

Targeting Mechanism of Social Safety Net Programs in Egypt

2nd MEETING OF THE COMCEC POVERTY ALLEVIATION WORKING GROUP

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“Targeting Mechanisms of the Social Safety Net Systems in the COMCEC Region”

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Outline

- What is Targeting?
- Why Targeting?
- Targeting methods
- Target methods for Egypt's SSN programs
- A new Targeting Approach
- PMT Pros & Cons
- PMT Design
- PMT implementation
- Main challenges

What is targeting?

- Targeting means to direct the benefits of SSN programs to the **needy**.
- Different types of programs target different segments of the population:
 - Cash transfers
 - Food subsidy: ration card, balady bread.
 - Energy subsidy: households, industry.
- Economic and political issues could affect the identification of the needy.

Why targeting?

- High percentage of poverty rate (26.3% in 2013).
- Spending on subsidies is high.
- Coverage of the poor is low & leakages to the non-poor are high.
- Limited fiscal space (budget deficit 13.5% in 2013)

Targeting Methods

- Means testing (MT): income, assets,
- Proxy means testing (PMT): socio-economic characteristic as a proxy for expenditure.
- Community selection:
- Categorical: the elderly, disabled, widows,...
- Geographical: poor areas, using poverty maps.

Target methods for Egypt's SSN programs

- Cash transfer: used to be categorical & means tested, mostly the unemployable poor: the elderly, disabled, widows & divorced women, orphans, family of prisoners, +50 unmarried women.
- Food subsidy: universal.
- Energy subsidy: universal.

A new Targeting Approach

Main objectives

- To expand the coverage of the poor,
- To reduce leakages to non-poor,
- To improve public resources allocation,
- To build a unified database for poor households.

Method

- Proxy means testing (PMT)
- Census survey to poor areas, open application in other areas.

Proxy Means Testing

Pros

- Objective
- Suitable where high percentage of informal work

Cons

- High error rate at low level of coverage
- Suitable for chronic poverty, doesn't catch transit poverty.

PMT design

- Using national household income, consumption and expenditure survey, a regression equations were estimated for rural and urban areas.
- Socio-economic indicators were defined,
- Errors of under-coverage and leakages were estimated.

Implementation process

- Using geographic targeting + PMT
- Developing project organisational structure
- Training human cadres
- Establishing communication channels
- Surveying poor areas
- Building the database
- Provision of Cash Transfer and Ration Card entitlements through smart cards

The Database

- A data base of the surveyed households was developed aiming at:
 - identifying households eligible for social welfare programs.
 - identifying the main characteristics of the poor households.
 - allowing regular updating and assessment of household living conditions.
 - Developing Social Security Programs to address the needs of the most disadvantaged groups.

Main challenges

- Social workers reorientation,
- Avoiding fraud and errors,
- Dealing with PMT errors,
- Managing complaints,
- Database management: regular update, creating links with other national databases,
- Exit policy,
- Building effective monitoring system.



Thank you