More on Targeting

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Politics matters

Development and poverty reduction are intrinsically political
Reaching the poorest is a particular challenge
Do they deserve it? Will richer & more powerful groups support investments for the poorest?
Research shows that politics has been central to the success and failure of social protection
Politics viewed here as an enabling as well as constraining force
Basic Concepts of Targeting

Gains from targeting

Targeting helps improving cost-effectiveness by channeling resources for a target group
To equalize quality or provide enriched quality to demand-constraint households.

For example

• For SSN, demand can be infinite (for cash) or up to saturation (in-kind) which implies a need for targeting
• For some services, such as basic health and education, the goal may be universal access, but targeting of fees or of promotion may be needed.
• To channel public resources where finance is mixed public/private – e.g. to decide for whom to offer subsidies for health insurance, or to whom to offer fee waivers;
Targeting is NEVER perfect

What do these errors cost?

Efficiency

Social and political capital
  - Inclusion: Media attention
  - Exclusion: disenfranchisement

What does it take to address them?

A fine balance between the costs of accuracy and errors and the goals of targeting
Inclusion and Exclusion Errors

Eligibility Threshold

Income or Consumption, per capita or adult equivalent

Overall Population

Non-Poor population

Beneficiaries of social Assistance Program

Errors of Inclusion Of Non-Poor

PROGRAM

Poor Population

Errors of Exclusion

Eligibility Threshold

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Poor Population

Errors of Exclusion
The press paid more attention to inclusion errors in electoral periods.

Source: Lindert and Vincensini, 2010
Targeting has costs

**Intake Registry**
- Lots of set-up costs, ↓ as programs scale-up
- Difficult to measure b/c of shared staff and functions

**Documents** (IDs, proof of status)
- Need to go to an office, spend **time**, work requirement in workfare
- **Stigma** (public list)

**Work effort**:
- Benefit levels, sliding withdrawals, periodicity
- Crowding out private transfers or complementing them
- Fertility effects: quantity and quality of children

**Is a program for the poor a poor program?**
No single method is best

Handa et al., CBT 2010

Coady, Grosh and Hoddinott, 2004
Targeting methods

- Geographical
- Self-selection
- Categorical
- Community-based
- Combination
- (Proxy) Means Test
Combining methods may improve accuracy

- Geographical
- Household-level
  - PMT
  - MT
  - CBT
- Triangulation
  - Respondent
  - Community
  - Administrative records at local and central level
  - Grievance and redress mechanisms

No matter which combination, implementation is key.
The registry may be used for different programs with different cut-offs interventions: applicant ≠ beneficiary

Use different sets of the information (multi-dimensions of poverty) => a planning tool

The idea is to focus programs on the needs of poor households and communities

Cadastro Unico (Brazil) and popular housing, training and literacy, micro-credit

Ethiopia: efforts to merge different databases

Respect confidentiality/privacy among different systems.
Scatter plot of actual and predicted welfare in West Bank and Gaza

Correlation of the true and PMT consumption equals to 0.6
What is the cut-off point?

Potential Beneficiaries

A

B

C

D

Not eligible

Lowest PMT

Cut-off point 1

Cut-off point 2

Cut-off point 3

Cut-off point 4

Highest PMT
## Figure 1: Targeting Food Insecure Populations Affected by Shocks Based on the PMTplus Model

<table>
<thead>
<tr>
<th>Before the Shock</th>
<th>Total</th>
<th>Areas not Affected by the Shock</th>
<th>Areas Affected by the Shock</th>
<th>Food Secure</th>
<th>Food Insecure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Secure</td>
<td>A</td>
<td>A20</td>
<td>A21</td>
<td>A22</td>
<td></td>
</tr>
<tr>
<td>Food Insecure</td>
<td>B</td>
<td>B10</td>
<td>B11</td>
<td>B12</td>
<td></td>
</tr>
</tbody>
</table>


Notes: B represents chronically food-insecure households and regular beneficiaries of safety nets. A12 represents households vulnerable to food insecurity due to the shock, that is, those who need immediate assistance because of the shock. A22 represents households that are not chronically poor but are food insecure as a result of the shock, so they may be in need of a shorter-term intervention. A10 and A20 represent households living in areas that are not affected by the shock so are not eligible for the shock-related intervention.
Guidance on choice of method

Most methods are applicable for all programs (few goes hand-in-hand)
Not a simple choice
No one size fits all
And mixed methods provides better outcomes
Cost concerns:
means tests and PMT have larger costs
targeting costs are larger when launching but decrease over time
experience shows that on average targeting cost is 4% of total program costs; but it can range from 25 to 75% of total administrative cost, which is often lower than 10% of program costs.
A good targeting system should ensure:

Transparency and consistency
Clear and consistent application of centralized criteria
Low political interference and manipulation by frontline officials and beneficiaries
Maximum inclusion of the poor with on-going access to the registry
People who think they are eligible should be able to apply

Issues: budget and outreach
Minimum leakage to the non-poor
As technically possible, to near poor, errors rather than fraud
Cost-efficiency
Implementation: key points to remember

Outreach

- Inadequate administrative budget
Implementation: key points to remember

Grievance & Appeal mechanism
• Resolve concerns according to the program’s rules
• Must minimize costs to all
• Accessible, transparent and fair

Monitoring & information system
• Proper identification and information of clients
• Updates and recertification reduces Error, Fraud and Corruption
• Provides key information for Evaluation, targeting assessment, and cost-benefit and cost-effectiveness analysis.
Implementation:
key points to remember

- Audit
- Error & fraud
- M&E
Five key decisions

Keep it simple

- How to register?
  - Survey, application, community

- Who takes the eligibility and other decisions?
  - Technology can not substitute for institutional design
  - Local intake
  - Central database and rules

- How to deal with errors and fraud?
  - Internal and external checks and balances
  - Supply and demand-side accountability

Reach out

- How to deal with changes?

Inform

- How to build the targeting architecture? MIS and staff
Conclusion

- Targeting is complex
- A single method does not dominate another
- Combination can work but attention is needed on the implementation arrangements
- Implementation arrangements have much in common:
  - Verification strategies – home visit versus computerized cross-checks of databases
  - Outreach, re-certification, quality control, system design, staffing, etc.
Conclusion

- Combining methods may improve accuracy
  - Often a first step is geographical targeting
  - Then collect some information at the household-level
- Triangulate from several sources:
  - Respondent
  - Community
  - Administrative records at local and central level
  - Grievance and redress mechanisms

No matter which combination, implementation is key.
Thank you!

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