to recipients from a fixed budget – has been shown to be naïve since, as Pritchett (2005) of the World Bank has indicated – see earlier – fixed budgets within the context of national expenditure do not exist. Governments can always raise taxes, take loans or shift expenditure from one area of government to another, if they so wish. Within the context of old age pensions, the World Bank is clear on the advantages of universal schemes. In its classic publication on pensions – *Averting the Old Age Crisis* (World Bank 1994:240) – it argued that a fully inclusive and, indeed, universal tax-financed pension would have significant advantages:

"Administratively, this is the simplest structure, with the lowest transaction costs for the public pillar – an important advantage in developing countries with limited institutional capacities and incomplete recordkeeping systems. It avoids the disincentive to work and save inherent in means-tested plans. Its universal coverage helps ensure that the poverty reduction objectives are met, [and] provides a basic income for all old people."

A more recent World Bank report re-affirms this view, stating that a universal age pension "is probably the best way to provide poverty relief to the elderly. Considering the difficulty of identifying who among the elderly is poor, the principal merit of the program is that its universality avoids the targeting issue" (Holzmann et al. 2005).

Indeed, the only argument in favour of poverty-based selection is that programmes for families living in poverty require less investment – due to lower coverage – thereby reducing taxation. Yet, this putative advantage comes at the cost of less successful and lower quality programmes, with a high proportion of eligible people excluded and impacts reduced. Indeed, when examined from the standpoint of a more progressive perspective, the higher cost of universal provision is not necessarily disadvantageous, since such schemes will be more effective. It is for this reason that countries with a more social democratic tradition – such as the Nordic countries – tend to offer a more universal approach to the provision of social services.

A further disadvantage of poverty-based selection – which is rarely considered – is that such schemes have smaller budgets than universal schemes and, as a result, necessarily generate less consumption. Yet, consumption is a driver of economic growth, creating markets for entrepreneurs, both large and small. Universal schemes are, therefore, more likely to generate a greater economic stimulus by creating a higher level of demand than programmes attempting to select only those living in poverty.

However, it is not possible for countries to offer universal access to all social protection schemes. The cost would be prohibitive and it is noticeable that most countries providing universal provision do so initially for old age pensions (or for other areas of social policy, such as primary education or health). Nonetheless, in the longer-term – as economies grow – increasing coverage across a wider set of programmes becomes more feasible. Indeed, this has been the process followed in many developed countries as they have built comprehensive social protection schemes over many decades. But, even in those countries that have a strong commitment to universal access to social services, there is always some small residual schemes for low-income families.

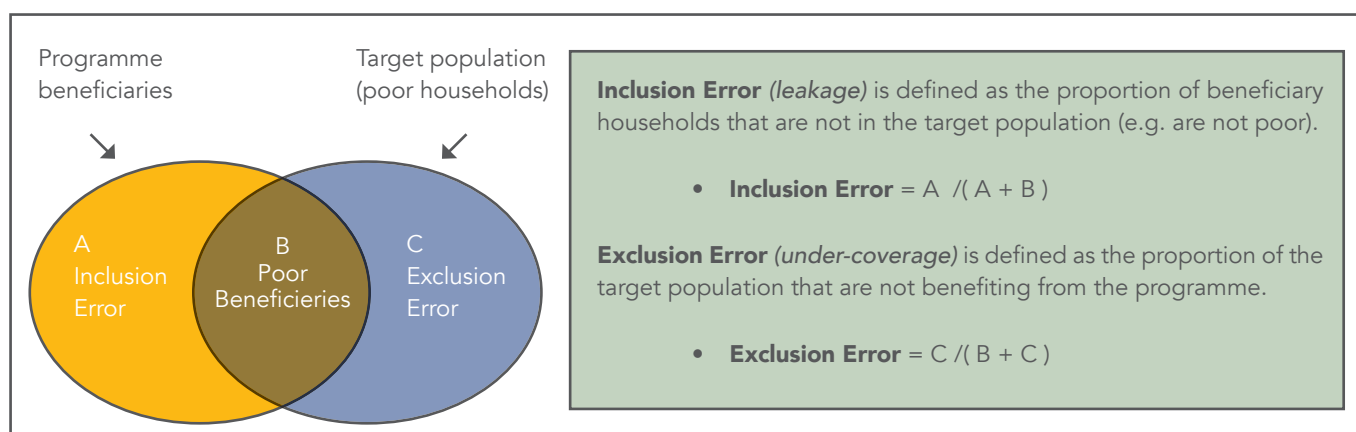
2.5 MEASURING THE ACCURACY OF SELECTION MECHANISMS

There are a range of ways of measuring the accuracy of selection mechanisms and the option chosen can depend on whether the analyst wants to show that a particular mechanism is good or bad. And, the choice of measure can reflect the ideological preference of the analyst.

The analysis of targeting accuracy is based on two concepts:

- Exclusion Errors, the number of beneficiary households that do not belong to the target population (inclusion error); and
- Inclusion Errors, the number of households in the target population not benefiting from the programme

Figure 10: Inclusion and exclusion errors



Source: Adapted from Hurrell (2009)

Exclusion and inclusion errors can result from both the design of selection mechanisms (see next section of the module) and their implementation (see last section of the module).

Figure 11: Inclusion and exclusion errors resulting from the design of selection processes

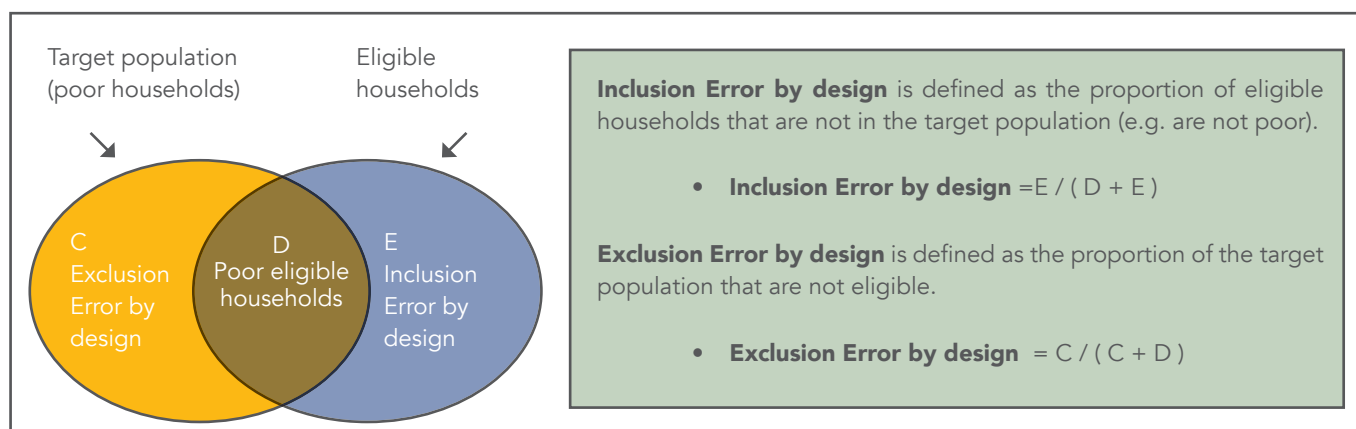
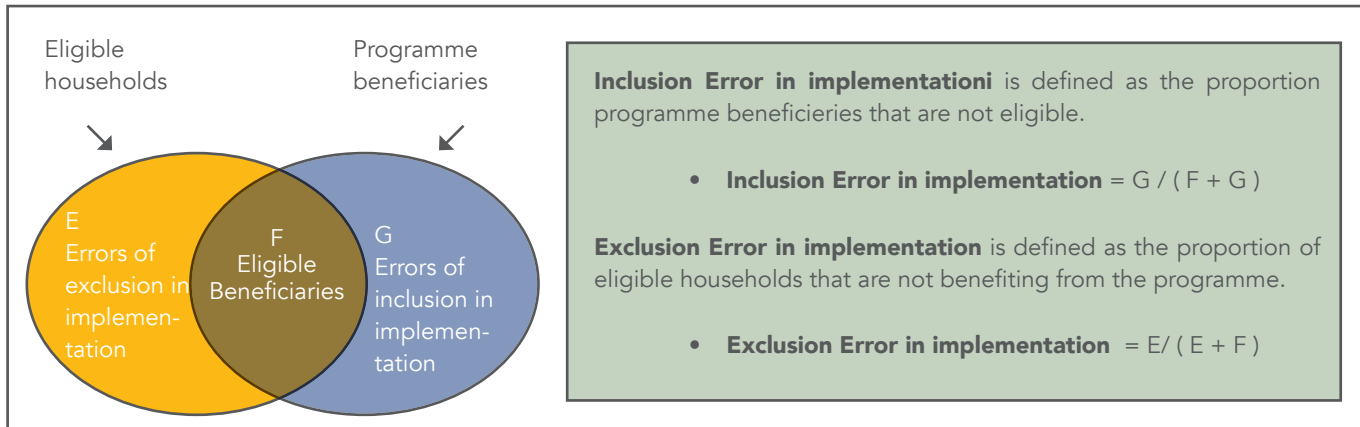


Figure 12: Inclusion and exclusion errors resulting from the implementation of selection processes



Source: Adapted from Hurrell (2009)

Much of the discussion on targeting in social protection centres around the relative importance that should be given ideologically politically and in practice to exclusion and inclusion errors. "The first error is 'inclusion', a financial inefficiency caused by giving transfers to non-poor people who do not need this assistance. The second error is 'exclusion', a humanitarian cost with ethical consequences, caused by failing to identify someone as needing assistance and/or failing to deliver assistance to them."

As Brown et al. (2016) observe the difference is important when deciding how much to spend on a program. "Inclusion errors are generally costly to the public budget while exclusion errors save public money. Governments and international financial institutions concerned about the fiscal cost of social policies have thus put greater emphasis on avoiding inclusion errors as a means of cutting the cost to the government without hurting poor people." Cornia and Stewart proposed instead weighting exclusion error three times higher than inclusion error, arguing that exclusion errors (the moral duty of leaving no-one behind) should get higher weight when the policy objective is to minimize poverty.

Three common types of measuring targeting accuracy are suggested here, which put different importance on the relative importance of inclusion and exclusion errors:

- **Accuracy:** this is a measure of the proportion of the target population that are included in the programme as beneficiaries. Inclusion and exclusion errors are exactly the same.
- **Incidence:** this is a measure of the percentage of overall benefits that reach the poorest 40% of the population. It is the measure used by Coady Grosh and Hoddinot (2004) in their manual on "targeting." It favours small schemes targeted at the "poor", as it focuses on minimizing the inclusion errors.
- **Effectiveness:** this is a measure of the percentage of the poorest 40% (in the selected category) that are included. This measure favours large schemes, as it focuses on minimizing the exclusion errors.

Table 2 indicates in a simple manner the concept of inclusion and exclusion errors. In this programme, the population is 100 and 20% (20 people) belong to the "target" group. 20 people are beneficiaries, however, 10 of those selected are eligible and 10 are non-eligible. This provides inclusion and exclusion errors of 50%, since only half of those selected are, in fact, eligible and half are non-eligible.



Table 2: Simple depiction of exclusion and inclusion errors, in a population of 100 and coverage of a scheme of 20%.

	ELIGIBLE	NON-ELIGIBLE	TOTAL
People excluded from scheme	10 (Exclusion error = 50%)	70	80
People included in scheme	10	10 (Inclusion error = 50%)	20
Total	20	80	100

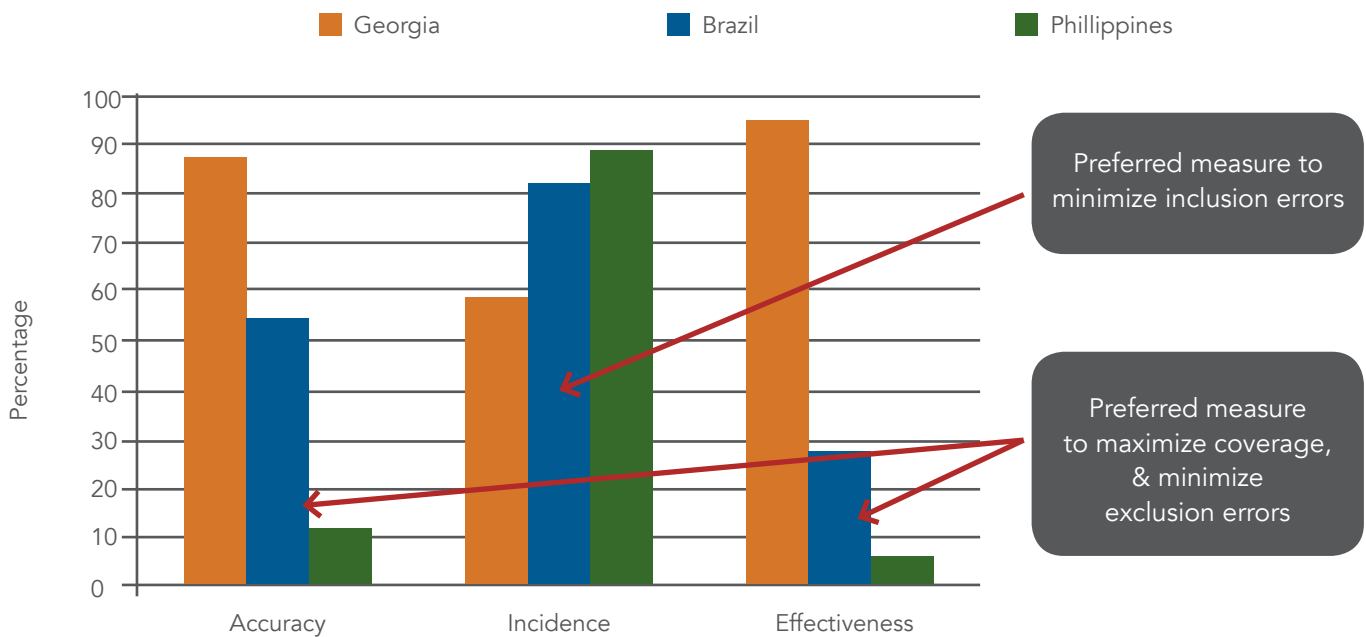
Source: Authors

Figure 13 uses three schemes to illustrate the "targeting" accuracy measures. The programmes are:

- Georgia’s old age pension in 2007, which was universal and, at the time, reached 87% of the eligible population (all women over 60 years and men over 65 years);
- Brazil’s Bolsa Familia programme in 2006, which was "targeted" at around the poorest 20% of households;
- The Philippines PPPP scheme, which in 2009 was "targeted" at around 7% of the population.

Figure 13 indicates how the different schemes perform against the different measures of "targeting accuracy." The Georgia pension performs well on accuracy and effectiveness, while the Brazilian and Philippine schemes perform best on incidence. It indicates how progressives would prefer the measures of accuracy and effectiveness, as a more universal programme will always perform better against these measures. Bolsa Familia and the Philippines PPPP perform worse because they have smaller coverage and the PPPP has particularly low coverage. However, neoliberals prefer Incidence as this gives higher values for schemes with low coverage, and is particularly favourable for very small schemes targeted at a small proportion of the population, since most will be among the poorest 40%. For this reason, the Philippines PPPP does very well on a measure of Incidence, although, in reality, few people living in poverty in the Philippines were reached by the programme in 2009. It has since expanded and currently reaches around 20% of the population.

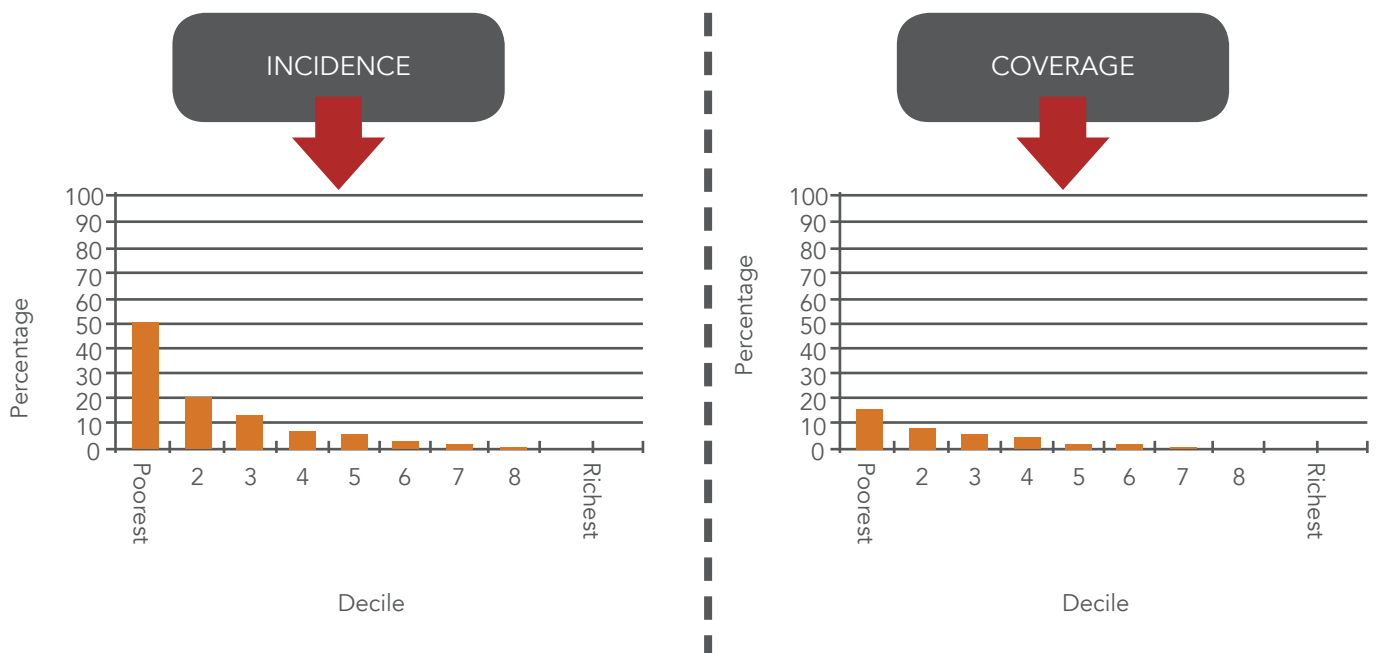
Figure 13: Measures of "targeting accuracy" of social transfer schemes in Georgia, Brazil and the Philippines



Source: Authors

Graphs showing expenditure deciles can also be used to indicate selection effectiveness for poverty targeted programmes. In Figure 14, the left hand graph shows the Incidence (ie. the proportion of all beneficiaries in each decile) for the Philippines PPPP scheme. However, the right hand graph shows the coverage of each decile. Evidently, the PPPP does better under Incidence, but much worse under coverage (which is highly influenced by the overall coverage of the scheme, which is low at around 7%).

Figure 14: Graphs showing the targeting incidence and coverage of the Philippines PPPP scheme across consumption deciles

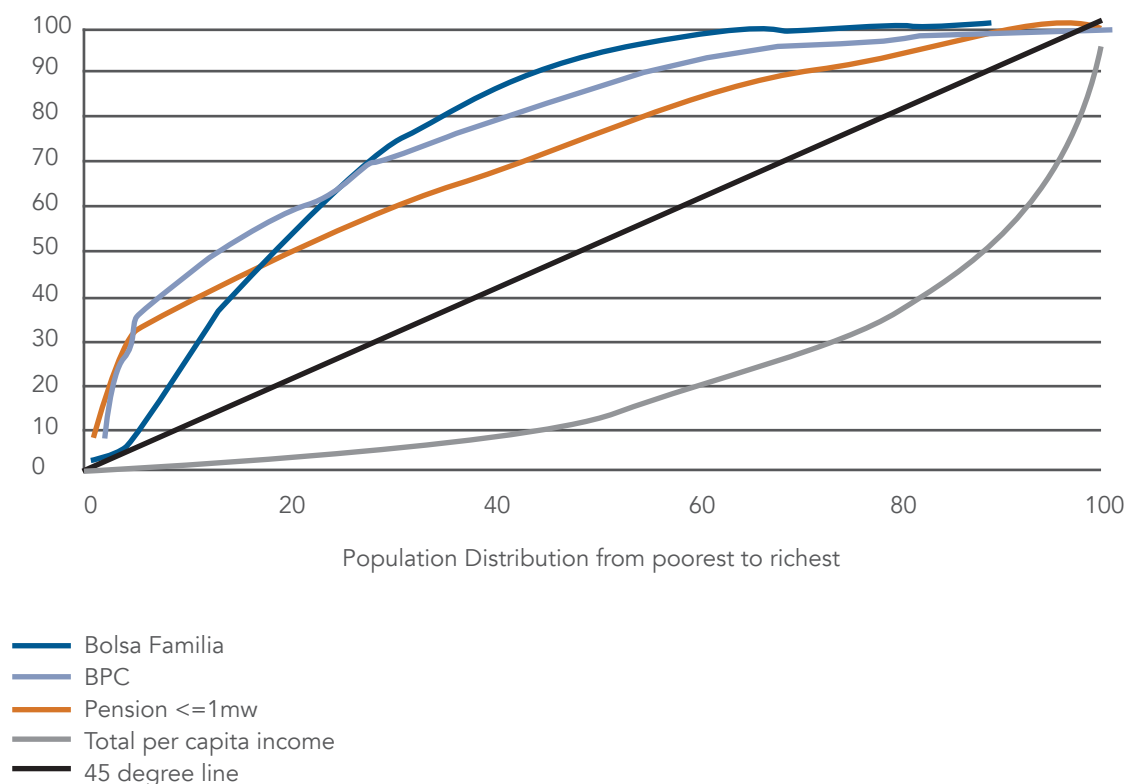


Source: Authors

"TARGETING" POLICY AND FISCAL CHOICES IN THE SELECTION PROCESS

Another means of doing incidence analysis is presented in Figure 15, providing examples from a number of Brazilian schemes. Programmes with curves above the black diagonal line are "pro-poor" in their incidence. An interesting point with this graph is to show how the minimum wage pensions – which are part of a pension system providing almost universal coverage – are much better in providing benefits to the poorest households, when compared to the povertytargeted Bolsa Familia.

Figure 15: Targeting incidence among a range of Brazilian social protection schemes⁷



2.5.1 Causes of exclusion

Once policy decisions are made, there are three sources of exclusion from social protection schemes:

- Under-coverage, which is generally the result of insufficient investment and is linked to the political economy of social protection;
- Targeting design, which will be dealt with in the next session and is linked to issues such as the mechanism chosen for selection and whether quotas are used. The next session will indicate that many mechanisms that use poverty targeting could more accurately be described as "rationing";
- Targeting implementation: this is the actual selection process and is often ignored in discussions on selection. But, many people can be excluded from schemes at this stage of the selection process which will be discussed in section 4.

⁷ Source: Soares et al (2006).

2.6 TAKE-AWAY LESSONS

The session finishes with these key takeaways:

- The selection process includes four key stages and decisions at each stage are critical in determining who is included and excluded from social protection schemes;
- So-called categorical targeting is a policy choice rather than an example of targeting design; Pritchett (2005) from the World Bank: "Social welfare is maximized in political equilibrium only when all revenues are spent on universal transfers and none spent on targeted ones"
- All countries eventually implement a lifecycle system of social protection, which ultimately is much more effective in ensuring the inclusion of the most vulnerable members of society;
- Higher coverage in schemes necessarily leads to reductions in exclusion from schemes; "Targeting the poor" may not necessarily best for the "poor". Sen (1995): "Benefits intended exclusively for the poor often end up being poor benefits";
- Choices on how to measure "targeting performance" can be ideological, particularly in the choice between minimizing inclusion errors or exclusion errors.

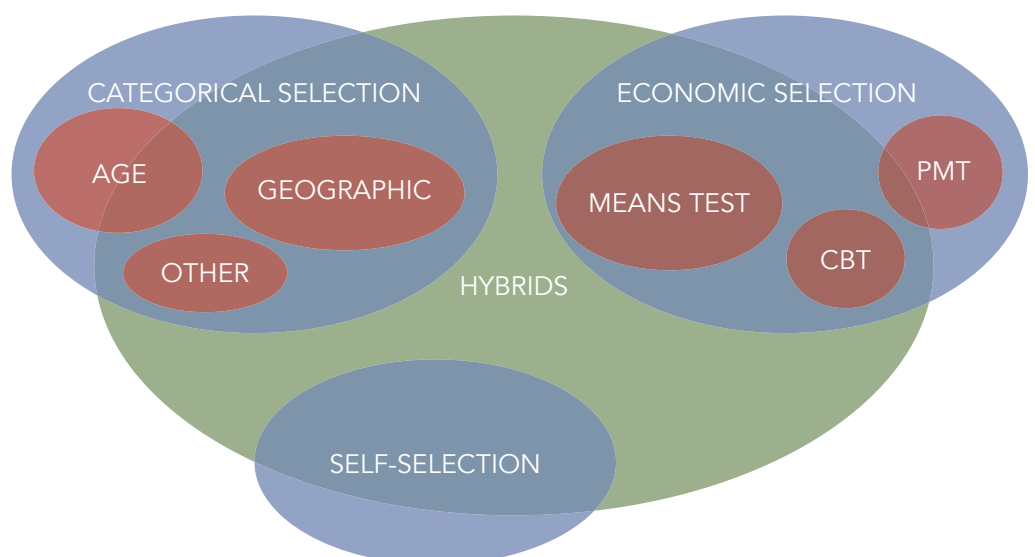
3

DESIGN CHOICES IN SELECTION PROCESSES

If countries decide not to provide universal access to a scheme, they need to design a mechanism that can identify those who are eligible. There are a range of design options used by countries to select beneficiaries when coverage is limited, some of which are simple while others are much more complex. They can broadly be classified in three categories (see Figure 16 below):

- **Categorical selection**, where eligibility is determined on the basis of demographic characteristics (or demogants) such as age, disability, household structure, or geographical location
- **Economic selection**, where eligibility is determined on the basis of the economic wellbeing of the household or individuals
- **Self-selection**, where all individual or households are free to access the programme but the administrative procedures or the nature of the transfer are set in such a way to discourage better-off individuals or households from participating

Figure 16: Approaches to Selection in Social Protection programs



Source: Authors



The term **universal selection or universal coverage** can be utilized with different meanings in relation to the selection approaches of social assistance programs (Devereux, 2016):

- In a more narrow form it applies to cases where social benefits are provided to all citizens of a given country irrespective of economic, geographical or demographic status. As Devereux puts it, “the only social programmes that are guaranteed to reach all poor people are those that are genuinely universal – such as free health care for all, a general food subsidy, or a ‘basic income grant’ (BIG) for all citizens.” Examples of applications of Basic Income Grants are limited in Africa to the experiment promoted by the BIG platform in in Namibia (see box below); and
- Universal coverage is also often used for ‘categorical’ programmes that targets age-eligible individuals with no form of economic targeting (e.g. a social pension is often called universal if it is given to all persons aged over 60 years rather than being means-tested). In the rest of the module we will use the term “universal categorical programs” for this group of programs.

Box 5: Universal Income Grant experiment in Namibia

In 2008, the Namibian Basic Income Grant Coalition implemented the world’s first universal cash transfer pilot project, disbursing N\$100 per month (about US\$14) for 2 years to all 930 residents in one poor peri-urban community. Positive impacts were recorded across a range of outcomes, including community mobilisation, women’s empowerment, child nutrition status, (self-)employment, local economic growth, school attendance, access to health services – even crime rates fell. Despite this evidence of success and estimates that the BIG is affordable – ‘a national, universal BIG of N\$ 200 per person per month will be about 2-3% of GDP annually ... equivalent to 5–6% of the national budget’ – it has not been implemented at scale by the government of Namibia

Source: (Devereux, 2016)

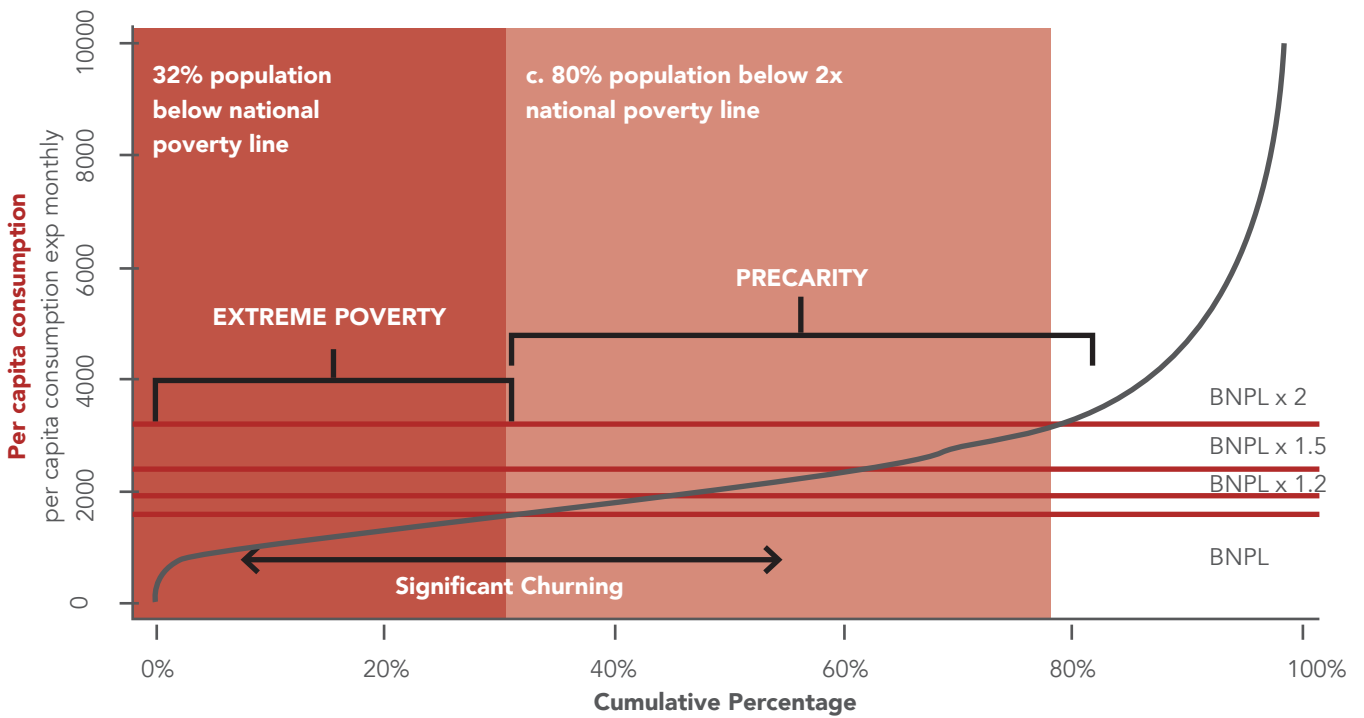
3.1 THE CHALLENGES OF ECONOMIC SELECTION (I.E. POVERTY TARGETING) IN AFRICA

There are a range of challenges that need to be taken into account when designing selection mechanisms based on economic status.

- **There is little difference in wellbeing between the majority of the population in any country, so it is difficult to differentiate between them**

Figure 18 shows the per capita consumption of households in Bangladesh from poorest to richest. It indicates that the curve is relatively flat among the majority of the population, so that there is little difference between them in terms of per capita consumption. There is also significant churning around the extreme poverty line, which will be discussed later in more detail. Finally, around 80% of the population live on less than US\$2 PPP per day in Bangladesh; this is a more reasonable poverty line - \$1.25 is too extreme – and means that at least 80% of the population of Bangladesh should be regarded as living in poverty – and in precarity or insecurity – and therefore in need of SP. They are highly susceptible to shocks that will push them into extreme poverty or a significant fall in living standards.

Figure 17: Distribution of the population by per capita consumption in Bangladesh and poverty rates

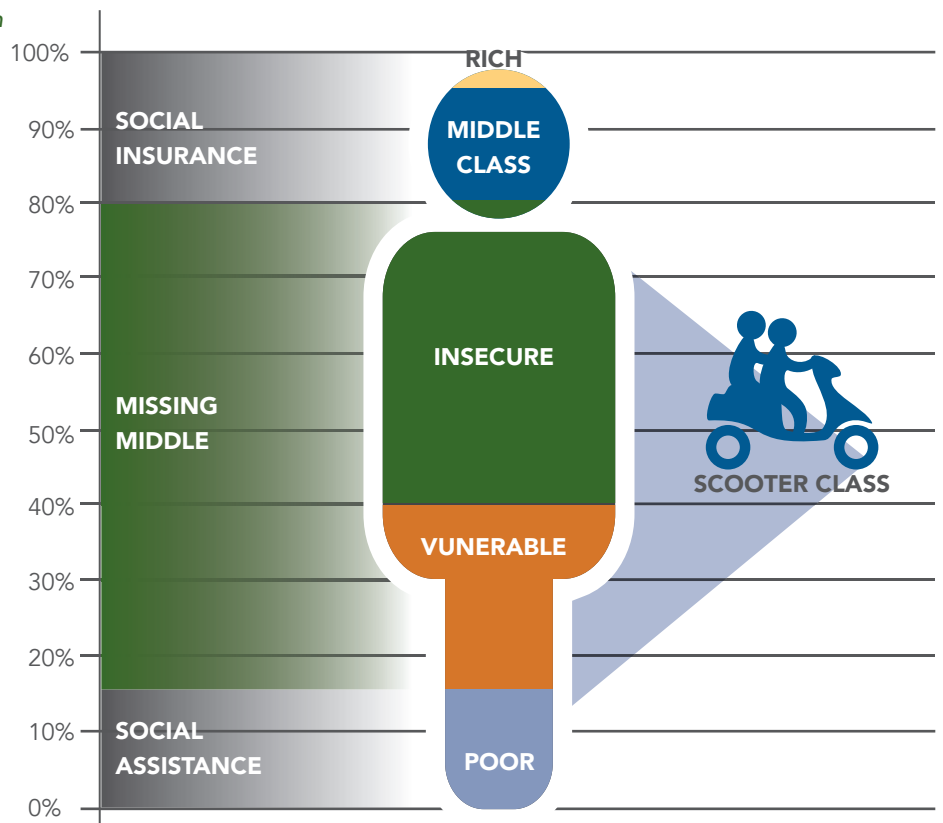


Source: Authors

Figure 18: Economic classes in Vietnam

Another way of looking at this is through the type of graph in Figure 18. It divides the population of Vietnam – which is a middle-income country – into economic classes. Yet, around 80% of the population live on less than US\$4.50 per day, which means that they are still insecure and would benefit from access to social protection. Furthermore, the social protection system in Indonesia mainly supports the affluent – through social insurance – and those living in extreme poverty, through Poor Relief (social assistance) schemes.

Source: Authors



As a result of the flat income distribution, a high proportion of the population in developing countries should be included in social protection systems. Some leading analysts – such as Lant Pritchett – are arguing that a more reasonable poverty line in developing countries should be set at US\$10 PPP. But, in developed countries, if people had the incomes of the majority of people in developing countries, they would be regarded as living in poverty and would receive social protection benefits, which would be very important in supporting the wellbeing of their families.

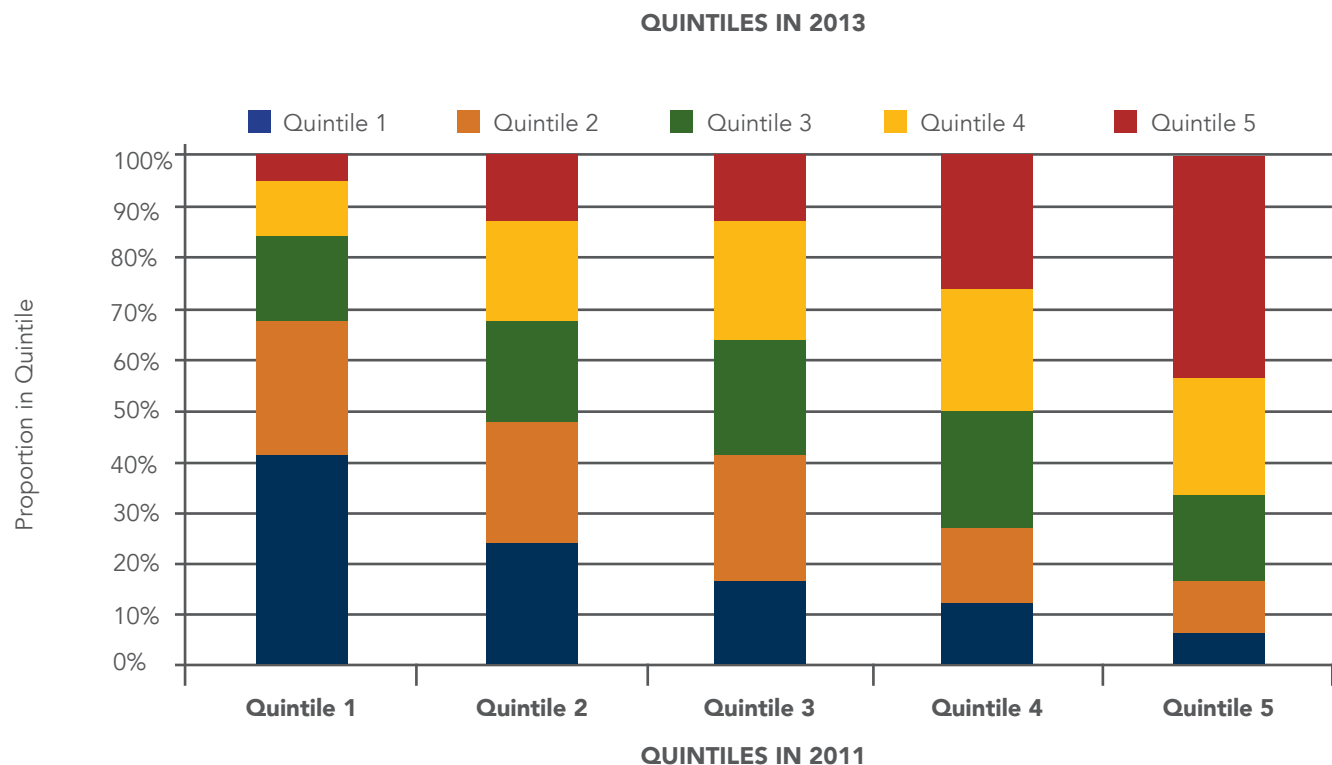
Moreover, because of the little differences in wellbeing between most households at the bottom of the distribution it is extremely complex to devise approaches that can determine in a transparent and reliable way who should benefit from social assistance and who not based on the economic status.

- **Poverty is not static, but highly dynamic**

Second, when designing selection mechanisms, it is important not to confuse poverty rates with the number of people in poverty. Poverty rates provide a static snapshot in time and do not take into account that there is always significant churning around poverty lines, with people moving in and out of poverty.

Individual and household incomes are dynamic and rise and fall as people succumb to shocks – such as illness, disability or unemployment – or respond to opportunities. Figure 20 shows how household wellbeing changed between 2011 and 2013 in Georgia. It indicates the expenditure quintile where households were located in 2011 and where they had moved to by 2013. Around 60% of those that were in the poorest quintile in 2011 had moved into a more affluent quintile by 2013, with a similar amount falling into the poorest quintile.

Figure 19: Movement across expenditure quintiles between 2011 and 2013 in Georgia



Source: Authors

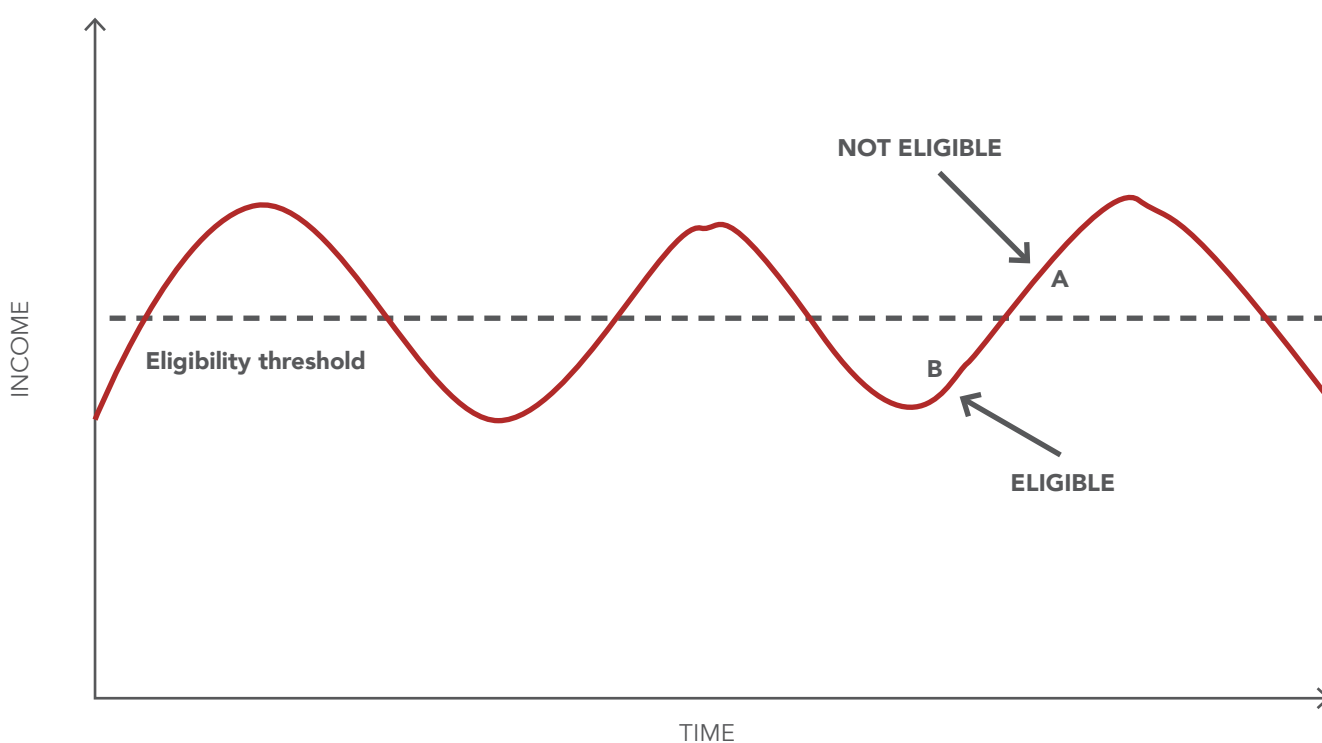
DESIGN CHOICES IN SELECTION PROCESSES

One reason for the extensive movement in and out of poverty – which would be even higher if more frequent surveys were undertaken – is that differences in consumption between the majority of households are not great, as discussed earlier. Furthermore, the movement of households between the middle three quintiles is relatively large.

Therefore, when developing social protection policy, it is useful to conceptualise poverty in more dynamic terms, which implies that a higher proportion of the population should be considered as living in or vulnerable to poverty than the number indicated by the poverty rate. A high proportion of those above the poverty line could, at any time, fall into poverty. Therefore, it makes sense to design schemes that not only protect people once they are in poverty but that schemes should also be put in place that prevent people from falling into poverty, such as inclusive lifecycle schemes which offer support to people at stages in their lives when they are most vulnerable.

Income dynamics, however, has implications for “poverty targeting,” with household incomes varying significantly even over relatively short periods of time. Figure 20 illustrates how, when income dynamics are taken into account, a household or individual may be assessed at one point in time and be found to be eligible but, if assessed at another point in time, could be ineligible. Therefore, “poverty targeting” attempts to “hit” a moving rather than a static target, which significantly increases its complexity.

Figure 20: “Poverty targeting” in the context of income dynamics



Source: Authors

Box 6: Analogy for selection processes in developing countries

In the context of income dynamics and the limitations of poverty targeting mechanisms, it is reasonable to consider current selection mechanisms based on identifying poverty to be equivalent to one of the very first cameras developed two centuries ago (as shown in Figure 21). The image that the camera – when undertaking poverty targeting – is trying to capture is not a static landscape, but more akin to a football match in full swing. What is needed is a high definition video camera, but the instruments for “targeting” used in developing countries are far from up to the task. So the question can be asked: if a two hundred year old camera were used at a football match and 3-4 four photos were taken, could they be passed on to someone to write a comprehensive match report?

Figure 21: Niépce's View from the Window at Le Gras (1826), the earliest surviving photograph of a scene from nature taken with a camera obscura



Source: Authors

3.2 METHODOLOGIES FOR IDENTIFYING PEOPLE LIVING IN POVERTY

In the context of the flat and dynamic income distribution described above, identifying the “poor” (or the “ultra-poor” as some countries attempt to do) requires complex methodologies and therefore, to be done well, requires higher administrative capacity and resources. Poverty targeting is particularly challenging to undertake in developing countries, with few people in the formal sector. It is challenging to measure accurately the incomes of those working in the subsistence or informal economies. And, as explained earlier, income dynamics makes it even more challenging.

This section will examine a range of popular “poverty targeting” methodologies.

3.2.1 Means test

In developed countries, it is common to use means testing to identify people on low incomes, since most people have to report their incomes when paying their taxes.

Means testing is rarely used in developing countries, although there are exceptions. South Africa and Brazil’s Bolsa Familia programme use “unverified” means tests, with people declaring their incomes, without the government taking measures to verify whether the declarations are accurate (although, in South Africa, checks are made against income tax records, which affects a small proportion of applicants). In South Africa, however, the income eligibility threshold is high and between 70% and 80% of the target populations – such as older people and children – are eligible. In Brazil, the income eligibility threshold is relatively low and quotas are set at municipal level (which is discussed later).

3.2.2 Proxy means test

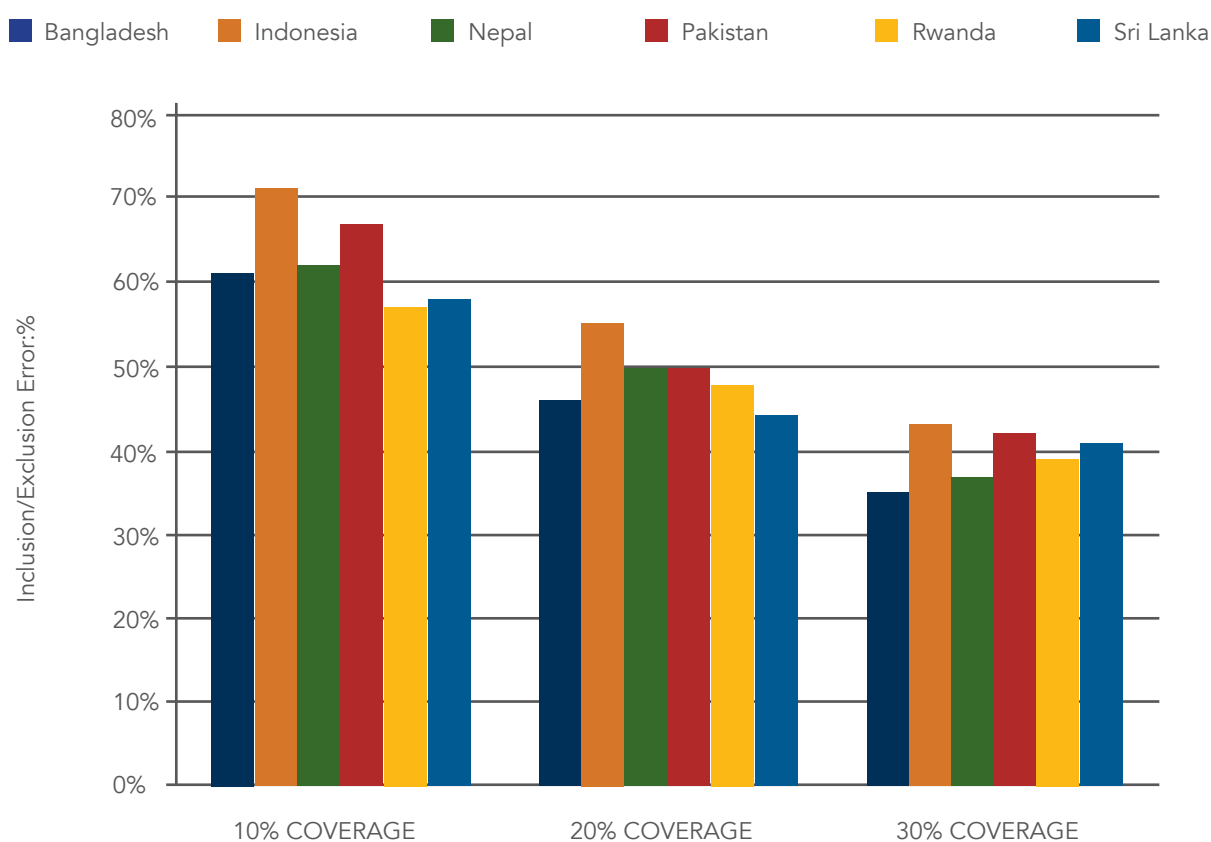
In recent years, the Proxy Means Test (PMT) methodology has become a particularly popular targeting mechanism, and it is strongly promoted by the World Bank among others. The PMT methodology uses national household surveys to identify “proxies” held by households – usually based on their demographics, human capital, type of housing, durable goods and productive assets – that have some correlation with household consumption. A set of proxies with the best correlations – and which can be easily measured and observed – are chosen and households are surveyed to assess them against these proxies. A score is generated for each household, which is regarded as an estimate of its consumption, itself a proxy for household income.

DESIGN CHOICES IN SELECTION PROCESSES

Evidence indicates that due to the income distribution in developing countries, particularly in Sub-Saharan Africa the PMT can be a relatively arbitrary selection mechanism (Kidd and Wylde 2011; Brown et al 2016). This is the result of the combination of two factors: methodological inadequacies and informational/data limitations (Brown et al, 2016).

A significant disadvantage of the proxy means test is that it has a large in-built design error. While “perfect targeting” would require an R-squared value of 1, it is common for the R-squared value in proxy means tests to be between 0.4 and 0.6. While, in statistics, this may be regarded as relatively good, for a “targeting” mechanism meant to accurately identify beneficiaries, it is highly problematic. So, as Figure 22 indicates, even prior to households being surveyed (which brings additional errors due to measurement imprecisions), a high proportion of the intended beneficiaries are excluded: when targeted at 10% of the population, these design exclusion errors are between 50% and 70% while, when coverage is 20% of the population, they are around 40-55%.

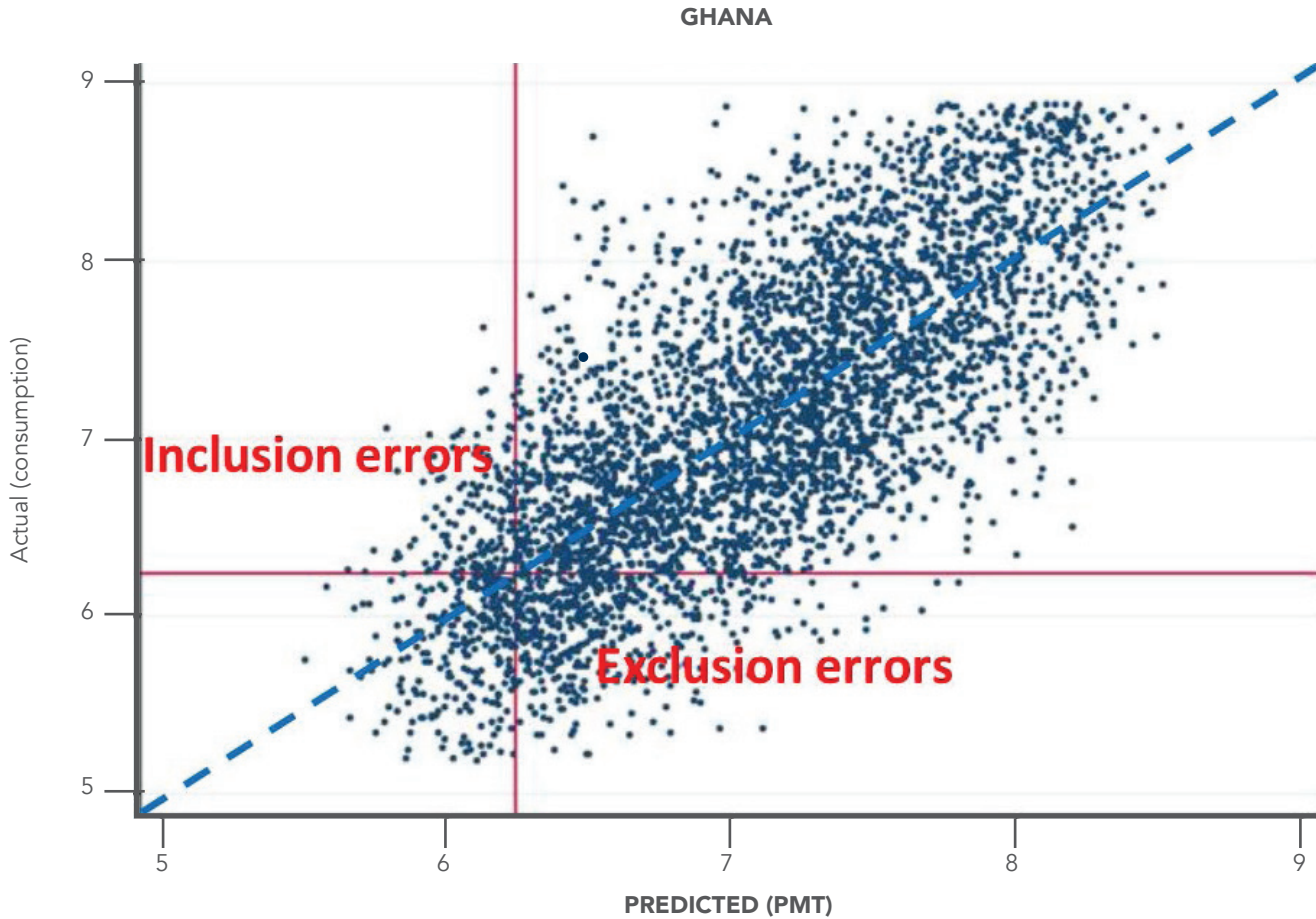
Figure 22: Theoretical exclusion and inclusion errors for a proxy means test against various coverage rates



Source: Authors

Figure 23 sets out a scattergraph in which each household in national household surveys in a number of African countries is mapped according to its ranking of income predicted by the PMT and its actual expenditure as recorded in the household survey. If the PMT were accurate, all households would be lined up along the dashed blue line from the bottom left corner to the top right. In reality, there is a significant scatter of households across the graph. Households above the red line have their relative consumption over-estimated, while it is under-estimated for those under the red line.

Figure 23: Scattergraph indicating the consumption and estimated consumption – through the proxy means test score – of households in Ghana⁹

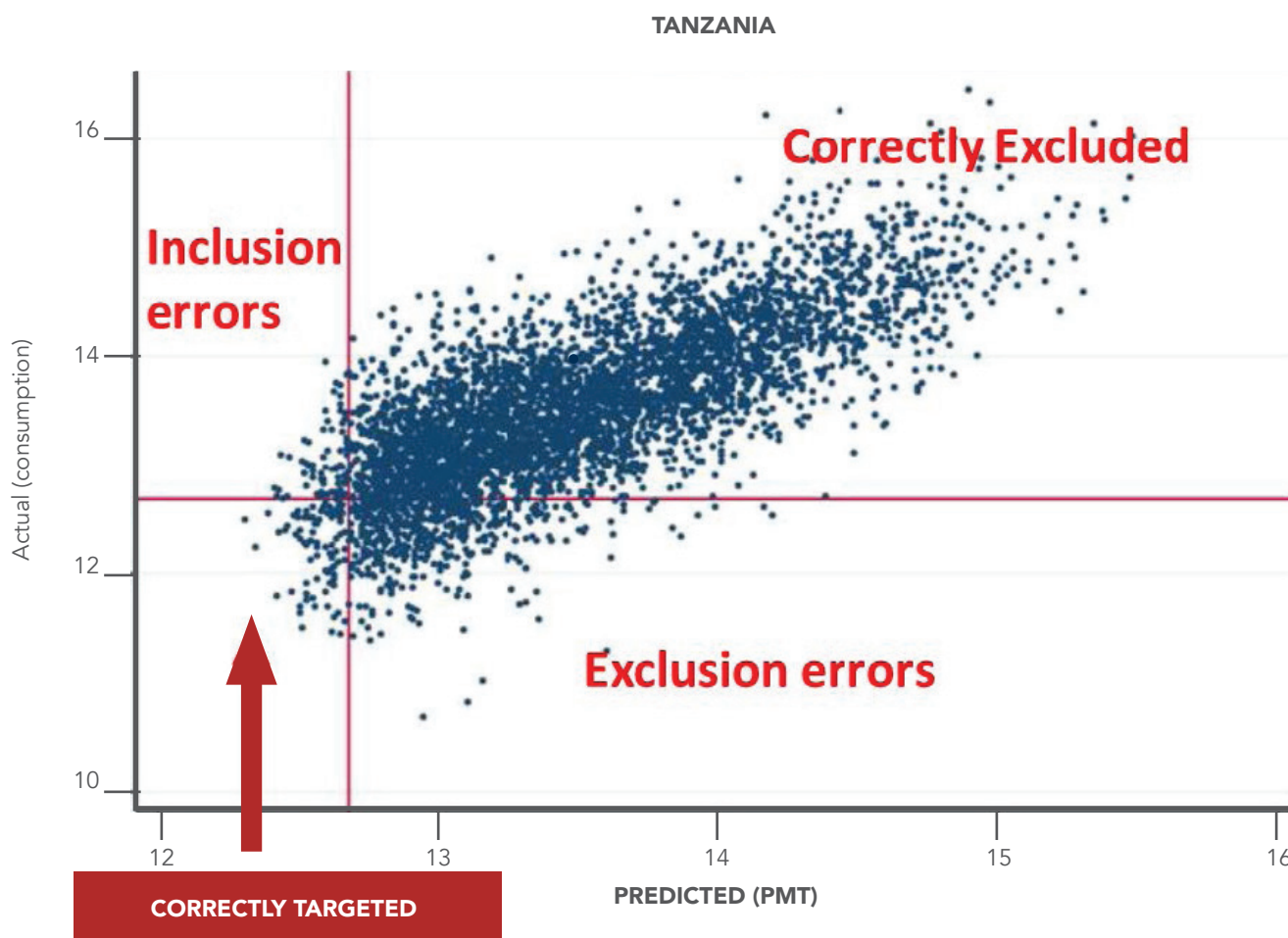


Source: Authors

Brown et al. (2016) analyse the targeting effect of PMT (called by the authors “econometric targeting”) in 9 African countries (Burkina Faso, Ethiopia, Ghana, Malawi, Mali, Niger, Nigeria, Tanzania and Uganda). Taking Tanzania as an example in Figure 24, one can observe that when coverage is set at 20% the only households that would be accurately selected by the PMT are those in the bottom left quadrant, while those in the bottom right quadrant would be households in the poorest 20% of the population that are excluded, as the PMT over-estimates their consumption.

⁹ Adapted from Brown et al. (2016)

Figure 24: Scattergraph mapping actual and predicted expenditures of households in Tanzania, and accuracy of targeting with 20% coverage¹⁰



Source: Authors

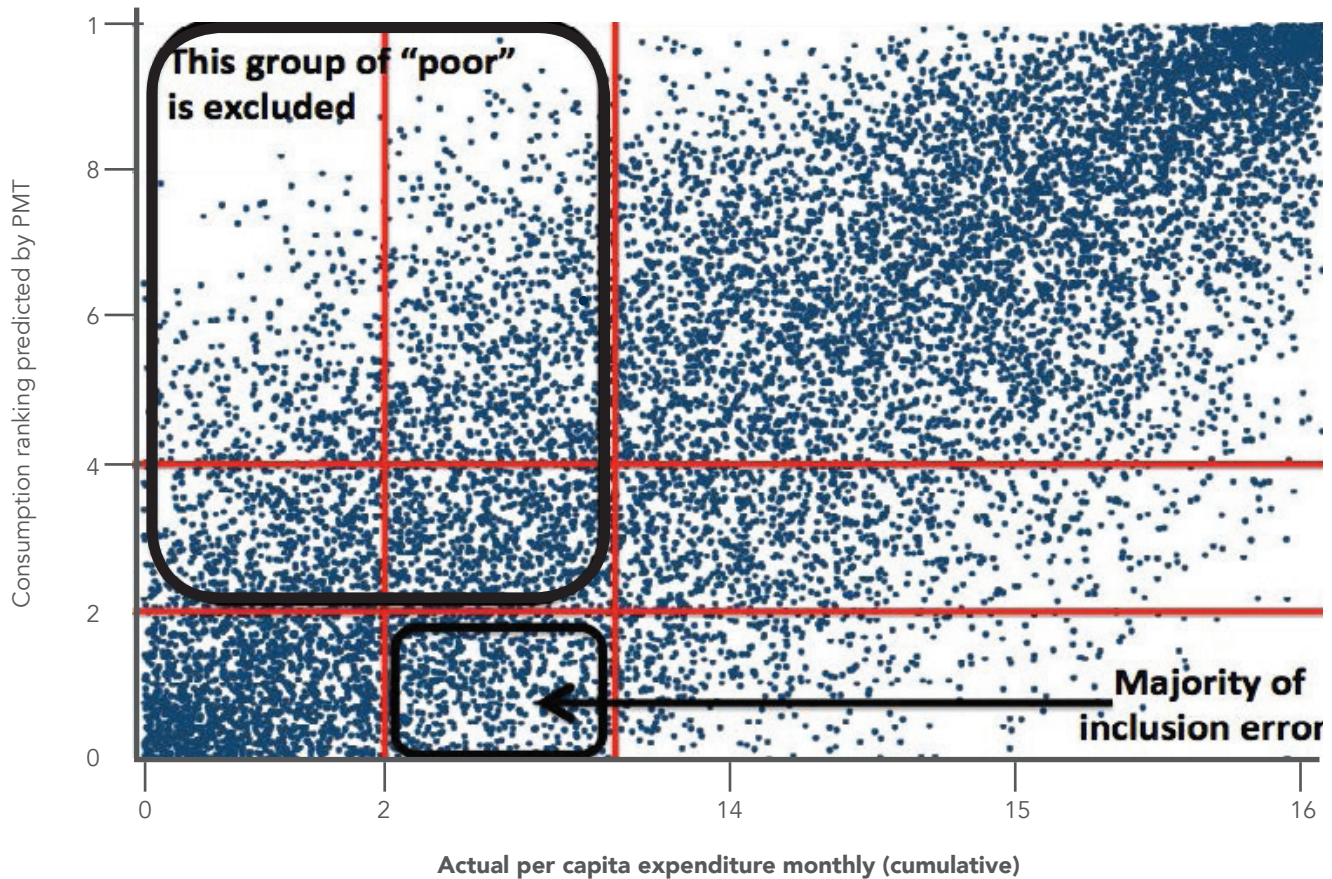
The study concludes that while PMT contribute to reducing inclusion errors, this comes at the expense of very high exclusion errors. Across the 9 counties for a poverty rate of 20%, the PMT method has nearly halved the rate of inclusion errors that would be obtained with a uniform (universal) transfer payment. However, “the average exclusion error is sizeable, with 81% of those who are in the poorest 20% in terms of survey-based consumption being incorrectly identified as non-poor by the PMT method”.

The study also finds that both inclusion and exclusion errors are lower when adopting a higher poverty line, leading to conclude that “the finding that the errors tend to be higher using the lower poverty line again suggests that econometric targeting may have difficulty in identifying those who are very poor”. A more encouraging finding is that “households who are incorrectly included do not seem to be among the wealthiest households, that is, many of these households have actual consumption values that are relatively close to the poverty line”.

In fact, it is probably appropriate to regard the PMT as a “rationing” rather than a “targeting” mechanism. Figure 25 indicates how the majority of those excluded by the PMT – when coverage is at 20% - are in the poorest 40% of the population. Yet, by the same measure, the vast majority of those in the poorest 40% of the population are excluded. So, when coverage is low, the PMT tends to select relatively effectively a small group of those in the poorest 40% of the population from a much larger group of households that are equally deserving.

¹⁰ Source: the VHLSS 2012 was used to generate these results and analysis was undertaken by Tareq Abu-el-Haj

Figure 25: Scattergraph showing the effectiveness of the PMT methodology in selecting beneficiaries from among the poorest 40% of the population in Bangladesh¹¹



Source: Authors

The arbitrariness of the PMT selection methodology explains why it is often referred to by community members as a lottery (Kidd and Wylde 2011). “One can understand why many of those accepted or rejected might be tempted to believe that econometric targeting is something like a random lottery, or maybe even divine intervention” (Brown et al. 2016). Transparency has also been a concern. “Sometimes the score variables and weights are deliberately kept secret for incentive reasons. In other cases, the method and formula are too complicated, or too poorly explained, for public consumption. Either way, observers on the ground do not always understand why some people are selected and some are not based on these targeting methods” (Brown et al. 2016).

There are a range of reasons for the inaccuracies in PMTs, with the R-squared – as explained earlier – not particularly high for a methodology that makes incredibly important decisions about the future wellbeing of households by providing them with – or denying them – transfers. The low R-squared has a range of explanations including the fact that it does not take into account the age of assets and, often, the number of assets (such as the number of cattle). It also can have inherent biases against middle-aged and older people, as explained in the box below.

¹¹ Source: the VHLSS 2012 was used to generate these results and analysis was undertaken by Tareq Abu-el-Haj

Box 7: Potential biases inherent in PMTs

Proxy means tests also incorporate an inherent bias against older people, due to the nature of the methodology, which needs to be taken into account during the detailed design process. Compared to younger families, older people tend to possess assets that the proxy means test correlates with wealth, even though they have depreciated in value and reflect past rather than current income (or, in the case of education, are no longer of any value in the labour market). As a result, older people are more likely to have their incomes overestimated by the proxy means test, increasing their risk of exclusion from schemes (Kidd and Wylde 2011).¹²

Similarly, the proxy means test can introduce biases against particular ethnic groups or regions: for example, if livestock is regarded as an indicator of wellbeing, it will increase the likelihood of exclusion among pastoralists.

Source: Authors

In regards to measurement issues, PMTs in their traditional form are estimated using information on consumption expenditure that is collected through national household surveys. The accuracy of PMT formulas therefore depend on the quality of consumption expenditure data. Unfortunately challenges to the reliability of consumption aggregates are not uncommon in Africa, also due to the complexity of measurement particularly for poor households. Moreover nationally representative household surveys are collected only periodically (with a space of 5 to 10 years in some countries). This creates a significant lag between when the PMT formulas are estimated and when they are implemented, and lowers PMT performance. Finally it can be questioned that wellbeing is measured only in monetary terms, without taking into account other dimensions of deprivation. For these reasons some countries (Zambia for example) have developed PMTs that are directly estimated on the basis of multi-dimensional poverty index rather than relying on consumption data.

Box 8: Case Study – Targeting in Fiji’s Family Assistance Program (FAP)

It should not be assumed that a PMT will lead to an improvement in selection outcomes, when compared to other methodologies. Fiji’s Family Assistance Program (FAP) is an example of how a poorly designed proxy means test can impact on vulnerable individuals and households.¹³ The World Bank (2011) found that the FAP (which became known later as the Poverty Benefit), which used a form of means test, had a very good targeting – or, rather, rationing – performance: indeed, it was probably one of the best performing schemes in the world. Nonetheless, a proxy means test was introduced to re-target FAP beneficiaries and move them onto a new Poverty Benefit, with the result that around 75% of FAP beneficiaries – many of whom were elderly, disabled, chronically ill or single parents – were identified as no longer eligible for the scheme (despite the evidence from the household survey and qualitative research that the vast majority had been correctly selected).¹⁴ In fact, on one remote island, out of 72 recipients, 71 were found to be ineligible by the proxy means test, probably due to the recipients having taken greater care of their housing throughout their lifetimes. Social Welfare officials – who are responsible for administering the re-targeting – have used their judgement and common sense to override the most obvious errors of the proxy means test selection, although it has considerably increased their workload (and, impacted on the overall efficacy of the scheme). In Costa Rica, Mexico and Peru, enumerators have similarly used their judgement – including information taken on incomes – to correct errors in the proxy means test.¹⁵

Source: Authors

¹² Hannigan (2010) found that the proxy means test in Indonesia created similar biases against families of middle age who had accumulated more assets than similar younger families.

¹³ Much of the information in this paragraph has been provided by Gabrielle Smith, based on her findings during qualitative research undertaken for UNICEF in 2014.

¹⁴ World Bank (2011) and Sibley (2011).

¹⁵ Orozco and Hubert (2005), Viquez (2005) and Huber et al (2008)



In sum, PMT methods “may look fine when the sole aim is to reduce inclusion errors—to prevent non-poor people receiving benefits when judged against a fixed poverty line. However, if poverty-reduction is the objective then policy makers with a given budget should be more worried about exclusion errors than inclusion errors” (Brown et al, 2016)

3.2.3 Community based targeting

Community based targeting (CBT) is another popular targeting mechanism, although it is rarely used for national schemes: Rwanda’s Ubudehe mechanism is one example of it being attempted nationally.

However, there are very different types of methodology that are called CBT including:

- Wealth ranking (eg Rwanda VUP)
- Parallel validation (eg Lesotho CGP)
- Application of external criteria (e.g. Malawi TIP)
- “The great and the good” (e.g. Bangladesh stipend)
- Community members using own criteria (HSNP Kenya)

The main arguments proposed in favour of community based targeting are that: community members are more likely to understand the real situation of each member and, therefore, can identify those most in need more accurately than government officials; communities are given the ability to identify “need” according to their local understandings; and, people are less likely to lie because they may fear repercussions (Coady et al 2004). However, it does also potentially have the advantage for governments and agencies of reducing administrative costs by pushing them on to communities.

The rationale for community based targeting is based on the belief that communities are relatively cohesive and will naturally want to prioritise those most in need. Yet, while some communities may act in this way, many do not and resemble rather more the following characterisation of Abraham and Platteau (2002):

“Rather than idyllic ‘village democracies’ whose members interact in a free atmosphere of trustful cooperation based on well-accepted social norms, they appear as repressive societies where mutual control is constantly exercised, suspicions are continuously entertained about others’ intentions, inter-personal conflicts are pervasive, and a rigid rank-based hierarchical structure governs people’s life.”

Differential power relations and processes of social exclusion can be highly influential within community based targeting (Coady et al 2004). It is common for more powerful community members to “steer” selection decisions, while those with less voice can be sidelined.¹⁶

Examples for Malawi, Rwanda and Indonesia are provided.

The Malawi SCT has used CBT to select its beneficiaries, choosing the poorest 10% of the population. Seaman et al (2008) found that households that had been both physically and socially excluded from the community – due to alcohol problem and mental illness – were not selected despite their extreme poverty.¹⁷ In fact, although the community was meant to select the 10% poorest families, of those chosen, only 24% were in the lowest income quintile while 32% were in the two wealthiest quintiles.

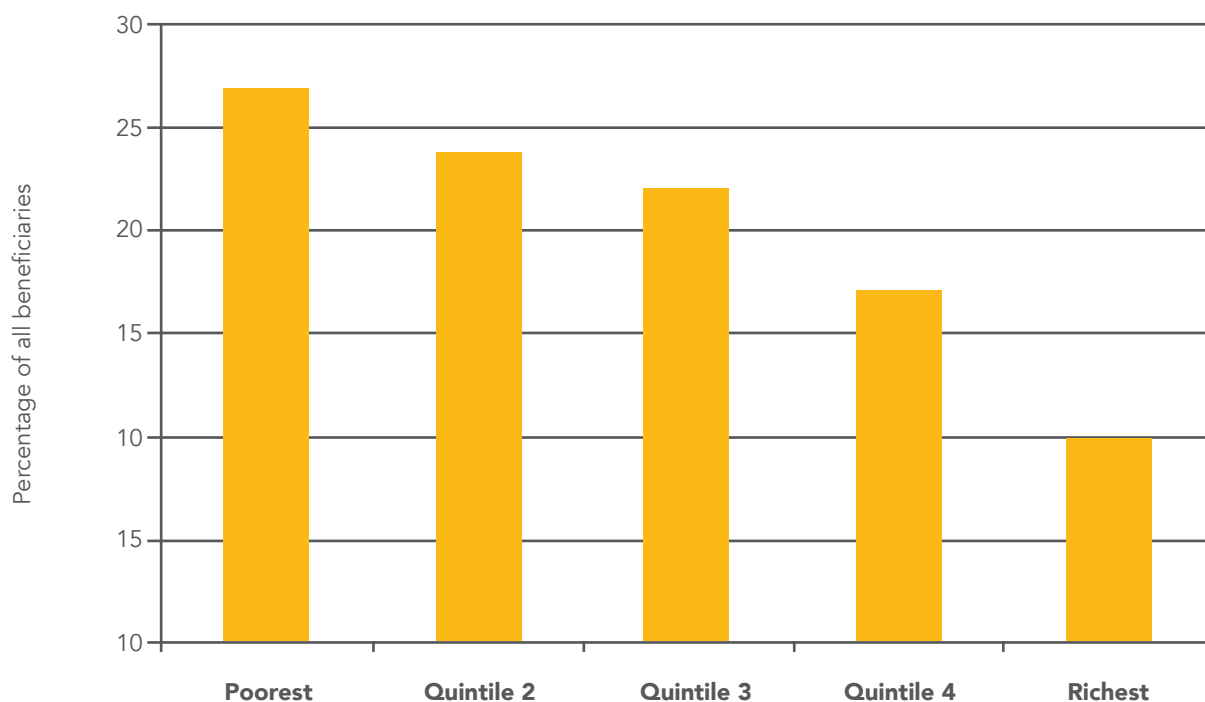
¹⁶ Cf. Chinsinga (2005); Coady et al (2004), Coady and Parker (2005); Hossain (2007); Conning and Kevane (2002); and, Alatas et al (2012)

¹⁷ Evidence for Development (2007).

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Figure 26 shows the results from the Ubudehe CBT mechanism in Rwanda, which is used at national level in the targeting of the VUP cash transfer and reaches around 5% of the population. The Figure 25 indicates, there are very significant inclusion errors. Also note that when the Ubudehe mechanism was used to select beneficiaries of free health care, the proportion of those identified as “poor” increased significantly: communities were attempting to gain as many benefits as they could for themselves (the government then set about changing the scheme).

Figure 26: : Proportion of all beneficiaries of Rwanda’s VUP scheme in each wealth quintile¹⁸

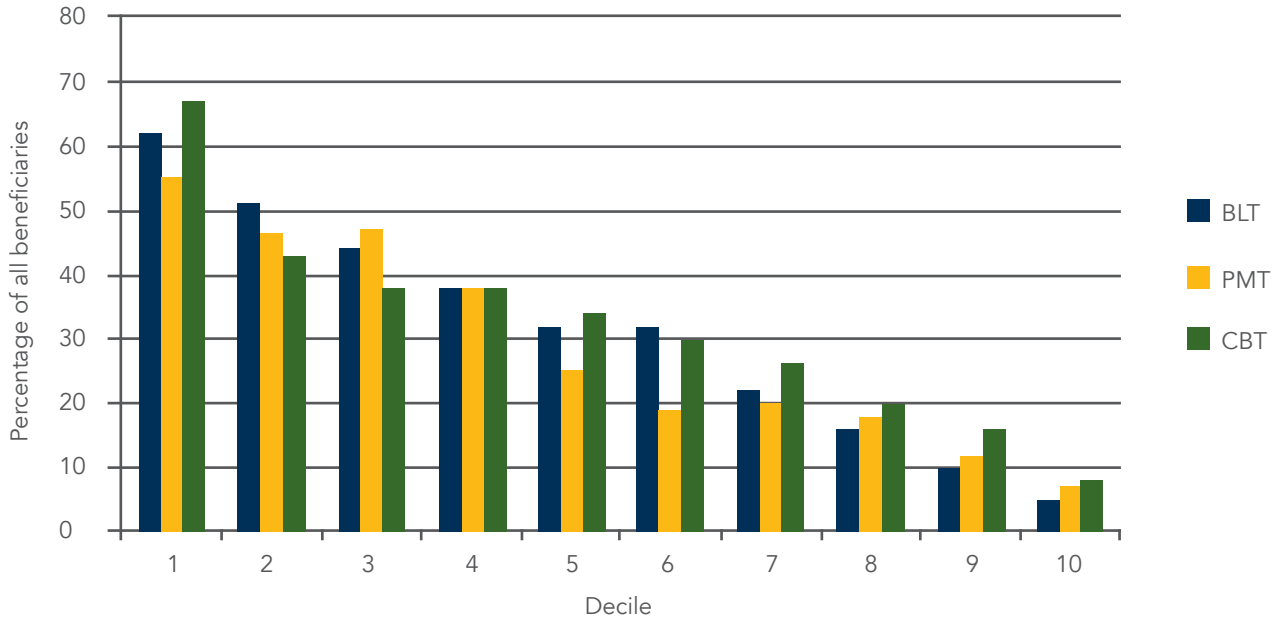


Source: Authors

Figure 27 compares a real scheme – the BLT cash transfer in Indonesia (which was provided in 2008 for 9 months as compensation for a cut in fuel subsidies) – with an experiment undertaken by the World Bank, using CBT and PMT. The WB experiment was at a small scale and did not include any “prize” so should have produced much better results than the BLT, as there was no reason for people to falsify their answers or the selection. Coverage was around 30% in all cases. In reality, all three mechanisms performed about the same. However, the CBT probably found it easier to identify those living in destitution, but less easily differentiated between the rest of the community, who would be much more similar. All, however, excluded the majority of the population in the poorest 30%, their target group.

¹⁸ DFID (2013).

Figure 27: Comparison of efficacy of selection mechanisms in Indonesia: the BLT programme and an experiment with CBT and PMT undertaken by the World Bank



Source: Authors

3.2.4 Quotas

Some countries use quotas for geographic area to limit access to benefits, when using poverty targeting. Examples are Brazil's Bolsa Familia programme and Malawi's SCT: Brazil limits the number of beneficiaries in each community while Malawi provides the benefits to 10% of the population in each community. In the case of Brazil – which uses an unverified means test – the quota system may be a key reason for the continuing high errors. It would be expected that people under-declare their incomes, yet only a fixed proportion of people are able to enter the programme. Given that 49% of eligible beneficiaries are excluded from the programme,¹⁹ it suggests that the scheme may prioritise those who can either more effectively “game” the system or are less vulnerable and, therefore, more able to get to the front of the queue.

When quotas are set at a specific ratio across all communities – as in Malawi – then there is a bias against poorer communities which, in reality, are likely to have a higher proportion of people living in poverty than more affluent communities. Also, as discussed for Bolsa Familia, in all quota systems, the more disadvantaged members of communities are likely to lose out in the race for accessing benefits, which is discussed further in the session on implementation. Quotas also place a significant burden on front-line staff or community leaders, since they are often given the responsibility of selecting a lucky few from among the many who are eligible. Quotas are another example of rationing, rather than targeting, in selection processes.

¹⁹ Soares et al (2010)..

Box 9: Assessing individual entitlements using household wellbeing

Simplistic assumptions can lead to individual entitlements – such as pensions and disability benefits – being assessed against the incomes of others, such as other members of their household. This can deny applicants the right to social security, which is an individual right. Household-based targeting does not take into account the intra-household distribution of wealth and income and can have implications for vulnerable individuals, in particular those unable to generate independent incomes, such as people with disabilities (including those in old age). Such individuals are denied access to social protection schemes if they are in households assessed as non-poor and, therefore, ineligible. Many countries take a very different approach by providing individual benefits such as old age pensions and disability benefits and assessing only the individual income and not that of the household.

In some countries – such as Kenya and Fiji – government policy insists that households can only receive one social protection benefit. This can result in vulnerable people being excluded from schemes, due to their residence in a household in which someone else receives a benefit. In the context of individual benefits, restricting the number of recipients in households appears to be based on a weak logic, including the belief that benefits are equally shared within the household. Some countries place no restrictions on the number of benefits that can be received by a household, as long as members of the household fulfil the eligibility criteria. In South Africa, for example, households can receive multiple social grants, since schemes are directed at individuals.

Source: Authors

3.3 SELF-TARGETING

Another option is self-targeting, when people themselves decide whether to join a scheme. In some workfare schemes – such as India's NREGA – people can decide to join the scheme, but wages are kept low so that, in theory, only those who really need the cash participate. Often, though, larger households send their spare labour capacity – often young men – while small households with insufficient labour capacity cannot afford to join the scheme. This process is explained well in McCord (2005).

There are other means of self-targeting, such as providing inferior goods: for example, Bangladesh sells poor quality rice in its Open Sales programme, which is only really accessed by those living in poverty (and there are also long queues to dissuade people who are not desperate).

Self-targeting sometimes works in universal schemes: often the rich don't participate, because it is not worth their while. In Nepal, the lowest coverage of the pension is among those in Kathmandu, where people are better-off and the value of the pension is too low to make it worthwhile.

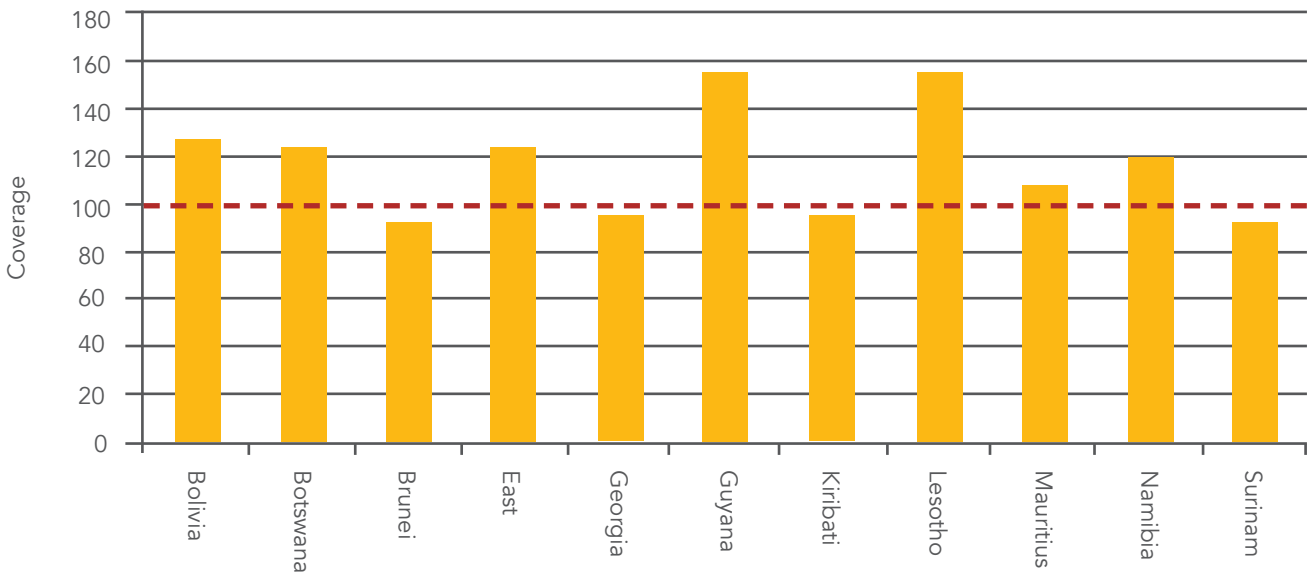
3.4 CATEGORICAL TARGETING

Lifecycle social protection programs by definition adopt an approach to targeting that establishes eligibility on the basis of specific geographical or demographic characteristics (e.g. age, household composition, individual conditions such as an illness, disability or widowhood). In many occasions categorical targeting is combined with forms of economic targeting: for example a number of cash transfers in Africa target selected categories (vulnerable children, elderly, PwD, single women) but also adopt additional economic targeting "filters" in the form of PMT or CBT to restrict access to the poor – or at least non-rich – households (see next Section). In some cases access is provided on a universal basis to all households or individuals falling in the determined category (e.g. social pension, universal disability or child grant).

3.4.1 Efficacy of programmes offering universal categorical access

A big advantage of a universal categorical scheme is that its design and implementation is simple and Figure 28 provides examples of coverage of intended beneficiaries of social pension programmes in developing countries. Exclusion errors are very low: the problem seems to be that there are more people in the schemes than are eligible (probably because younger people access the schemes). However, on a measure of Incidence, the programmes could be made to look quite bad, since the majority of benefits probably do not go to those in the poorest 40%: but the vast majority would, as explained earlier, still be in need of the support.

Figure 28: Coverage of universal pensions when compared to the population eligible for the pensions²⁰



Source: Authors

Universal categorical targeting approaches do not perform significantly worse compared to other economic targeting approaches (PMT or CBT) in selecting the poor. Brown et al. (2016) simulate the performance of PMT and traditional categorical targeting approaches for 9 African countries (Figure 30 below).

²⁰ Source: Kidd and Hossain (2015).

Figure 29: The performance of targeting approaches in African countries

	NIGER	NIGERIA	TANZANIA	UGANDA	MEAN
Universal (basic income)	0.177	0.169	0.183	0.168	0.171
Basic PMT covariates					
Basic PMT					
Categorical Targeting					
Elderly 65+	0.185	0.182	0.185	0.171	0.181
Widowed or disabled	0.192	0.181	0.187	0.174	0.182
Elderly, widows & disabled	0.182	0.180	0.188	0.169	0.180
Children under 14 (max 3)	0.179	0.169	0.178	0.165	0.170
Elderly, widows, disabled & children	0.179	0.170	0.183	0.163	0.171
Female heads with children	0.191	0.190	0.179	0.166	0.185
Shock: drought, flood or livestock death	0.192	0.196	0.196	0.197	0.196

Source: Brown et al. (2016)

When judged in terms of the impact on poverty for a given budget (equal to the aggregate poverty gap), they find that PMT “does only slightly better on average than a universal basic income” and “simple demographic “scorecard” method can do almost as well as econometric (PMT) targeting in terms of the impacts on poverty. Indeed, on allowing for likely lags in implementing PMT, the simpler categorical targeting methods perform better on average in bringing down the current poverty rate. This conclusion would undoubtedly be strengthened once the full costs of fine targeting are taken into account.” (Brown et al. 2016).

They conclude that, “while categorical targeting does not have quite as much impact on poverty as the Basic PMT, it clearly comes close and is simpler and more transparent”.

3.4.2 Options for reducing coverage in lifecycle schemes

Lifecycle social transfer programmes offer a range simple design options for reducing coverage (hence cost), in the form of a more narrow definition of the eligible categories. For example, in the case of old age pensions and child benefits, decisions can be taken to change the age of eligibility. So, for example, a number of old age pensions are offered on a universal basis, but with an age of eligibility that is above 60 years. Georgia, for example, offers its pension to all women over 60 years, but only to men over 65 years. To a degree, Vietnam has adopted this approach by initially limiting its Social Allowance for Older Persons to those over 90 years and gradually reducing it to 85 years and then 80 years (and lower in some Provinces), although it has been combined with “pension-testing” (see below). Nepal offered its pension initially at 75 years and it was reduced after a number of years to 70 years (and 60 years for some categories of the population). Similarly, a Child Benefit could be offered initially to younger children: South Africa, initially offered its Child Support Grant to children under 7 years, gradually increasing the age of eligibility to 18 years (although the programme also uses means-testing).

Another simple method of limiting coverage is to focus schemes on particular geographic areas, while providing the programme to everyone in the category living in that area. When geographic “targeting” is used, programmes often prioritise the poorest regions or districts in a country. However, geographic targeting should be used as the first stage of a gradual expansion across a country.

In disability benefits, it is possible to reduce coverage by focusing on those with more severe disabilities. However, this is relatively complex to undertake and will be discussed further in the next section on implementation.

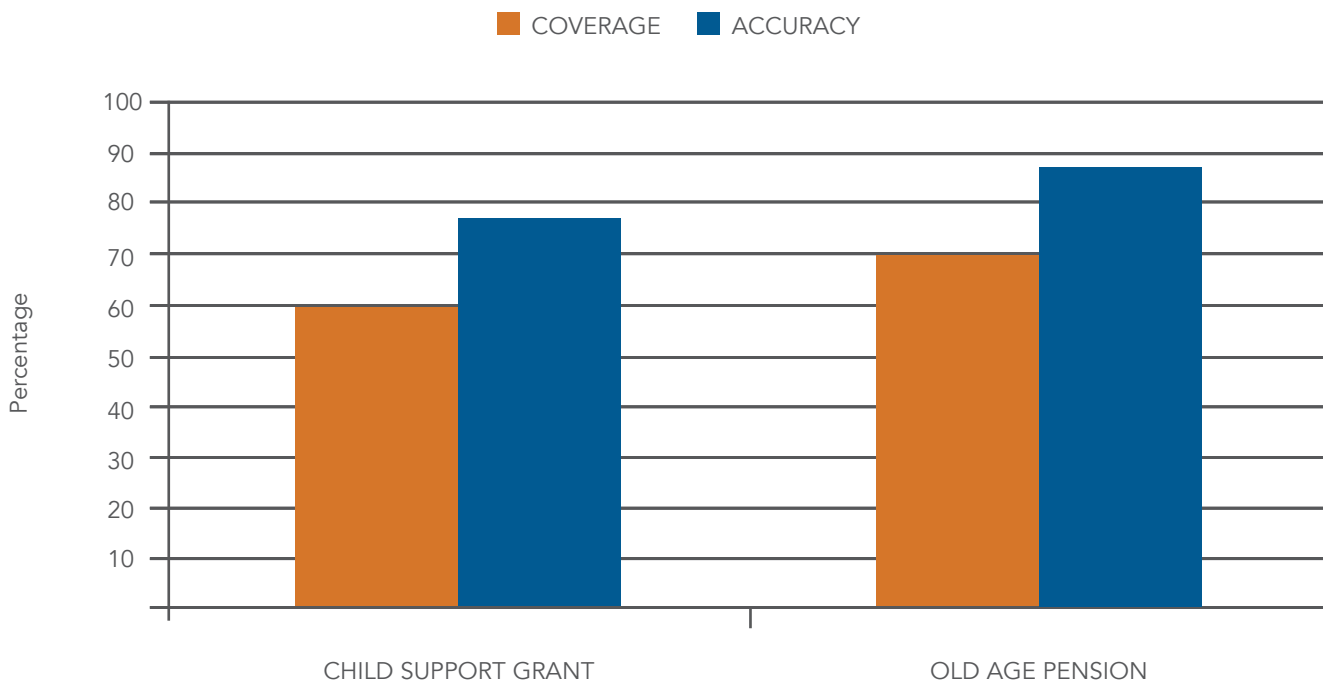
3.5 HYBRID APPROACHES THAT COMBINE CATEGORICAL AND ECONOMIC TARGETING

Even life cycle based systems may include a form of poverty/economic targeting, to identify people in need at a certain stage in the life cycle and weed out the ones considered undeserving/not in need. This is very common in Africa, where most social assistance programmes adopt life-cycle characteristics as a primary selection criteria, and combine them with economic selection criteria as a way to ensure a stronger orientation towards the poor. The use of poverty targeting in combination with categorical targeting is subject to all the challenges and limitations discussed above when the objective is to “select the poor”. Instead, economic targeting can perform more effectively where it is conceived as a mechanisms to “filter out the rich”, de facto creating grounds for a “quasi-universal” coverage. This is an approach that is being explored in some African countries (e.g. Zambia, Lesotho, perspectives in Mozambique) whereby economic targeting is combined with categorical targeting for life-cycle programmes in the form of a so called “affluence testing”.

3.5.1 Affluence testing

As noted above, the efficacy of poverty targeting varies depending on coverage. A number of countries take the policy choice to have higher coverage and focus on excluding the most affluent rather than trying to identify those living in the greatest poverty. “Affluence testing” is likely to be easier to design than mechanisms to identify those living in poverty. South Africa does this with its unverified means test, setting the income eligibility levels at a high value, so that most people qualify. Figure 30 indicates the targeting efficacy of South Africa’s old age pension and Child Support Grant. Coverage is relatively high and the accuracy – in terms of the proportion of the intended group is included – is also high.²¹ Under an Incidence measure – i.e. the proportion of benefits going to poorest 40% of category – they would not be assessed so well. But, their effectiveness is very good. In reality, most of the errors in South Africa are likely to be due to problems during implementation, which are discussed in the next section. It should also be noted that the South African government has decided to make its pension universal in 2015, since it is administratively too much effort to withdraw the pension from a few people.

Figure 30: Coverage and selection accuracy of South Africa’s old age pension and Child Support Grant



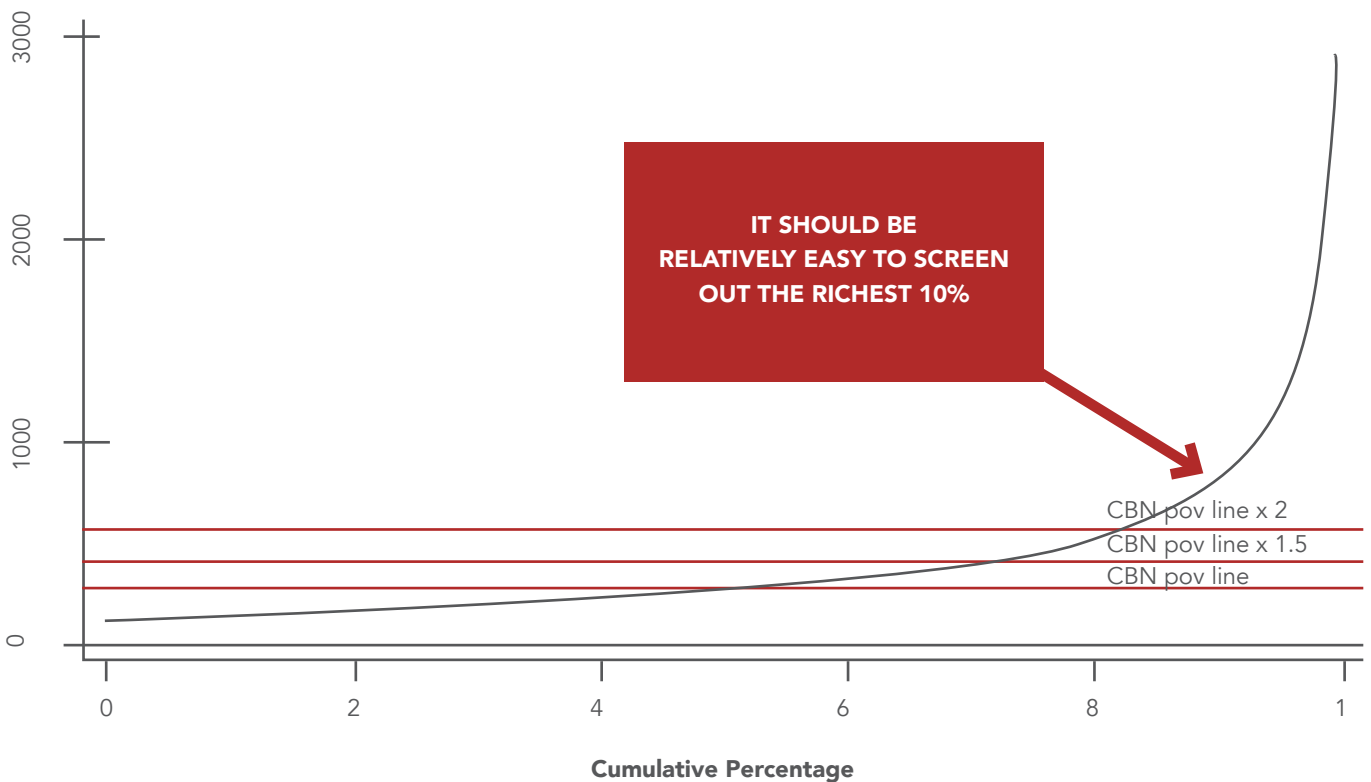
Source: Authors

²¹ UNICEF and SASSA (2014) and Samson et al (2007).

DESIGN CHOICES IN SELECTION PROCESSES

Figure 31 shows the distribution of households in Lesotho in terms of their relative wealth, from poorest to richest. As noted earlier for Bangladesh, while the distribution is relatively flat across the majority of the population, it steepens as it reaches the most affluent. At this point, it should be easier to differentiate between the most affluent and the rest of the population, using relatively simple criteria. For example, assessments could be made on the basis of income tax declarations or social insurance contributions.

Figure 31: Distribution of expenditure in Lesotho, illustrating potential of affluence testing

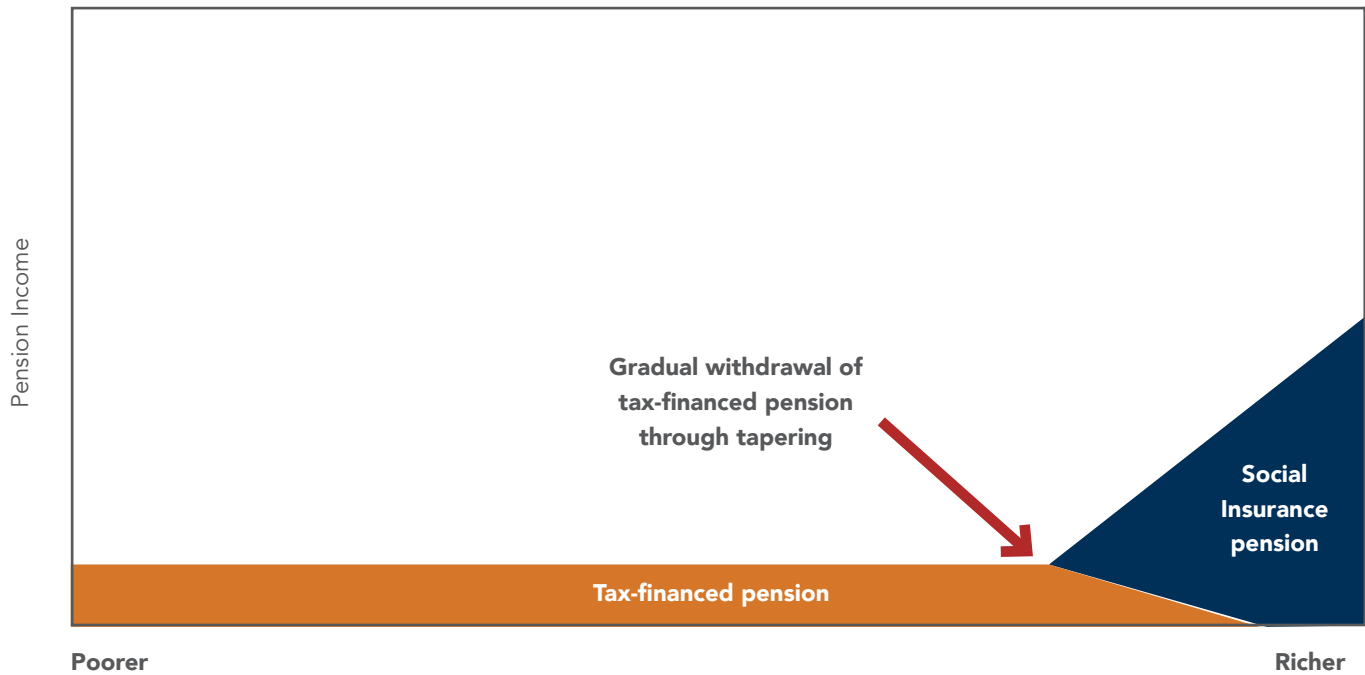


Source: Authors

3.5.2 Pension testing

There are other options for excluding the most affluent through relatively simple methods. One option is pension testing. In effect, this means that those already in receipt of a public pension – such as a civil service or social insurance pension – would not be able to receive a tax-financed scheme. However, if the value of tax-financed pension is similar to those of the lowest contributory schemes, pension-testing could create disincentives for people to enter contributory schemes. One means of reducing the disincentive effect is to introduce a form of tapering, as in Figure 32. The tax-financed pension would be gradually withdrawn from those who have the contributory pension, with the rate of withdrawal increasing as the value of the contributory pension rises. Chile uses a form of tapering to withdraw its social pension from recipients of contributory schemes, with the rate of withdrawal at a ratio of 3:1.

Figure 32: Model of pension-testing with tapering



Source: Authors

Table 3 indicates the impact of a withdrawal ratio of 5:1 on a Tier 1 pension of \$300 per month. Those with a contributory pension of \$100 per month would have \$20 withdrawn from the tax-financed pension, receiving a total of \$380, while those with a contributory pension of \$500 would have \$100 withdrawn, obtaining a total pension income of \$700 per month. Anyone receiving \$1,500 or more would not benefit from the Tier 1 pension. Of course, if administrative capacity is limited, withdrawals could be done more simply: in the Maldives, for example, anyone in receipt of a contributory pension receives 50% of the Tier 1 universal pension.

Table 3: Impact on overall pension income of a withdrawal ratio of 5:1 from the contributory pension, assuming a taxfinanced pension of \$300 per month

Contributory pension income (\$)	Amount of Tier 1 pension withdrawn (\$)	Overall pension income (\$)
0	0	300
100	20	380
500	100	700
1,000	200	1,100
1,500	300	1,500

Source: Authors

3.6 OTHER CHALLENGES WITH POVERTY TARGETING

There is a range of other challenges with poverty targeting which go beyond accuracy. These are summarized below.

3.6.1 Administrative costs

Selection processes to identify people living in poverty are, necessarily, much more complex than those offering categorical access. They require many more steps to be taken, much more information to be captured and transferred, and many more people involved. For example, the proxy means test requires a large amount of information to be captured – which is often difficult to obtain – and large numbers of enumerators while a universal pension essentially requires only one piece of information, a person's age. Therefore, administrative costs are, necessarily, significantly higher with poverty targeting when compared to simple universal categorical schemes. The costs of selection also vary depending on the frequency of recertification, which will be discussed in the next section.

As a matter of fact in the context of widespread poverty of many African countries targeting becomes essentially an issue of rationing. With limited budget none of the methods can be considered to perform especially well from the perspective of economic targeting. Hence cost – together with social acceptability – should be a determining factor in the choice of targeting approach. As Brown et al. (2016) put it “prevailing methods do not reliably reach the poorest. The costs of each method in practice may then be decisive in the choice.”

3.6.2 Perverse incentives

Social protection schemes should be designed to encourage people to engage in the labour market and invest in income-generating activities. They should not encourage people to remain in poverty. However, a significant concern with poverty-based selection processes is that they can create disincentives for people to engage in work. In effect, people are told by the state that they will only receive benefits if they remain “poor.” So, if the benefit is set at a rate that is similar to real wages, people may be tempted not to work: if they do take work, they will lose their benefit while only receiving a small increase in income. The effective “marginal rate of taxation” is, therefore, very high. The Box below provides a simple explanation of how perverse incentives can function.

Box 10: Poverty-based election and disincentives to work - a simple illustrative example

Let us assume that a country provides families with young children with a social protection benefit of \$10,000 per year. The type of selection mechanism used is likely to have a significant impact on the actual incomes of those families. In a country that sets the income eligibility threshold at \$10,000, a family earning \$9,000 would receive an income of \$19,000. However, a family earning \$11,000 would have the entire social protection benefit withdrawn – an extremely high marginal rates of taxation – leaving them with only their income from work, in other words \$11,000. It would make sense for them to work less and earn \$9,000 since this would increase their income to \$19,000.²²

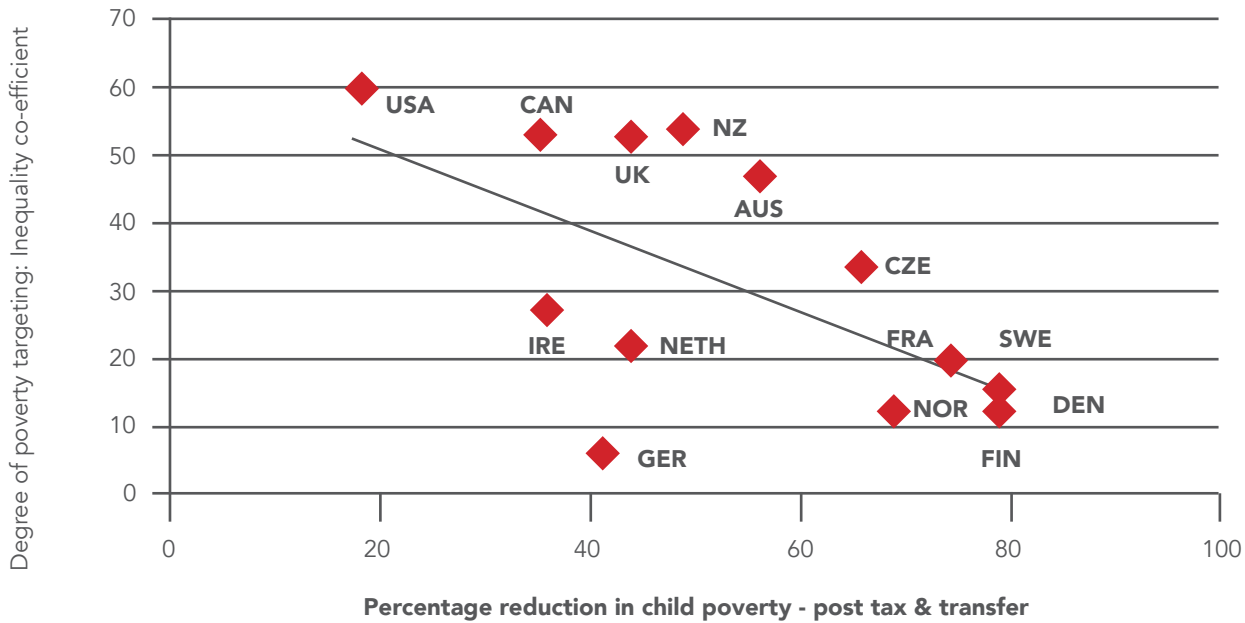
In contrast, in a country providing universal benefits, a family earning \$9,000 would have an overall income of \$19,000 while a family with an earned income of \$11,000 would have an overall income of \$21,000. There would be no disincentive to work. Instead, work would guarantee a higher income.

In contrast, if benefits are provided on a universal basis, this should create no disincentive to work, assuming the transfer is set at an appropriate level. Even if people increase their income significantly, they will never be punished by the loss of their benefit.

²² Some developed countries try to use some form of tapering to reduce the benefit gradually and lower the marginal rate of taxation. However, this is very challenging to implement and, even in developed countries, can fail.

There is good evidence from developed countries of poverty-based selection creating perverse incentives. Figure 34 indicates that, in developed countries, there is a strong negative correlation between poverty-based selection and success in tackling child poverty (with the “inequality coefficient” measuring the degree of poverty-based selection: the higher the co-efficient, the greater the level of poverty selection²³). It is evident that countries providing more universal access to social protection schemes – such as Sweden, Norway, Denmark, Finland, France and the Czech Republic – tend to have lower levels of poverty than countries committed to selecting only poor families and children (mainly the Anglo-Saxon countries).

Figure 33: Relationship between level of poverty targeting and the percentage reduction in child poverty²⁴



Source: Authors

A key reason for the correlation between greater poverty-based selection and lower impacts on child poverty is that the poverty-based selection creates disincentives for young mothers to work, reducing incomes and impacting negatively on children. This is a significant challenge in Anglo-Saxon countries. In contrast, in countries with more universal transfers – such as the Nordic countries – if women enter the workforce, they are not punished by the withdrawal of transfers. A recent paper by the Hirsh and Hartfree (2013) explains how reforms to the British social security system are continuing to create perverse incentives despite their aim of reducing them.

There is also evidence that tax-financed pensions using poverty-based selection can undermine contributory pension schemes. In both Australia and South Africa – where the more affluent are barred from the tax-financed pensions – members of contributory pension schemes have withdrawn their savings as lump sums before retiring, rather than converting them into a regular pension. As a result, they throw themselves into poverty so that they are able to claim the state’s means-tested pension.²⁵ This perverse incentive may well explain why Australia has the highest rates of old age poverty among developed countries whereas New Zealand – which uses a universal pension – has the lowest.²⁶ In New Zealand, all older people can receive both the universal state pension and contributory pensions, without punishment. However, as noted earlier, New Zealand claws back some of the cost of its universal pension from the tax system, a more sensible approach for reducing costs than Australia’s. minimum pension in a contributory scheme, why would people save for many years only to find that they receive the same value of pension as people who have never saved but qualify on the basis of having a low income? If this happens, it could well undermine the extension of contributory pension schemes to the informal sector in developing countries.

²³ See Whiteford and Adema (2007) for a more detailed explanation.

²⁴ Source: Whiteford and Adema (2007)

²⁵ Sass (2004) and Samson et al (2007)

²⁶ Kidd and Whitehouse (2009).

In developing countries there is little evidence of perverse incentives being created by Poor Relief schemes. However, this is probably the result of poor quality selection processes. A high proportion of scheme recipients are already “inclusion errors,” in other words too well off to receive the programme. Furthermore, given the infrequent re-selection that is mentioned above – sometimes up to every ten years – recipients are unaware that they can be removed from schemes if their incomes improve. Indeed, given that schemes such as the proxy means test do not directly measure incomes, any increase in income may not be registered, if it has not been converted into changes in relevant assets or proxies. Nonetheless, there is recent research from Georgia by the World Bank that indicates that mothers of young children are withdrawing from the labour force, in response to the proxy means test: they apparently do not want to increase their incomes for fear of being excluded (Kits et al 2013).

In Ethiopia’s Productive Safety Net Programme (PSNP) – which uses relatively frequent community poverty-based selection – it is evident that the contribution of “own production” of beneficiaries to overall consumption has fallen considerably between 2006 and 2010 (Berhane et al 2011). Indeed, overall consumption among recipient families has reduced as a result of being on the scheme (Tafere and Woldehanna 2012). The reasons for this are unclear. It may be that the poverty-based selection of the PSNP is creating perverse incentives to reduce their production or it may be that demand to engage in public works is reducing the ability of families to engage in their own income-generating activities. Given that the latter challenge would have been present in both 2006 and 2010, it may well be that that the perverse incentive created by the selection process is the main factor.

There is no evidence of schemes providing universal access creating perverse incentives as a result of their selection process. Indeed, there is no reason why they should. As indicated earlier, the evidence from developed countries is that universal access facilitates the entry of recipients into the labour market. In developing countries, the only social protection programmes providing universal access are old age pensions and there is evidence of many older people – and their families – actively using their transfers for income generating activities.²⁷

3.6.3 The moral costs of selection methodologies

Sen (1995) argues that poverty-based selection processes implicitly reward dishonesty and cheating. If the non-poor can successfully lie about their income – or, in the case of the proxy means test, the assets they possess or their characteristics – they are rewarded by the state with access to a social protection programme. Given the rewards for deceit, cheating is common in poverty-based selection processes. In Malawi’s Social Cash Transfer programme, for example, 9% of households created “ghost” members, presumably to increase their chances of being selected for the programme.²⁸ A key reason for Mauritius’s move from poverty based selection to universal access for its old age pension in 1958 was because of complaints from those honestly declaring their income that they were losing out while those cheating the system were being rewarded.²⁹

There is no reason for people to lie about their income to access a universal benefit. They may, of course, lie about other criteria for access – such as about their age in the case of an old age pension – but, as noted earlier, this also happens in programmes using poverty-based selection. It is, however, easier to deal with in a universal programme since it is the only area of potential misreporting by applicants: with poverty-based selection, programme administrators have to deal with other potential areas of misreporting which are harder to verify, in particular on income.

The challenge that governments face by instituting poverty-based selection processes is that they may well incentivize moral degeneration across society, potentially undermining the social contract. It is evidently not in a nation’s interest to create a group in society that believes that “cheating the system” is an acceptable livelihoods choice.

²⁷ Croome (2006), Croome and Nyanguru (2007), RHVP (2007), Uprety (2010), Bukuluki and Watson (2012), Kidd (2011) and Ibrahim (2013).

²⁸ Miller et al (2008).

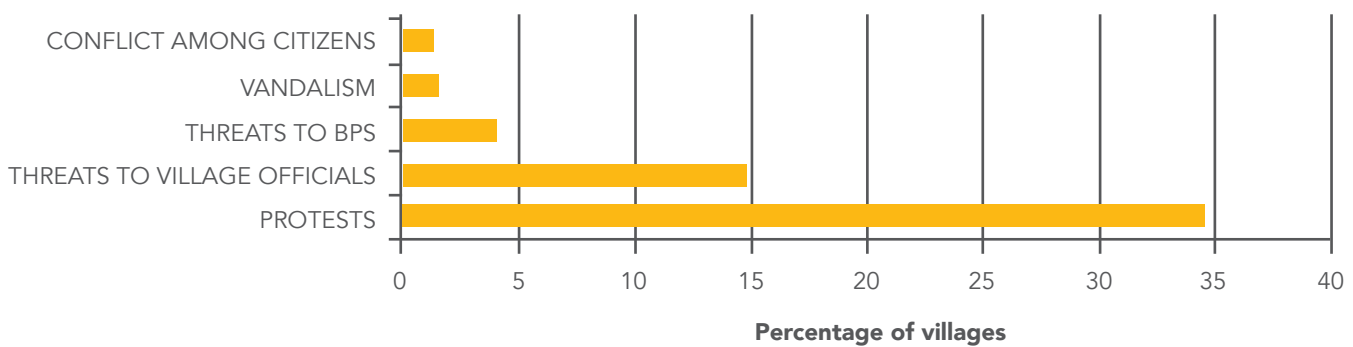
²⁹ Willmore (2006).

3.6.4 Impacts on community and social cohesion

There is strong evidence that selecting people for programmes on the basis of their poverty can undermine community cohesion. There are many examples of poverty-based selection causing social conflict in communities, in particular with proxy means tests.³⁰ In part, this is due to the relatively arbitrary nature of the proxy means test selection methodology – see Figure * - and its inaccuracy. Community members cannot understand why some poor people are selected while others are excluded. In Mexico and Nicaragua, non-recipients – many of whom are living in poverty – have remonstrated about their feelings of despair, frustration, envy, resentment and jealousy. In Mexico, Nicaragua and Indonesia, non-recipients have withdrawn their labour from voluntary community activities.³¹ There is evidence of direct conflict: for example, in some communities in Mexico, when Progreso recipients were cleaning the streets, the nonrecipients threw rubbish; in others, fences mended by recipients were subsequently knocked down by non-recipients.³² In Kenya’s CT-OVC programme, the absence of significant discord in communities following the selection of recipients using a proxy means test was due to programme administrators deceiving those excluded by telling them that they would be incorporated into the programme in the near future.³³

As Figure 34 indicates, Widjaja (2009) found significant challenges in Indonesia when the BLT programme – which used a form of proxy means test – was rolled out. Protests about the selection process took place in around 30% of villages. Indeed, Cameron and Shah (2011) found that crime increased by 5.8% as a result of the poverty based selection process. In a community visited by Hannigan (2010), the initial distribution of the Indonesia PKH programme – again, using a proxy means test – provoked stone throwing and the burning down of a building. Similar problems have been found in Lebanon where the introduction of proxy means testing led to riots in some refugee camps.³⁴ In Lesotho, community tensions were reported in relation to the implementation of the PMT for the CGP programme (which has not happened with the country’s universal pension).

Figure 34: Incidence of conflict and other challenges during Indonesia’s BLT programme



Source: Widjaja (2009).

³⁰ Adato (2000), Adato et al. (2000), Adato and Roopnaraine (2004), Widjaja (2009), Ellis (2008), Hobley and Paudyal (2008), Mgemezulu (2008), Huber et al (2009), Hannigan (2010), Kidd and Wylde (2011a), Cameron and Shah (2011) and Hossain (2012)
³¹ Adato (2000), Adato et al. (2000), Adato and Roopnaraine (2004) and Hannigan (2010).
³² Adato (2000).
³³ Calder et al. (2011).
³⁴ Kidd et al. (2011).

DESIGN CHOICES IN SELECTION PROCESSES

Indeed, there is good evidence of communities across developing countries opposing selection on the basis of poverty. In Asia, Africa and Latin America, communities often claim: “We are all poor here.”³⁵ In Malawi, for example, a community argued: “We are one group of people therefore targeting some and leaving out others is not right.”³⁶ Indeed, there are many instances of communities subverting selection processes by redistributing benefits to everyone.

All of these examples of conflict relate selection of all recipients on a large scale, at one period. It is possible that when poverty selection is done on an on-demand basis – and the recipients are not so obvious – that impacts on social cohesion may be reduced

Evidence, on the contrary, does suggest that universal schemes are popular within communities, even when specific categories of the population are chosen. The evidence available refers to old age pensions where it has been noted that schemes are successful in strengthening the social networks of older people.³⁷

A further social cost of poverty-based selection is the stigmatization of potential recipients, as noted by Sen (1995) and Grosh et al (2008). Sen (1995) argues that: “Any system of subsidy that requires people to be identified as poor and that is seen as a special benefaction for those who cannot fend for themselves would tend to have some effects on their self-respect as well as on the respect accorded them by others.” In Malawi’s Social Cash Transfer programme, some beneficiaries found the process of making their names public to be very painful.³⁸ In the Nepal context, Jha et al (2009) have noted how community-based selection can result in greater stigma of those chosen. In fact, Hobley and Paudyal (2008) found evidence of people manipulating wealth-ranking processes to avoid being labeled as “poor” since this affects the social status of the household and their daughters’ marriage chances

As entitlements, universal schemes are believed to strengthen the social contract between government and citizens. The universal pension in Mauritius is believed to have played a key role in enabling the country to overcome its racial divisions and accept structural reforms as it moved from a mono-crop economy to become Africa’s most successful economy.³⁹ The old age pension in Nepal is believed to have contributed to the country overcoming its civil war, since it was one of the few services that could reach conflict areas and demonstrate a commitment from central government. Following the fall of the former Yugoslavia, the residents of Kosovo were left without access to pensions, with pension funds remaining in Serbia. A universal old age pension was established – under the mandate of the United Nations – which is likely to have helped the residents overcome the scars of civil war (Gubbels et al 2007).

³⁵ See: Kidd (1999), Adato (2000), Adato et al (2000), Adato and Roopnaraine (2004), Mgemezulu (2008), Huber et al. (2009), Ellis (2008) and Hannigan (2010).

³⁶ Mgemezulu (2008).

³⁷ Neves et al (2009), Knox (2009), Uprety (2010), Kidd S.D. (2011), Barrientos and Lloyd-Sherlock (2011) and Bukuluki and Watson (2012)

³⁸ Miller et al (2008).

³⁹ Subramanian and Roy (2001).

3.7 TAKE-AWAY LESSONS

- Economic or poverty targeting is associated with methodological and measurement challenges in the context of widespread and dynamic poverty in Africa: it leads to large targeting errors if the objective is to target the poor, or the ultra-poor
- The most commonly used approach to poverty targeting (Proxy Means Test) can contribute to reducing inclusion errors, but that comes at the cost of lower coverage and the exclusion of larger numbers of the poor. “Success at avoiding leakage to the non-poor comes with seemingly weak coverage of poor people—a high rate of exclusion errors. In other words, the method helps exclude the poor as well as the non-poor.”
Brown et al. (2016)
- Categorical targeting approaches can achieve almost the same poverty reduction effects as economic targeting approaches, but they are simpler, less expensive, more transparent and more socially acceptable.
- Categorical programs can be combined with poverty targeting approaches to be used as a “corrective way” to minimize inclusion of “the rich” (e.g. pension test or affluence test)

4

IMPLEMENTATION OF SELECTION PROCESSES IN SOCIAL PROTECTION SCHEMES

This section of the module examines the final stage in the selection process, which is the implementation of the selection process. Often, little attention is given to this stage in the process but, in reality, many errors can occur at this point. These can be the result of weaknesses in delivery, which can introduce barriers, but they are also the result of “weaknesses” on the part of applicants, in particularly those experiencing social exclusion.

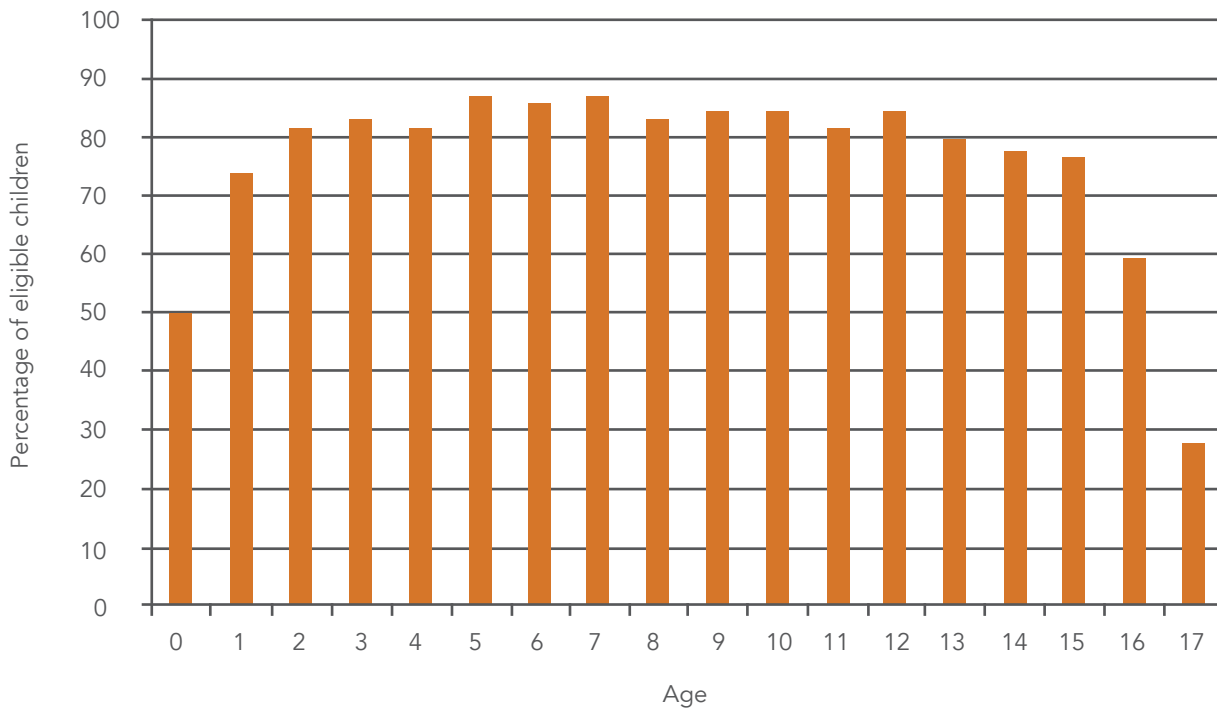
The more complex the registration mechanism, the more likely that people will find it difficult to navigate the process and access the scheme. The simplicity of universal programmes is one reason for the low exclusion errors in these schemes.

Box 11: Example of exclusion during implementation

Even social protection schemes that are regarded as having effective implementation systems and which use relatively simple selection designs can incur exclusion errors during implementation. Figure 36 shows the exclusion – by age – of eligible children in South Africa’s Child Support Grant, which uses an unverified means test (it is not the exclusion of all children but only those who are eligible). The largest exclusion is among the youngest and oldest children. But, among other children, exclusion is still around 15% of those who are eligible. The main reason for exclusion among the youngest is lack of birth certificates – to be discussed later – and the challenges faced by new parents in registering children: the main reason for exclusion among older children is that they were not on the scheme when it was restricted to younger children and so have not entered it as they have grown older.

Box 11: Continued

Figure 35: Inclusion and exclusion of eligible children from South Africa's Child Support Grant, by age⁴⁰



Source: Authors

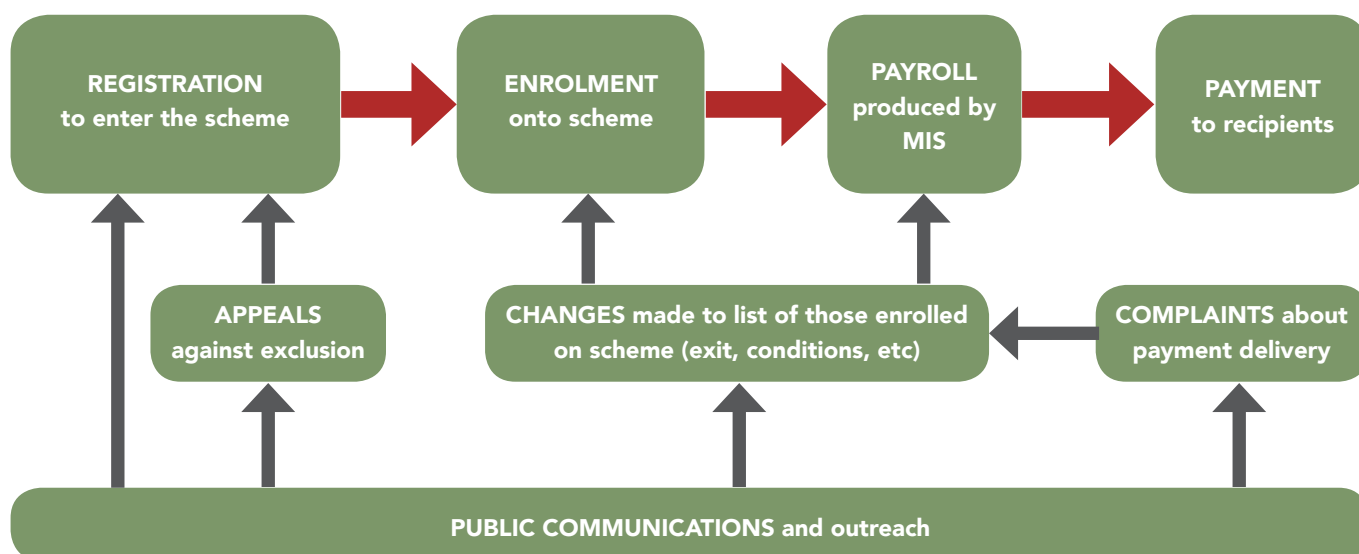
4.1 IMPLEMENTATION OF SELECTION AS PART OF THE OPERATIONAL PROCESS

The implementation of selection & identification mechanisms is the fourth stage of the selection process. It is a key component of the operational cycle of a social protection programme, as outlined in Figure 36. It can be understood as the administrative implementation of selection policy and involves a series of operational steps:

- Registration, or the collection personal data from applicants – such as age, disability status and income/wealth.
- Identification, Verification and Validation that consists in verifying the accuracy of data submitted and assessing whether it complies with the programme's eligibility criteria.
- Enrolment, or the recording digitisation of an individual or household's personal data within the programme's Management Information System (MIS), assuming that the programme has an effective MIS.

⁴⁰ Source: UNICEF and SASSA (2014)

Figure 36: An ideal depiction of the operational cycle of a social transfer programme⁴¹



Source: Barrett and Kidd (2015)

The complexity of the implementation of selection depends on a programme’s selection policy, which is set out in its eligibility criteria. Eligibility criteria for cash transfer programmes tend to involve combinations of geographic, political, demographic, social and economic indicators. Relatively simple programmes such as universal child grants or pensions might only require data on age and citizenship to be collected whereas more complex selection mechanisms require additional information. For example, a poverty-targeted scheme for orphaned children in a specific age bracket may require data on citizenship, age, sex, orphan status, household income, asset ownership, and school enrolment (as well as attendance on an on-going basis). Proxy means tests require a significant amount of information to be collected.

Therefore, during registration, verification and enrolment people need to provide a range of information to determine their eligibility. However, other information can also be collected for monitoring processes. Nonetheless, it is important to consider the costs of collecting information. Each additional piece of information takes time and is an additional cost. So, the amount of information should be limited to that which is strictly necessary.

4.1.1 Good practice in the implementation of selection processes

When designing a registration, verification and enrolment mechanism for a cash transfer programme, the following issues need to be considered:

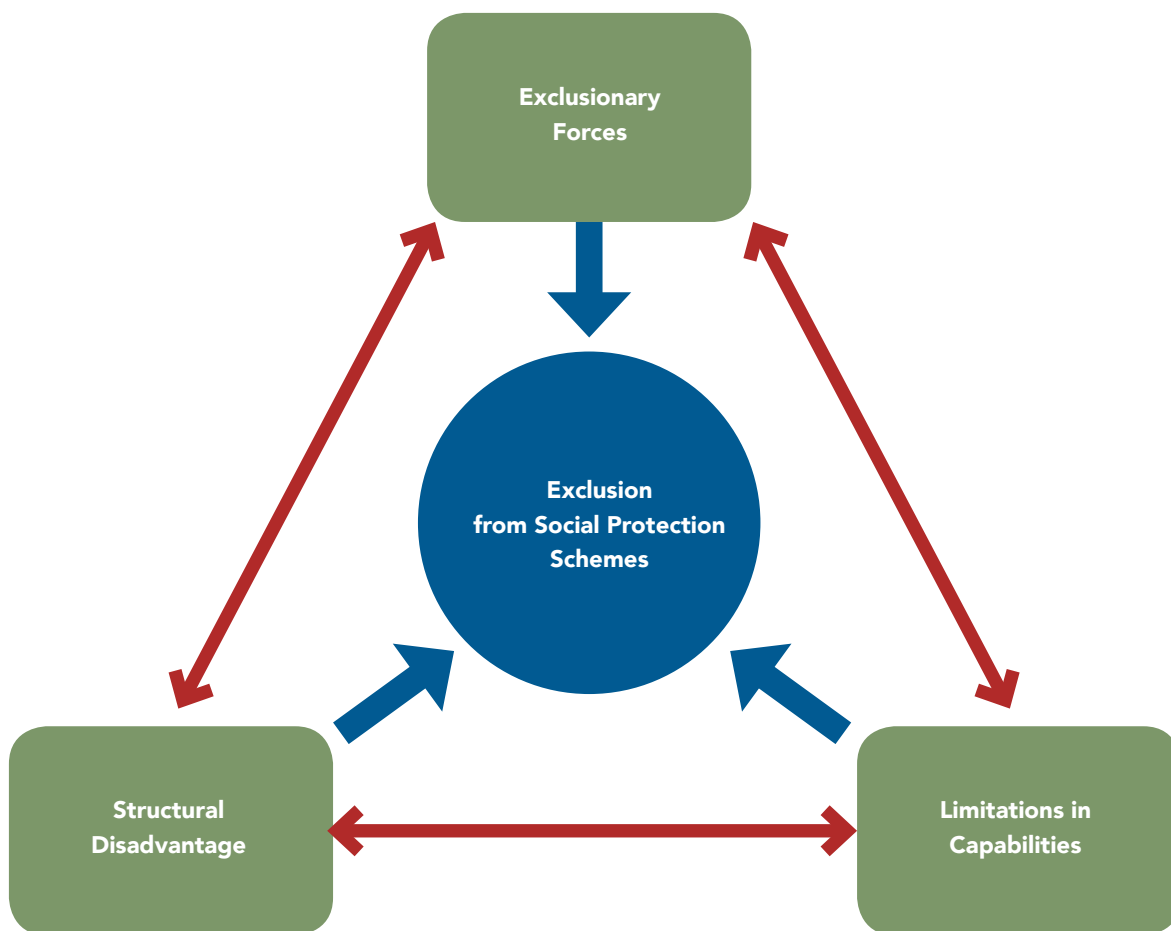
- Accessibility: mechanisms should be accessible to everyone and measures should be taken to ensure that the most vulnerable individuals and families have equal access.
- Robustness: Clear policies on acceptable forms of proof of eligibility for schemes should be established, such as identity cards or birth certificates. If these are not available, schemes need to develop alternative solutions.

⁴¹ Source: Barrett and Kidd (2015).

- **Auditability:** Since the implementation of selection processes determines who benefits from a programme, it is a key source of fiduciary risk. Registration, verification and enrolment mechanisms, therefore, need to be auditable, with clear accountability for decision-making.
- **Transparency of information:** All information held on applicants from registration to enrolment should be made available to them, if requested. This introduces an important check within the process, since officials who know that their work can be easily accessed are less likely to take advantage of applicants by falsifying information. However, individuals should be able to access information that is held on them.

4.2 SOCIAL EXCLUSION AND THE CHALLENGES OF ACCESSING SOCIAL TRANSFER SCHEMES

Underpinning much of the exclusion from social protection schemes are processes of social exclusion. Processes of social exclusion are found in all societies and determine access to public resources, not just social protection. Social exclusion can be understood as: the processes through which individuals or categories of the population are wholly or partially excluded from full participation in the society in which they live.⁴² As indicated by Figure 37, it comprises three distinct but interrelated dimensions: exclusionary forces, structural disadvantage and limitations in capabilities. While each of these components can, individually, generate exclusion from social protection schemes, when they intersect, the likelihood of exclusion is reinforced. Each dimension is described in more detail below



Source: Authors

⁴² The discussion of social exclusion draws chiefly on the following sources: (Hickey and Du Toit 2007; Zohir 2008; Silver 1994; Kabeer 2000; Bhalla and Lapeyre 1997; Babajanian and Hagen-Zanker 2012; Haan 1998; Rodgers, Gore, and Figueiredo 1995).

4.2.1 Exclusionary forces

Exclusionary forces often derive from prejudices held by more powerful members of society, as manifested in discriminatory practices, institutionalised biases against marginalised groups, blindness to the needs of vulnerable categories of the population (such as people with disabilities) and cultural and social practices that delegitimise claims. These exclusionary forces ultimately result in unequal power relations at all levels of society, influencing the framework within which national policies are made, while shaping the design of schemes and the practices of service providers at national and local levels. An example of exclusionary forces is provided in the box below, among the Adivasi people of Bangladesh. While exclusionary forces can be explicit and derived from deeply held prejudices, in many cases it is a lack of awareness of the needs of particular groups that drives exclusion.

Box 12: Exclusionary forces experienced by the Adivasi of Bangladesh

A study by Hossain (2011) in the Naogaon district of Bangladesh found that 92% of Adivasis were eligible for social protection schemes but only 8% were recipients. Government policy did not mandate or monitor the equal access to schemes by Adivasis and, at local level, they were subject to widespread discrimination. As a result, they found it difficult to access information on schemes; they suffered from labelling and stereotypes by those elites responsible for selection, such as being characterised as drunkards, nomads or already receiving support from NGOs and churches; they are excluded from participation in committees responsible for selecting beneficiaries; and, they do not have the local political connections that are necessary to access social protection in Bangladesh

Source: The Authors

4.2.2 Structural disadvantage

The exclusionary forces impacting on many people can both result in and be exacerbated by structural disadvantage experienced by particular categories of the population. Structural disadvantage can include inadequate infrastructure such as roads, weak communication systems (such as access to the internet), the absence of government and private sector services (e.g. banks), a greater likelihood of exposure to natural disasters, and lower levels of economic development. Often these structural disadvantages can be the result of geography or the reality that establishing infrastructure in more remote or physically challenging areas is more costly and, therefore, less likely to be prioritised by government. So, while structural disadvantage may not be caused by discrimination, the fact that public services are more distant and more costly to access can generate social exclusion.

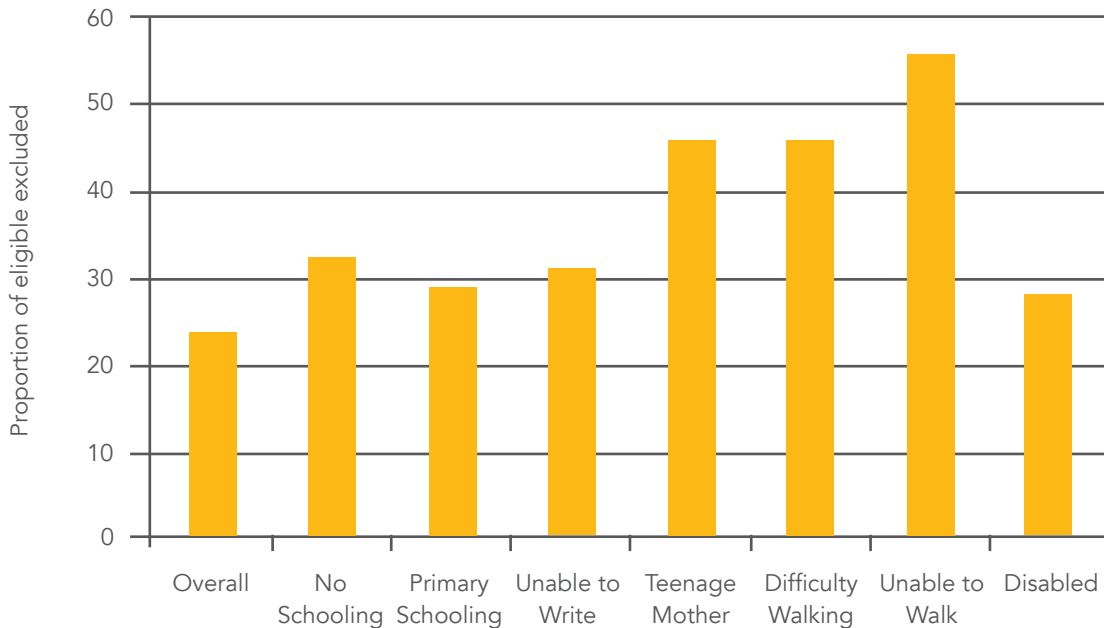
Structural disadvantages are not only physical. The absence of legislation to address discrimination – alongside effective agencies and structures to enforce legislation – can also be regarded as a structural disadvantage. For example, where equal opportunities legislation for groups such as women, people with disabilities or ethnic minorities is not in place, they may find it much more challenging to access public services and employment

Structural disadvantage can be inherent within social protection schemes themselves. Insufficient investment in management and administrative capacity and systems necessarily makes it more challenging for people to access schemes. Furthermore, the administrative capacity within social protection schemes often varies between areas and regions. For example, urban areas are likely to have services – such as registration points – that are closer to potential beneficiaries.

4.2.3 Limitations in capabilities

The third dimension of social exclusion relates to the capabilities of individuals to engage with public authorities and access public services. Those who experience greater limitations in capabilities will necessarily find this engagement more challenging. Limitations in capabilities can have many sources, including disability, ill health, levels of psychological wellbeing and self-confidence, exposure to domestic violence or abuse, care responsibilities for children or others, and levels of education, literacy and numeracy. Figure 36 illustrates how limitations in capabilities partly explain challenges in accessing South Africa's Child Support Grant, with higher rates of exclusion apparent among those experiencing greater limitations, such as those lower levels of education, people with disabilities and teenage mothers.

Figure 38: Rates of exclusion from South Africa’s Child Support Grant, for particular categories of the population



Source: UNICEF and SASSA (2014)

Nonetheless, experiencing a limitation in capabilities does not necessarily result in social exclusion: for example, many people with disabilities are able to engage effectively with authorities and access public services because their economic and social circumstances and relations enable them to effectively compensate for their disability; or, mothers of young children with strong care support networks – including supportive partners – are less affected by care responsibilities than single parents without such help.⁴³

Poverty can be regarded as both a limitation in capabilities and a factor exacerbating and accentuating existing limitations. People living on low incomes necessarily face greater difficulties in engaging with public authorities and accessing public services due to the fact that they are less able to pay for transport or fees and are often more constrained by time, since they may be working long hours, often in physically challenging occupations. However, those experiencing additional inherent limitations – such as a frail older person or a single mother with a young child – find their ability to address their limitations further diminished by low incomes.

4.2.4 Multiple disadvantage

Embedded within the concept of social exclusion is an understanding that people can experience multiple disadvantages. For example, a disabled female member of an ethnic minority living in poverty in a geographically remote area could experience disadvantage across all three dimensions of social exclusion, including discrimination, inadequate infrastructure and communications, and limitations in capabilities. Furthermore, these multiple disadvantages are likely to be exacerbated by poverty.

Indeed, in many respects, terms such as “the poor” or the “extreme poor” could be regarded as shorthand for social exclusion since poverty itself is often caused by multiple disadvantages.⁴⁴ So, when social protection schemes “target” people living in poverty, to a large extent they are using a relatively blunt instrument to reach those experiencing social exclusion, yet without a sophisticated analysis and disaggregation that can differentiate degrees of disadvantage.

⁴³The term “vulnerable” group is often misleading – and, potentially, discriminatory – since many people in such groups are not at all vulnerable: for example, while it is common to refer to older people as a “vulnerable group,” many older people are, in reality, some of the most powerful members of society (indeed, they often run countries). However, the risk of becoming vulnerable is higher for the elderly, in particular as they become increasingly frail. A similar argument can be made for women and people with disabilities, since they are often referred to as “vulnerable groups.”

⁴⁴For a discussion on how the term “the poor” can be regarded as an exclusionary term, see: <http://www.developmentpathways.co.uk/resources/poor-practice-stigmatisation-families-living-low-incomes/>

Box 13: An example of the challenges of some registration mechanisms

In many countries, people face significant challenges in overcoming the barriers in registration mechanisms and this justifies why this is an aspect of programme design that needs to be stressed. A study by Pellissery (2005) in the Indian state of Maharashtra provides a good example. Applicants have to navigate a complex administrative process, completing long application forms and obtaining documents from different offices. For many people – in particular the most vulnerable, living in the greatest poverty – this is an almost impossible task as they do not have the time available, the resources with which to “pay” officials, or the social and political connections to even successfully approach the officials for the required documents and approvals. Those facing greater limitations in their capabilities – such as those with limited education, older people or mothers caring for children – find it even more challenging, particularly when exacerbated by poverty. To have any chance of success, they have to pay brokers to intercede on their behalf, giving them between US\$6 and US\$25 to fill in the application forms and obtain all necessary documents, even for benefits that offer little more than US\$3 per month. Indeed, many cannot afford these fees, and fail at this first barrier.

Even when the brokers successfully obtain all the documentation to demonstrate that the applicant is eligible, a further significant barrier remains. All applications are presented to a Social Security Committee of local elites and politicians who make decisions based on their own political advantage or whether the applicant has a personal connection to someone on the committee. So, even though all applications are in order, it is common for only around 30 out of 100-150 applications to be approved in each committee meeting. The mechanism effectively serves as a form of rationing, with the most vulnerable the least able to compete.

Source: *The Authors*

4.3 APPROACHES TO REGISTRATION

Administrative systems for registration of beneficiaries can face several challenges in terms of ensuring access, which vary depending on the approach adopted. Although there are many types of registration process, it is helpful to make a simple distinction between two basic types of registration:

- **On-demand registration** (‘Pull’) expects applicants to visit a specific location to apply for a scheme (e.g. relies on households to go to a local welfare office to register and apply for benefits). Modern approaches to on-demand registration include the use of online applications or mobile phone apps (e.g. Argentina, Chile, and Australia). Some pull registration systems – such as Nepal’s social transfers – provide a limited window for applications while others – such as South Africa’s social transfers – allow on-demand registration, meaning that people can apply whenever they want.
- **A push** – or census – mechanism involves enumerators visiting all potential applicants to determine whether they qualify. Census-survey registration (‘Push’) entails a labour intensive approach by which all households in an area are interviewed (at selected intervals) and their eligibility assessed. Push mechanisms are often used with PMTs. Pakistan BISP’s scheme undertook a census of the entire population in 2009, costing US\$60 million. To reduce costs, Indonesia visited 40% of households in 2011, again at a cost of US\$60 million. The selection of these 40% of households introduced a range of selection errors.

A third approach to ‘data collection’, implemented in conjunction with one of the two above to ensure registration, is increasingly being used in some countries (e.g. Chile, Turkey) implementing social registries: the integration of data from existing databases, including – potentially – a country’s Civil Registry, Tax Registry, Land Registry, Education and Health MIS. Pros and cons of each system, including context where each may be most appropriate, are discussed in Table 4.

Table 4: Relative advantages and disadvantages of survey, on-demand and data-sharing data collection and registration approaches

	RELATIVE ADVANTAGES	DISADVANTAGES	BEST SUITED
On-demand application approach	<ul style="list-style-type: none"> • Lower total costs due to self-selection of noneligible out of registry process (interviewing fewer non-eligible households) • Dynamic, ongoing entry and easier to update (including changes linked to life-cycle events) • More democratic nationally—everyone has the right to be interviewed at any time • Permanent process helps build and maintain administrative and logistical structures 	<ul style="list-style-type: none"> • Poor may not participate because they lack information, fear stigma and face other barriers to access (illiteracy, distance, disability, etc) • Costs can be higher if social workers must verify (via home visits) information provided • Can be a slow process, involving long queues and bureaucracy • Requires large network of staff at local level • Unlikely for people to report positive changes to household conditions 	<ul style="list-style-type: none"> • In areas with low or moderate poverty/eligibility • In heterogeneous areas • When Registry is well known or well publicised (and outreach campaigns encourage applications in poor areas) • When people have higher education levels • Where a network of social protection offices is available at local level or municipal staff are well trained to perform the registration function (to minimise travel for applicants)
Census approach	<ul style="list-style-type: none"> • Better chance to reach the poorest and other vulnerable groups, who are less informed and more stigmatised (less likely to apply) • Lower marginal registry costs (per household interviewed) due to economies of scale with travel • If conducted often enough, there is a higher chance of capturing positive changes to household conditions (less likely to be reported) • House-check conducted during survey process (no misreporting assets, etc) 	<ul style="list-style-type: none"> • Periodic surveys can lead to static/inflexible Registries – especially if target population is linked to life-course events (e.g. pregnancy, children 0-3, etc) • Re-registration very costly and often postponed beyond recommended 2 years • Members of eligible households may not be home or respond when the survey is conducted • Costly in areas with many non-eligible households or where households are very dispersed 	<ul style="list-style-type: none"> • In areas with high poverty rates (more than 70 per cent) and/or high poverty density • In homogeneous areas (rural areas and urban slums) • In areas with relatively stable poverty dynamics • With new registries (programs), particularly when a large program needs to start quickly • For Registries which also want to keep a record of near-poor and non-poor households (e.g. to be targeted in case of an emergency or linked to Social Insurance schemes)

IMPLEMENTATION OF SELECTION PROCESSES IN SOCIAL PROTECTION SCHEMES

Table 4: Continued

	RELATIVE ADVANTAGES	DISADVANTAGES	BEST SUITED
Data integration/sharing from existing databases	<ul style="list-style-type: none"> • Lower burden of proof and application time for citizens • Lower data collection costs overall • Data sharing arrangements for data collection can lead to further integration down the line • Easier to ensure information is up-to-date (ongoing) and linked to life-cycle events (e.g. pregnancy, birth) • Easier to prevent fraud and potentially inclusion errors (instant verification of data) 	<ul style="list-style-type: none"> • Requires additional and complementary data collection and registration process • Requires some form of unique identifier, most usefully a National ID number • Could exclude households who do not have access to National ID (poorest/ most vulnerable) • Financial and transaction costs to setting up adequate integration • Risks to data privacy and 'surveillance state' • Quality of other databases may not be adequate 	<ul style="list-style-type: none"> • Where high quality administrative data already exists • Where there is a wider shift towards e-government • Where data can easily be linked using National ID or other unique identifier • Where there is sufficient capacity to manage integration • In contexts with higher levels of formality (e.g. data describes reality)

Source: Barca (2017) adapted and integrated from Castaneda and Lindert 2005, World Bank 'How-To Note' on Enrolment, and Eurofund (2015).

Whichever process is adopted for registration, a key challenge faced by many countries in this labour intensive process (either periodic or ongoing) is **lack of investment in administration including staffing**. There is also a large risk – which needs explicit mitigation – of **excluding the poorest and most vulnerable households** programmes are aiming to serve, as these are the ones facing the greatest **barriers to access** (physical barriers, financial barriers, illiteracy, stigma to name a few).

4.3.1 Good practice and challenges with push mechanisms

There are a number of principles of good practice that should be used in push mechanisms, such as using high quality and educated enumerators. Often push mechanisms are tendered out to the private sector or NGOs, since they require significant human resources that are not available to governments.

Pull mechanisms also need to be designed well, including having offices close to applicants to reduce their travel and opportunity costs, while also putting in place a hospitable and welcoming environment.



4.3.2 Exclusion with push registration mechanisms

While coverage of households by push/census approaches is generally high – Pakistan’s BISP visited around 85% of households nationally (Kidd and Hossain 2015) – there are always households that miss out, and these are often the most vulnerable. Sometimes, those living in more accessible areas are prioritised, demonstrating the challenges of structural disadvantage. So, in Colombia, municipalities prioritised those communities located closer to municipal centres (Castañeda and Lindert 2004) while, in Pakistan, BISP enumerators refused to travel to more remote households and insecure areas. Indeed, many houses were too remote or isolated to be located, even when enumerators made the effort (GHK 2009). Often families are not at home when enumerators visit and, if they refuse to return, these families miss out. Often, those not at home are more vulnerable families, such as day labourers in Nicaragua and single headed households in Uganda (Adato and Roopnaraine 2004; Calder and Nakafeero 2012). Tanhchareun (2014) describes how, in Uganda, entire communities were missed by a census registration. Furthermore, suspicion of the intentions of the state can lead to people boycotting mass registration exercises: in Mexico, for example, some people hid from Progresa enumerators because they did not want to provide personal information (Adato et al 2000) while, in Uganda, migrant communities were particularly suspicious, accounting for lower rates of inclusion in the SAGE cash transfer scheme (Bukuluki and Watson 2014).

4.3.3 Infrequent registration with push mechanisms

Poverty-based selection processes also demand frequent re-selection of recipients to assess whether they still qualify for the programme on the basis of their economic status. In developing countries that use push mechanisms, this often implies re-visiting all families of the eligible category in the country on a regular basis. Because this is expensive, it is rarely done as frequently as it should be. For example, Mexico’s Oportunidades programme has, in many areas, only undertaken re-selection every ten years, although it is planning to reduce it to every 5 years (although there is limited evidence that this aspiration can be achieved).⁴⁵ In Pakistan’s BISP programme, registration was done in 2009 and has not been repeated. However, this infrequent re-selection comes at the cost of increasing inaccuracy over time, since families move in and out of poverty. Yet, if re-certification were done on an annual basis, it would be prohibitively expensive.

Furthermore, as a result of the infrequency of registration and re-certification, many Poor Relief and poverty targeted programmes cannot act as safety nets. This is exacerbated by the PMT, which cannot register changes in wellbeing in short periods, unless people divest themselves of their assets (which will make it more difficult for them to recover from a crises). If a safety net is to be effective, it should be there when people need it. If someone suffers a shock – for example, the family breadwinner passes away – then it is critical for families to be able to access financial support immediately. If not, they may plunge into poverty, pull their children out of school or sell precious productive assets to provide immediate subsistence. This has long-term negative implications for families and makes it difficult for them to pull themselves out of poverty once more.

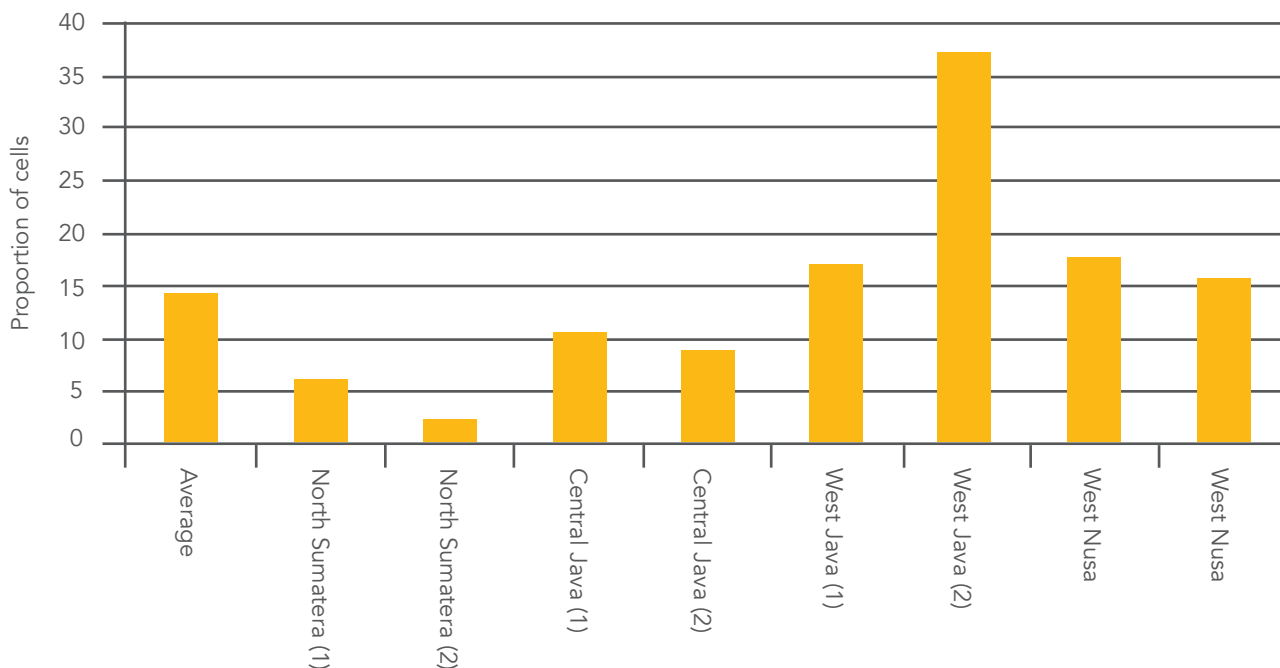
4.3.4 Inaccuracies in surveys when push registration mechanisms are used

It is often assumed that undertaking a census registration is relatively easy. However, a study by SMERU (2011) indicated that around 15% of the cells in the PMT survey form in Indonesia were filled in inaccurately and the figure was much higher in some areas (see Figure 40).

⁴⁵ See Escobedo (2011).



Figure 39: Proportion of cells filled in inaccurately in Indonesia’s PLS 11 survey, using a PMT



Source: Authors

There are many reasons for surveys being filled in inaccurately including:

- Enumerators may not be of good quality or well enough trained. For example, Pakistan’s BISP used a system of cascade training to build the capacity of enumerators but even at the initial highest level of the training – when the World Bank and BISP staff trained the organisations sub-contracted to undertake the survey – the quality was inadequate. This probably had implications for training quality as it cascaded through the system.⁴⁶ Some enumerators could not speak English properly, although the survey was in English. When enumerators are not adequately trained or are rushed, they are less able to deal with challenging questions that may arise while conducting surveys. In Pakistan, some enumerators found it difficult to identify the household; while it was officially defined as a group of people sharing a cooking pot, some conflated it with a married couple (GHK 2009). Other challenging issues in Pakistan were knowing how to deal with, for example, households with migrant workers, seasonal workers, the status of livestock that was held but not owned, and the position of servants – often, presumably, poorly paid – in better-off households.
- Enumerators can undertake the surveys quickly in public places rather than at houses, where they can verify the answers. In Pakistan, BISP enumerators only entered 31% of houses (GHK 2009); often they were not allowed in, because the enumerators were men and women were in the household.
- If the household head is not in, enumerators can ask other household members to answer questions, even children. In Mexico, for example, respondents only have to be over 15 years of age; in Peru, children as young as 12 years have been interviewed; and, in Cambodia schoolchildren were asked to complete survey forms.⁴⁷

⁴⁶ The training by the World Bank and BISP to the subcontractors lasted for one day and was generally regarded as inadequate (GHK 2009:65f, 80). Even the BISP staff were inadequately trained (GHK 2009:55).

⁴⁷ Adato et al. (2000); Huber et al. (2008:45); Fiszbein and Schady (2009:71).

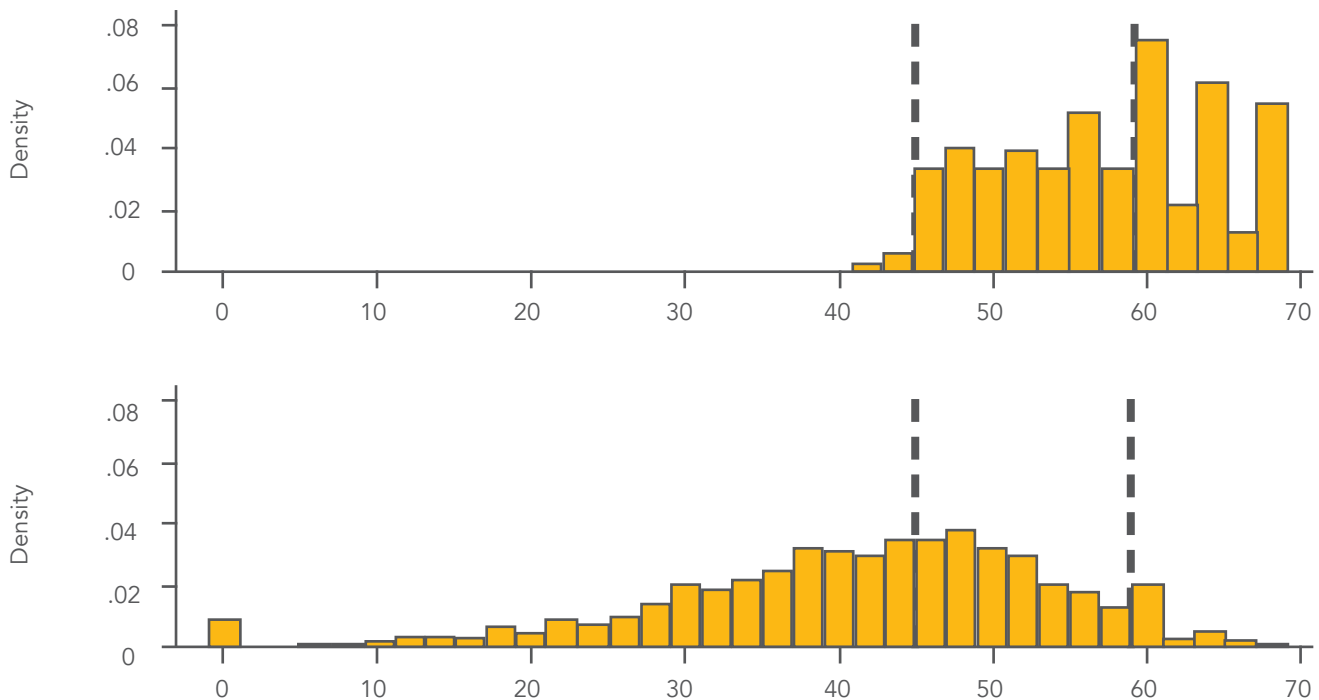
- In Pakistan, it was found that men and women in the same household would give different answers to the same question (GHK 2009).
- Although interviews often take 15 to 20 minutes, it is questionable if this is sufficient time to conduct a quality survey. In Pakistan, the length of the interviews was inadequate to enable the survey to produce required standards (GHK 2009). Indeed, in 90% of cases enumerators could not even verify household composition in this time.

Presenters should read Kidd and Wylde (2011) to gain more information on the challenges with undertaking surveys.

4.3.5 Use of local enumerators

The use of local enumerators can cause additional challenges, as they may have strong incentives to falsify answers so that more people in their communities are identified as eligible. Figure 40 indicates the results from a PMT survey in Cambodia. In the top graph, the scores of households that were selected during the PMT are given. To the right of the dotted lines are the scores of those selected as poor and extremely poor, and the numbers with those scores (on the Y axis). However, the results were checked by independent enumerators, who give very different scores. The bottom graph shows the scores of the selected households when the independent enumerators were used and many of them had much lower scores and should not have been selected. The local enumerators appear to have inflated the scores of their community members.

Figure 40: Original scores in ID-Poor survey in Cambodia compared with scores undertaken by independent enumerators



Source: Authors

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Furthermore, respondents may give false answers to survey questions, especially once they understand how the PMT functions. In Mexico, it was impossible to verify if people owned the cars sitting outside of their houses because they claimed to be looking after them.⁴⁸ In Palestine, the Ministry of Social Affairs estimated that half of all households gave false answers to the initial PMT survey.⁴⁹ Chile stopped making its proxies publicly known due to concerns with fraud.⁵⁰ The World Bank (2009) proposes that, due to the likelihood that people will “game the system,” proxy variables should be changed regularly. Yet, this could undermine the accuracy of PMT as the best explanatory variables are unlikely to change over time.⁵¹

4.3.6 Good practice and challenges with pull mechanisms

Pull registration mechanisms are common in social protection schemes and their efficacy is determined largely by their design and the level of resources invested in them, or, in other words, the extent to which structural disadvantage is minimised. Those that are well designed and adequately resourced are less likely to provide incentives and opportunities for front-line staff to treat applicants unfairly and limit the barriers faced by those experiencing limitations in their capabilities. Yet, even in relatively well-resourced schemes, applicants can face significant challenges, in particular the most vulnerable.

4.3.7 Exclusion with pull registration mechanisms

A key factor underpinning the success of a pull mechanism is for the registration point to be as close as possible to potential applicants. Yet, often distance is a significant barrier, in particular for those on low incomes or experiencing mobility challenges. As Figure 36 indicated, in South Africa, people with disabilities and those with difficulties walking had an increased chance of being excluded from the Child Support Grant. Indeed, challenges are exacerbated when the offices of the Social Security Agency (SASSA) and Home Affairs are relatively distant, since people have to obtain documentation from both institutions (UNICEF and SASSA 2014). In Georgia, distance was one of the main reasons for people not accessing the universal pension although, given that only 4% of applicants had any problems, it is not a major issue (USAID and UNICEF 2014). In urban Mexico – where Oportunidades has used a pull mechanism – there was a correlation between being accepted on to the programme and having a car, indicating the difficulties faced by those with mobility challenges and lower incomes (Coady and Parker 2005). Many applicants for Nepal’s grant for people with severe disabilities face the significant challenge of traversing inhospitable terrain to present themselves in District offices to committees responsible for assessing their eligibility, which helps explain the very low numbers accessing the benefit.⁵²

A further structural issue determining the efficacy of a pull mechanism is the quality of the infrastructure in place. It should be suitable for those facing greater personal constraints, as well as incorporating basic features such as disability access. Despite the South African Social Security Agency (SASSA) having better infrastructure than most schemes in developing countries, some of its offices still create barriers. SASSA found that some people have found offices inhospitable and unable to meet the needs of pregnant women, new mothers and the elderly, especially when queues are long (UNICEF and SASSA, 2014). As a result, some have been put off applying for the Child Support Grant. In one district, people complained about a lack of childcare facilities while a woman observed: “Going to SASSA offices is not nice. It is always full and you wait for the whole day; there are no toilets, you go to the [taxi] rank where the public toilets are filthy, and you lose your place in the queue.” In those countries where investment in administration is less than in South Africa, the situation is almost certainly worse.

Prejudice and discrimination can exacerbate the challenges faced by applicants, as the example of the Adivasi population in Bangladesh – discussed earlier – illustrated. Yet, the impact of prejudice on access to social protection benefits is not restricted to schemes with particularly weak administrative structures. In South Africa, some SASSA staff have allowed their belief that teenage mothers should not receive the Child Support Grant (CSG) to influence their selection decisions, contributing to this group’s higher rates of exclusion from the benefit, as indicated by Figure 33 (UNICEF and SASSA, 2012).

⁴⁸ Adato et al. (2000). Coady and Parker (2005:33) suggest that the reporting of false information could be a problem in Mexico. In rural Mexico, Adato (2000) expressed concern that, given that households have exaggerated their wealth for fear of being stigmatised—see Section 5.1—they may learn to exaggerate their poverty once they have seen the rewards associated with joining the program.

⁴⁹ Ministry of Social Affairs/Palestine (undated). The initial surveys were checked by home visits.

⁵⁰ Grosh and Baker (1995).

⁵¹ Coady et al. (2004) indicate that proxies are unlikely to change particularly rapidly.

⁵² The number receiving Nepal’s grant for those with severe disabilities was only 16,200, a fraction of those who must be eligible (Kidd and Wylde 2011b).



Box 14: Example of moving registration points closer to applicants

South Africa has attempted to address the problem of distance and cost in registration by introducing – in 2007 – the Integrated Community Registration Outreach Program (ICROP), a mobile registration initiative (UNICEF and SASSA, 2014). ICROP allows people to apply for the full range of South Africa’s grants. In rural areas, ICROP visits are undertaken on a regular, scheduled basis whereas in urban areas, where there are more fixed offices, visits are more ad hoc. Mobile units are equipped with a full range of staff and IT services, although they are unable to deal with more complex cases. However, ICROP is not without its challenges, especially when communications fail and people are unaware of the availability of the service or the mobile units have problems with connectivity. Between 2007 and 2013, 327,000 child grant applications were registered (as were many people for other benefits).

Source: Authors

4.4 IDENTIFICATION, VERIFICATION AND VALIDATION

Registration and eligibility processes require documenting and authenticating⁵³ a potential beneficiary’s identity (Samson 2006).⁵⁴ Yet “under-documentation is pervasive in the developing world” due to absent or patchy civil registration systems (Gelb and Clark 2012). Countries with a functional National ID system require programme recipients to **verify identity** with their national ID cards, though this poses risks of exclusion as the most vulnerable and disadvantaged individuals are often those without a national ID. A number of schemes have established mechanisms to enable those without official identity documentation to access schemes, by accepting alternative identification.

Further **verification** of data provided can be performed through a random supervision process or by comparing to other administrative data manually or electronically. **Validation** includes checking completeness of data, applying internal consistency checks, checking for duplication, ensuring contents and formats (such as names and ID numbers conform to the defined data dictionary) and ensuring the length of fields and content structure for aggregation and reporting is standardised. The objective is to obtain a clean and correct dataset (Villalobos et al 2010; Azevedo et al 2011).

4.4.1 Challenges with providing proof of identity

Social protection schemes need to be sure of the identity of beneficiaries and it is common for them to demand proof, such as a birth certificate or an identity card. Yet, this need to provide proof of identity is a common reason for exclusion from schemes, even those with relatively strong administrative systems. In South Africa, for example, 11.5% of excluded caregivers of children aged 0-14 years are unable to access the Child Support Grant because they were without the appropriate documentation (UNICEF and SASSA, 2014). In fact, it is a particular challenge for children in their first year of life, with 93% of those without a birth certificate excluded from the Child Support Grant (explaining the low coverage of children aged less than one year in Figure 33). The same story is repeated in many other countries: in a study of Nepal’s universal social pension, the absence of a citizenship document was given as the reason for not accessing the scheme by 8% of those experiencing barriers (Uprety 2010); and, in Pakistan’s BISP, two million of the 7.5 million families identified as eligible for the scheme have never been enrolled due to not having a computerized Identity Card, which is required to open a bank account and receive payment.

Structural disadvantage and limitations in capabilities often explain people’s lack of identity documentation. Those in more remote regions of a country are less likely to be able to reach offices providing identity cards and birth certificates while, if countries charge for identity cards, cost can also be a barrier. Those with mobility challenges – due for example to disability, poverty or childcare responsibilities – will find additional barriers in place. In South Africa, children affected by HIV and AIDS – whose parents have died – find it more challenging to obtain identity documents and, therefore, the Child Support Grant (UNICEF and SASSA 2014). Teenage mothers are also affected since they are unable to obtain identity cards until 16 years of age and, therefore, can miss out on the grant.

⁵³ Providing identification responds to the question “who are you?”. Providing authentication responds to the question “are you who you claim to be?”
⁵⁴ See also validation discussion in Section 2.4.3



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A number of schemes have established mechanisms to enable those without official identity documentation to access schemes, by accepting alternative identification. In Uganda's SAGE program, voter and baptism cards – combined with verification by community leaders – has been accepted as evidence of identity (Bukuluki and Watson 2014). In South Africa in 2008, new regulations allowed applicants for the Child Support Grant to use alternative documents such as a clinic card, affidavits from respected community members and recent school report cards. Applicants are able to receive the grant for an interim period of three months so that they can obtain the formal documentation required; and, it provides them with a further three-month period of grace while they complete their full registration (Kidd and Hossain 2015). Social protection schemes could also address the problem by coordinating with the organisations responsible for Identity Cards to encourage them to visit areas where the absence of identity is particularly problematic, potentially covering their costs.

However, an additional challenge with identity documents can be that they may hold inaccurate information. People can be denied old age pensions, for example, if their age on the document is incorrect. This is a particularly problematic for people with lower levels of education or those who feel powerless to challenge those authorities determining their age. For example, many of the marginalised Adivasi community in Bangladesh were provided with incorrect ages when new identity cards were rolled out in 2007/08 (Hossain 2011). They felt unable to challenge officials with one Field Officer noting: "They don't have the opportunity to speak, they think that even if they speak they will be blamed." To overcome this, social protection schemes can establish opportunities for applicants to correct the age on their documents, as has happened with the Uganda's Senior Citizens' Grant (Watson and Bukuluki 2014): they are able to verify their age by demonstrating their recall of historical events at village meetings or having a peer vouch for their age (McPherson 2011).

4.4.2 Challenges with disability assessments

While assessing the age of eligibility of applicants for schemes is a relatively simple process, disability benefits create greater challenges. Disability is very diverse in its characteristics and governments need to set eligibility criteria related to the level of disability. By limiting benefits to more severe disabilities, governments are able to reduce the costs of schemes. However, the design of the criteria and identification methodologies is challenging and can make registration difficult. The box below describes good practice in disability assessment design, which should include both a medical and social assessment.

Box 15: Good practice design of disability assessments

When designing disability assessments, Gooding and Marriott (2009) argue that a medical assessment should be an essential baseline. However, ideally, this should be complemented by a more holistic assessment that considers factors such as age, the ability to work, education, work experience and skills. Guthrie et al (2001) suggest complementing this with an assessment of environmental factors, as well as the support structures and resources that are available.⁵⁵

Source: Authors

Examples of disability assessments include:

- India uses an assessment by medical doctors in which an individual should be disabled by 40% of normal physical or mental capabilities.⁵⁶ However, the test to determine the level of disability is difficult and subjective, with medical assessors not receiving clear guidance on how to assess eligibility and determine percentages.⁵⁷ As a result, assessments are often subjective and some disabilities – such as autism – are missed.
- In Mauritius, claimants have to be certified by a Medical Board who declare them to be either "permanently or substantially incapacitated to work to a physical degree of 60% for at least 12 months."⁵⁸ However, a judgement based on a percentage appears, again, to be potentially very subjective, given the diversity of disabilities that are presented to Medical Boards.

⁵⁵Cited in Gooding and Marriott (2009).

⁵⁶Gooding and Marriott (2009).

⁵⁷ Whitworth et al (2006: in Gooding and Marriott 2009).

⁵⁸ ISSA (2013).



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- In Uzbekistan, Medical and Social Expert Commissions, within District Offices of the Ministry of Finance, undertake assessments of Persons with Disabilities (PwDs). The assessment is meant to examine both the impairment of the individual and his/her ability to work. However, only medical practitioners undertake the assessment since there are no social workers. So, while medical practitioners can assess the impairment, they are not trained to determine ability to work and there are concerns by local experts that they make errors. As a result, it has been suggested that, in the absence of professionals qualified to make an assessment of work capacity, it would be better to have the assessment based purely on impairment.⁵⁹
- South Africa has adopted an approach that uses a mixed medical and social assessment. It brings together a range of professionals and uses a combination of self-reporting, examination, observation and a separate medical assessment.⁶⁰
- In the United Kingdom, assessments of work capacity have been undertaken recently by the private sector – alongside long written applications – with significant incentives to find people capable of work. As a result, many people with disabilities have been declared capable of working. But, 60% of appeals have been upheld by the government’s appeal agency, which does not have the same incentives.

There is little objective information on the effectiveness of disability assessments. In the United States of America, Nagi (1969) found inclusion errors of 19% and exclusion errors of 48% when a medical assessment was used while a study by Benitez-Silva et al (2006) found inclusion errors of 20% and exclusion errors of 60% with self-reporting.⁶¹ In South Africa, Mitra (2010) has found – when both the means test and disability assessment are assessed – that inclusion errors are 34% and exclusion errors are between 38% and 46%, depending on which disability measure is employed.


4.4.3 Community verification of beneficiary lists

Community verification is a commonly proposed means of addressing inclusion and exclusion errors, as well as the danger of households manipulating information. This involves presenting beneficiary lists to communities so they can challenge the choice of beneficiary. Stigma is used to encourage self-targeting on the assumption that the better-off will not want to be recognised in public as poor or as not telling the truth.

However, there is little evidence that community verification is effective or that community meetings for this purpose even take place. In Mexico, note that only 0.1% of beneficiary selections were disputed (Skoufias et al. 1999). Grosh et al (2008) state that community verification is highly unlikely to function well since publicly questioning the inclusion of other community members can be divisive.⁶²


There are also rights concerns with community verification, since it can create stigma, with people not wanting to be publicly identified as “poor.” Furthermore, by declaring people as “poor” and as beneficiaries, it could be argued that information on individuals is being made public and the right to privacy is not being respected.

4.5 ENROLMENT

The final stage of the implementation of the selection process is the enrolment of beneficiaries. This is covered in the  MODULE ADM. Key considerations include the following.

4.6 OTHER KEY CONSIDERATIONS REGARDING THE IMPLEMENTATION OF SELECTION MECHANISMS

4.6.1 Communication and outreach strategies

A critical factor in the success of any social transfer programme is effective communications, particularly in regards to the selection of beneficiaries (see more on this point in the section on Outreach in the  MODULE ADM). Communication strategies of governments implementing social transfer schemes should ensure that people know about the existence of the schemes, the eligibility criteria and how to apply.

⁵⁹UNDP (2012) and Kidd (2014).

⁶⁰Schneider et al (2011).

⁶¹Study reported in Mitra (2010).

⁶²Making community verification work in urban areas would present particular challenges, given the absence of tight-knit communities



Communication approaches must be tailored to the needs of potential applicants. Information should be accessible and adapted to local conditions, such as taking into account issues of literacy, language and disability. Therefore, relying on published materials when literacy levels are low is problematic and, in multilingual contexts, communications should also be multilingual. A wide range of communications channels should also be used, in particular those that are accessible to people with more limited capabilities or who live in more remote areas.

Box 16: Effectiveness of communication strategies

The effectiveness of communications can also be influenced by the prevalence of exclusionary forces – such as discrimination – and limitations in capabilities, such as literacy. For example, in Bangladesh, most members of the Adivasi (indigenous) community have limited information on Bangladesh’s social protection schemes (Hossain 2011). It is the responsibility of Ward Commissioners to visit communities to provide them with information on schemes but, in practice, they avoid the Adivasi communities. Often announcements are made in mosques but, because many Adivasis are Christians and there are no announcements in churches, they miss out. In fact, most public announcements are made in locations inaccessible to Adivasis. Communication technologies such as print and electronic media are not available to Adivasis, with high rates of illiteracy exacerbating the challenges. In practice, Adivasis are obliged to rely on informal channels of information, such as from their employers, who, due to prejudice, often refuse to disclose relevant information.

Source: Authors

Effective communications is important for both push and pull registration approaches. In urban Mexico, which uses a pull registration a correlation was found between effective communications and participation in schemes (Coady and Parker 2005): altogether, 51% of eligible urban households did not register for the Progresa program, with around half not hearing about the program and another 28% not knowing where to register. Also when schemes use a census registration mechanism people need to know when they should be at home to receive the enumerators. When Pakistan’s Benazir Income Support Programme tested its proxy means test scorecard, its communications were not effective, resulting in some people not being at home when visited by enumerators (GHK 2009).

To be effective, communications strategies require significant investment. Frequently, there is insufficient investment in public communications and, as a result, many people are excluded from social protection schemes. Communications can be an area of weakness even in social protection schemes with relatively good investment in administration. In South Africa, although the vast majority of people know that social transfers exist, some do not apply because they have misunderstood the eligibility criteria. For example, only 4% of eligible white children access the Child Support Grant, largely as a result of misunderstandings about their eligibility, believing it is only for black children; and, 4.6% of all eligible non-recipients that did not apply believed that the scheme was only for mothers rather than caregivers (UNICEF and SASSA 2014).

4.6.2 Grievance mechanisms

One means of increasing access to social protection schemes is to establish grievance mechanisms that enable people to appeal their exclusion. This topic is developed in more detail in MODULE ADM..

Surprisingly, most schemes in Africa do not have such mechanisms (and including the conditional cash transfer programs of Brazil, Chile and Costa Rica (Castañeda and Lindert 2005)). The absence of grievance mechanisms in such schemes is understandable given the high numbers of people excluded: a grievance mechanism could easily become overwhelmed. In fact, there are examples of schemes – such as the Kenya CT-OVC program (Ward et al 2010) – that have designed grievance mechanisms but not activated them due to the high levels of exclusion deriving from poor quality targeting.



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If grievance mechanisms are to function effectively, social protection schemes need to practise transparency of information: those excluded from schemes must be able to understand the eligibility criteria and access information on the reasons for their exclusion. However, complex targeting mechanisms such as proxy means tests tend not to make the criteria available, because they fear that people may manipulate their answers in surveys (Grosh and Baker 1995). Even if the information were available – as happened with the proxy means test in Armenia – it would be immensely challenging for appellants to understand and use in any appeal (Coady et al 2002). Community based targeting mechanisms usually do not record the reasons for selection of beneficiaries, making it highly challenging for people to appeal. Furthermore, as has happened in Kenya’s Hunger Safety Net Programme, communities may place pressure on those excluded not to appeal (Kidd and Hossain 2015).

In reality, grievance systems are only likely to be effective in schemes that are entitlements and use relatively simple eligibility criteria, such as universal old age pensions or child benefits, or criteria that are understandable, such as income-based means tests. However, even in these schemes, governments need to adequately invest in the grievance system if it is to function well, with vulnerable individuals provided with access to support from advocates when presenting their appeals. The box below provides an example of the grievance mechanism used in South Africa.

Box 17: Grievance mechanisms used for South Africa’s social grants⁶³

The relatively low errors in South Africa’s social grants combined with the use of an easily understandable means test means that the South African Social Security Agency has managed to institute a functioning grievance mechanism, based on an Internal Reconsideration Mechanism. Its main role is to check that the means test was accurately applied, which is the most common source of problems. If a grievance is not resolved at this level, applicants can appeal to the Minister of Social Development, through an Independent Appeals Tribunal. The Tribunal comprises independent experts who adjudicate on the original decision and have the power to uphold or change it. If the decision is still unfavourable, an applicant can ask for a judicial review. SASSA also operates a toll-free hotline providing advice on the steps to take to resolve a grievance.

Source: Authors

4.6.3 Accountability mechanisms

Access to social protection schemes can be improved if accountability mechanisms can be established to support applicants and hold programme implementers to account. For example, the Shiree program in Bangladesh has supported a number of NGOs to strengthen local level mechanisms of accountability. One intervention – the Social and Economic Transformation of the Ultra Poor (SETU) project run by CARE – has strengthened leadership among families living in extreme poverty and improved dialogue with local authorities, so that local selection processes for social protection schemes have become fairer and more transparent, including involving the leaders of vulnerable families in selection. Another initiative, run by BOSS, has succeeded in helping 100% of families it supports in accessing social protection schemes.⁶⁴ In fact, Shiree has produced guidance for organisations seeking to support the access of vulnerable people to social protection schemes.⁶⁵ In South Africa, NGOs like Black Sash monitor the implementation of social transfer schemes on the ground, helping address the continuing exclusion experienced by those with more limited capabilities (Pellissery and Barrientos 2013).

Furthermore, other organisations should be engaged in holding government to account, including the media, ombudsmen and Parliamentary commissions. In fact, organisations could also provide applicants with legal support if they are denied access.

The issues of accountability is developed in more depth in the MODULES GOV and MODULES M&E.

⁶³ Information is taken from Livingstone (2014).

⁶⁴ Personal communication: Shazia Ahmed of Shiree.

⁶⁵ See: <http://www.shiree.org/promoting-social-protection-for-the-extreme-poor/#.U6pFrzZDGxJ>



4.7 INVESTMENT IS CRITICAL IN IMPROVING REGISTRATION

To improve registration, policy makers have to either invest in increasing the coverage of schemes so that more people can access schemes and selection mechanisms can be simpler; or, they need to invest significantly in improving the efficacy of poverty targeted schemes, including for registration and communications. Of critical importance is a need to invest in professional staff and their continuing training. The registration process in many programmes fails due to policy-makers under estimating the operational demands and, in the pursuit of reducing administrative costs, overburdens existing central and local government staff with cash transfer programme management. Meanwhile, other important functions such as social work, teaching and community development can be crowded out. Ghana's Livelihood Empowerment Against Poverty (LEAP), Kenya's CT-OVC programme and Fiji's Family Assistance Programme (FAP) are examples of schemes that have loaded the administration of social transfers on to existing social welfare officers.⁶⁶ Such a strategy can have significant consequences, leading to a breakdown in core business processes. Staff are often untrained and may not perform tasks well; they are given tasks that are not part of their job description and which they may resent; their workloads increase, which is not good for morale; and, their main responsibilities – such as providing care to vulnerable children and adults – are squeezed so that they can no longer perform them adequately.

South Africa is a good example of a country that has built a specialised delivery service. While the Ministry of Social Development has overall responsibility for the social protection system and policy, the actual delivery of schemes is delegated to a semi-autonomous South African Social Security Agency (SASSA), which reports to the Ministry of Social Development. Professional staff are placed at all levels of the SASSA, including in the local offices responsible for managing engagement with applicants and beneficiaries. Across Latin America, many conditional cash transfer schemes have semi-independent delivery agents that have invested in professional staff.

In the SAGE pilot social transfer scheme in Uganda – which delivers a simple universal old age pension to around 100,000 beneficiaries across 15 districts – three professional staff have been placed in each district, distance-managed directly by a dedicated implementation team within the Ministry of Gender, Labour and Social Development in Kampala. Although this arrangement was, in part, implemented in response to a fiduciary risk assessment of local government authorities, reduced reliance on local government has significantly improved the quality of service delivery. It can be compared with the LEAP programme in Ghana which operates across the country yet, for many years, only had three staff in central government, and relied on welfare officers across the country. The Uganda programme has performed significantly better.

4.8 TAKE-AWAY LESSONS

The key takeaways from the sections are:

- Significant exclusion from SP schemes can happen during registration, verification and enrolment, especially in more complex schemes; so greater simplicity in processes is more likely to lead to success
- People experiencing greater social exclusion are more likely to be excluded from social protection schemes
- A key challenge is lack of investment in administration including staffing: "Benefits for the poor tend to be poor benefits."
- Schemes that are rationing mechanisms are unlikely to support effective grievance mechanisms
- It is critical to understand the reasons for exclusion- by undertaking specialised investigations – and investing in solutions

⁶⁶ See: Calder et al (2011), Ernst and Young (2011) and World Bank (2011).



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CURRICULUM OVERVIEW

The TRANSFORM Learning Package is organized in a modular structure, and reflects the key building blocks of a holistic & interdependent social protection system.

The TRANSFORM modules that are currently available are listed below. Other modules are under development and will be added to the curriculum.

LEG	Legal Frameworks
S&I	Selection & Identification
ADM	Administration and Delivery Systems
COO	Coordination
GOV	Governance, Institutions & Organizational Structure
MIS	Management Information Systems & Approaches to Data Integration
FIN	Financing & Financial Management
M&E	Monitoring & Evaluation

All TRANSFORM materials are available at:
<http://socialprotection.org/institutions/transform>



WHAT IS TRANSFORM?

TRANSFORM is an innovative learning package on the administration of national social protection floors in Africa. The prime objective of TRANSFORM is to build critical thinking and capacities of policy makers and practitioners at national and decentralized levels to improve the design, effectiveness and efficiency of social protection systems. TRANSFORM aims not only at imparting state-of-the-art knowledge that is appropriate for the challenges faced by countries in the region, but also to encourage learners to take leadership on the change and transformation of nationally defined social protection systems.

WHY TRANSFORM?

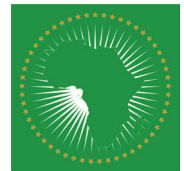
Many training curricula exist in the field of social protection and thus fundamental ideas, concepts, approaches and techniques are accessible. And yet, institutions and individuals struggle with the complexity of developing a broad, encompassing social protection system.

This complexity requires a transformational approach to teaching and knowledge sharing. It is far from enough to impart knowledge, to fill heads. It requires learners to grapple with the features of complexity, to stimulate creativity, to appreciate diversity and uniqueness, to be involved as a key element of ownership –elements which are at least as important as the factual knowledge itself. This learning package aims at just that: TRANSFORM!

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