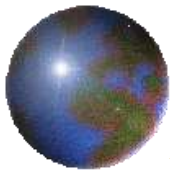


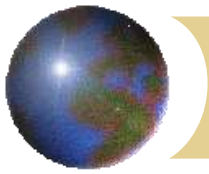
Standing Committee
for Economic and Commercial Cooperation
of the Organization of Islamic Cooperation (COMCEC)

Targeting Mechanisms of Social Safety Net Programmes in the COMCEC Region

**2nd Meeting of Poverty Alleviation Working Group
Ankara, 26th December 2013**

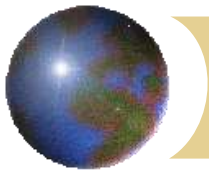


SOCIAL SAFETY NET PROGRAMMES IN THE COMCEC REGION



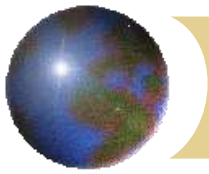
Overview

- 1) The Concepts of Poverty and Social Protection**
- 2) The Concept of Social Safety Nets**
- 3) Poverty in COMCEC Member Countries**
- 4) COMCEC Strategy: Objective of Poverty Alleviation**
- 5) Social Safety Net Programmes in COMCEC Member Countries**



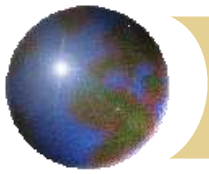
Poverty

- ✚ Conceptualisation of poverty addresses the scope of social safety net programmes
- ✚ Poverty may be defined in two ways:
 - ✚ Monetary poverty
 - ✚ Non-monetary poverty



Social Protection

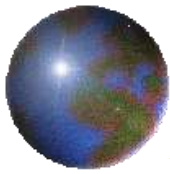
- ✿ Aims to protect individuals and households at risk of poverty
 - ✚ by providing income or consumption transfers
 - ✚ by enhancing the social status and wellbeing of the poor and vulnerable.



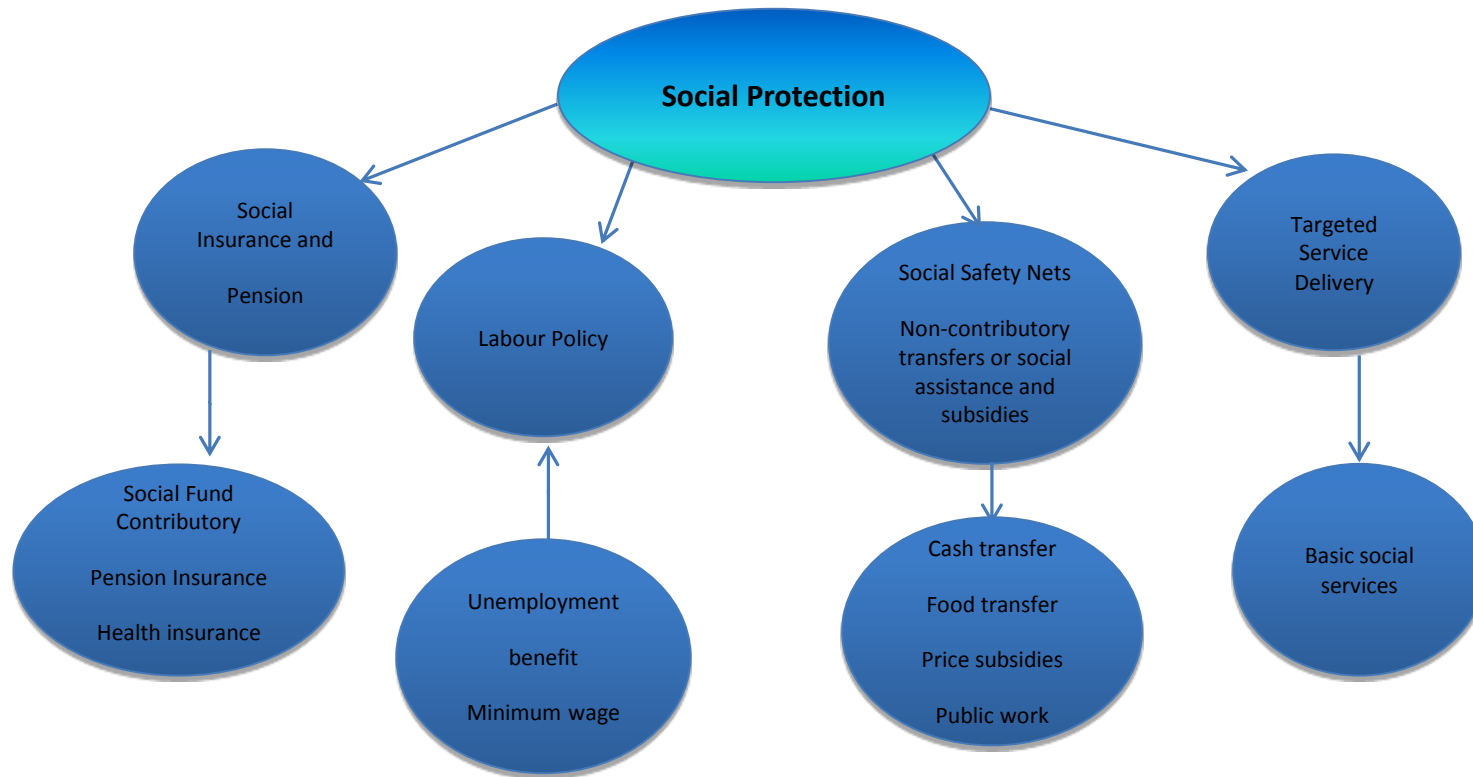
Social Protection

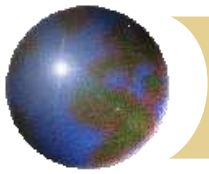
✚ Consists of

- ✚ Social Insurance
- ✚ Labour Policy
- ✚ Targeted Service Delivery
- ✚ Social Safety Nets



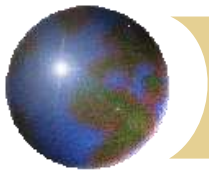
Social Protection and Social Safety Nets





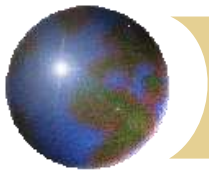
Social Safety Nets

- ✿ Non-contributory transfers that are targeted to the poor and those vulnerable to poverty and economic shocks.
- ✿ Take a variety of forms
 - ✦ cash transfers (old age allowances, conditional cash transfers...)
 - ✦ Non-cash transfers (Food transfers, energy subsidies...),
 - ✦ Other (micro-credit, disaster management...)



Social Safety Nets

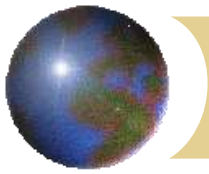
- ✚ Benefits of SSNs
 - ✚ Reduces volatility of income,
 - ✚ Reduces poverty and inequality
 - ✚ Supports activities for enhancing human capital
- ✚ Potential costs of safety nets: administrative costs, work disincentives...
- ✚ Effectiveness of SSNs → high coverage of population at risk, or the various risks and needs
- ✚ Efficiency of SSNs minimize costs arising from managing safety nets, bad targeting (leakages), distortions and disincentives



Poverty in COMCEC Member Countries

COMCEC member countries are diverse with respect to their income per capita and their human development indicators.

- ✿ United Arab Emirates, for example, has a GNI per capita of \$42,716 (PPP) per annum, very high human development (0.818 on UNDP HDI) and a life expectancy of 76.7 years.
- ✿ Niger on the other hand has a GNI per capita of \$701 per annum, low human development (0.304 on UNDP HDI) and a life expectancy of 55.1 years.

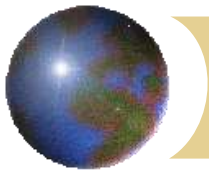


Poverty in COMCEC Member Countries

- ✿ According to income categories;
 - ✿ 7 in high-income
 - ✿ 16 in upper middle income
 - ✿ 16 in lower middle income
 - ✿ 18 in low income

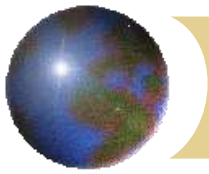
- ✿ According to Human Development Index:
 - ✿ 3 in very high human development
 - ✿ 14 in high human development
 - ✿ 15 in medium human development
 - ✿ 25 in low human development

- ✿ Almost 350 million of the total population in the COMCEC member countries live below the income poverty threshold of 1.25\$ a day¹



COMCEC Strategy: Objective of Poverty Alleviation

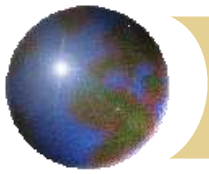
- ✚ To eradicate extreme poverty and hunger in member countries
- ✚ Social protection policies in general, and safety net programmes in particular, are widely used in poverty reduction.
- ✚ It is important to increase the effectiveness of SSNs
 - by improving targeting mechanisms through reducing leakage and under-coverage



Social Safety Net Programmes in COMCEC Member Countries

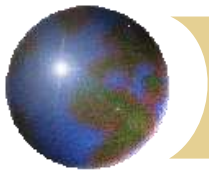
- ✚ In high incomes governments provide generous universal social protection policies. SSN programmes, including high subsidies on fuel and food, exist for their own citizens.

- ✚ In low and lower middle income countries and middle income countries SSN programmes:
 - ✚ Unconditional cash transfers,
 - ✚ conditional cash transfers,
 - ✚ in-kind transfers and cover a range of areas including cash-for-work programmes, nutrition and food distribution programmes, access to health services and education subsidies.



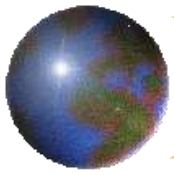
Social Safety Net Programmes in COMCEC Member Countries

- ✿ Many SSN programmes in COMCEC countries are provided by governments.
- ✿ Besides, there are some SSN programmes which:
 - ▣ are funded and delivered by international donor agencies and NGOs including faith-based organisations
 - ▣ rely on formal and informal remittances,
 - ▣ rely on Zakat and charitable donations.

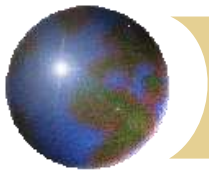


Social Safety Net Programmes in COMCEC Member Countries

- ✿ Many COMCEC member states, have actively pursued conditional and un-conditional cash transfers to protect the poor
- ✿ Many conditional cash transfer programmes (CCT) focus on increasing human capital and resilience among excluded groups, such as women and children
- ✿ Targeting approaches for CCT are commonly based on proxy means testing.
- ✿ There is some evidence that CCT have been effective in alleviating poverty and changing behaviours

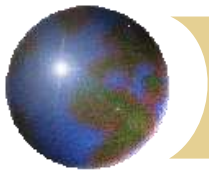


TARGETING MECHANISMS OF SOCIAL SAFETY NET PROGRAMMES IN THE COMCEC REGION



Overview

- 1) Universal vs Targeted Social Safety Nets**
- 2) Targeting Approaches of Social Safety Nets**
- 3) Targeting of Social Safety Net Programmes**
- 4) Objectives and Methodology of the Study**
- 5) Targeting Mechanisms of Social Safety Net Programmes in High, Middle and Low Income Countries**
- 6) Summary**
- 7) Recommendations**



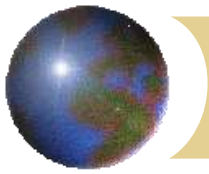
Universal vs Targeted SSNs

Universal SSNs

- No eligibility criteria
- Total expenditure for SSNs benefits are high
- Administrative costs are low
- Mostly used in high income countries

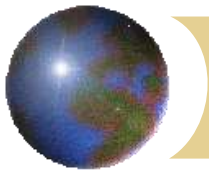
Targeted SSNs

- Defined eligibility criteria
- Total expenditure for SSNs benefits are low
- Administrative costs are high



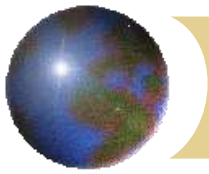
Targeting Approaches of SSNs

- ⊕ Targeting by location (Geographical targeting)
- ⊕ Targeting by income or expenditure (means testing)
- ⊕ Targeting by indicator (proxy means testing)
- ⊕ Targeting by community identification
- ⊕ Self-targeting
- ⊕ Categorical targeting
- ⊕ Targeting by mixed methods



Targeting of SSN Programmes

- ✚ The aim is to reach as many of the poor as possible at the minimum cost
- ✚ Two types of targeting errors:
 - ✚ Undercoverage
 - ✚ Leakage
- ✚ Errors of targeting can arise for:
 - ✚ Inaccurate specification of who are poor
 - ✚ Poorly designed programs that do not reach target group
 - ✚ Poor governance in the implementation of schemes



Targeting of SSN Programmes

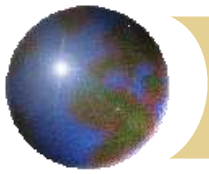
✚ Broad or narrow targeting

✚ Broad targeting

- for general social policies
- higher share of population or whole population (education, health etc.)

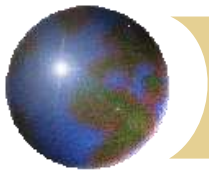
✚ Narrow targeting

- for some specific social policies
- lower share of population or needy population (social safety nets)



Objectives of the Study

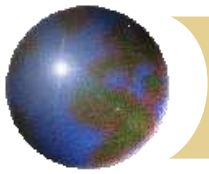
- ✦ To assess targeting mechanisms of SSNs programmes and their effectiveness in COMCEC members.
- ✦ To analyse methods of targeting and any problems associated with leakage or under-coverage.
- ✦ To develop policy recommendations related to how SSN programmes could be more efficient in the COMCEC member countries.



Methodology of the Study

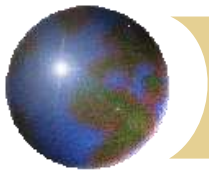
- ✚ Classified by income groups:
 - ✚ High Income
 - ✚ Upper Middle Income
 - ✚ Lower Middle Income
 - ✚ Low Income

- ✚ Selected three countries from each group:
 - ✚ **Brunei- Darussalam, Oman, Saudi Arabia**
 - ✚ **Iran, Tunisia, Turkey**
 - ✚ **Egypt, Nigeria, Senegal**
 - ✚ **Mozambique, Niger, Sierra Leone**



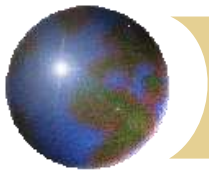
Targeting Mechanisms of SSN Programmes: High Income Countries

- ⊕ SSN programmes are mostly universal
- ⊕ Few universal subsidies
 - ▣ Saudi Arabia: targeted SSNs for the unemployed, widows/widowers, disabled and orphans.
 - ▣ Oman: support to vulnerable families
- ⊕ Some vulnerable groups are not covered
- ⊕ Young populations are leading some countries to question the long-term viability of universal subsidies
- ⊕ Leakage to non-residents



Targeting Mechanisms of SSN Programmes: Upper-Middle Income Countries

- ✚ Tend to use a hybrid of universal and targeted SSN programmes
- ✚ Means testing, self-targeting and categorical targeting are pervasive; recently introducing proxy means testing
- ✚ Iran
 - ✚ reduced universal fuel and food subsidies
 - ✚ introduced almost un-targeted universal cash transfers
 - ✚ high leakage is very likely



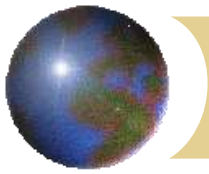
Targeting Mechanisms of SSN Programmes: Upper-Middle Income Countries

✚ Tunisia

- ✚ provides unconditional cash transfers for the 'needy families',
- ✚ services such as health and education
- ✚ subsidies on food and fuel
- ✚ only 20% of indirect food subsidies reach the poorest quintile
- ✚ targeting is means-tested, but the poor may not fully benefit.

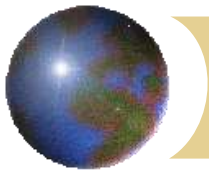
✚ Turkey

- ✚ provides a range of subsidies,
- ✚ using the Integrated Social Assistance Information System.
- ✚ one objective of the new social protection system in Turkey was to reduce leakage



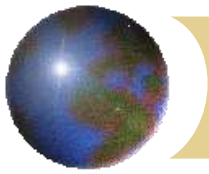
Targeting Mechanisms of SSN Programmes: Low and Lower-Middle Income Countries

- ❖ Co-ordination is missing
- ❖ Low SSN coverage is very likely
- ❖ Typical formal SSN programmes: cereal banks, food-for-work, free school meals, cash for work, temporary food emergency assistance, free waivers, small cash transfers, etc. → but mostly limited
- ❖ Informal SSNs are common
- ❖ Most SSN programmes are donor dependent (international organisations such as UNICEF, CARE, the World Bank)



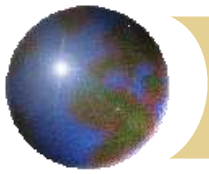
Targeting Mechanisms of SSN Programmes: Low and Lower-Middle Income Countries

- ⊕ Categorical Targeting (based on demographic profiles), Geographical and Community based targeting are the most common
- ⊕ Choice of targeting mechanism is usually restricted by available data → a random selection of individuals, based on time and place
- ⊕ Categorical targeting can be more successful



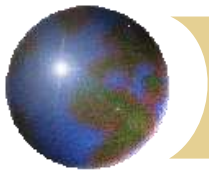
Targeting Mechanisms of SSN Programmes: Low and Lower-Middle Income Countries

- ⊕ Community leaders and local elites → Cronyism and abuse
- ⊕ Participation of local people in programme scoping and scarce eligibility criteria → Risk of under-coverage and leakage
- ⊕ Household or individual targeting is not suitable
- ⊕ Self-targeting can fail if information is not widely available to potential recipients.
- ⊕ Exclusion criteria can result in under-coverage



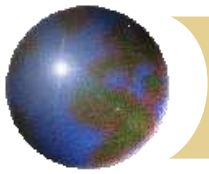
Targeting Mechanisms of SSNs Programmes: Low and Lower-Middle Income Countries

- ✚ Poor governance and arbitrary decisions → Misappropriation
- ✚ Egypt: Universal food and fuel subsidies and ration cards have high leakages to households that are not poor
- ✚ Pakistan: the distribution of Zakat is subject to leakage
- ✚ Senegal: Untargeted food subsidies are inefficient in reaching the poor



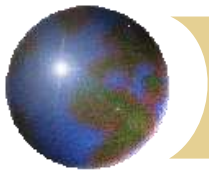
Summary

- ✚ Lack of coordination and diffusion of responsibilities to different government ministries → inefficiency in programme management and targeting approaches
- ✚ Worst leakages in geographical targeting
- ✚ No one-size-fits-all targeting mechanism
- ✚ Proxy means testing the best method of identifying the most-needy recipients appropriate to each programme.
 - ✚ Many poor countries do not have the capacity to apply proxy means testing method and certainly not in a context-dependent framework.



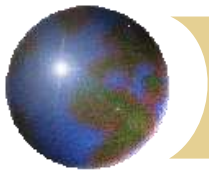
Summary

- ✚ Delivery Issues → Fiscal constraints, institutional capacity and technical ability
- ✚ Ineffective targeting mechanisms → Poor Targeting
- ✚ Poor monitoring and evaluation → Leakage and lack of data
- ✚ SSN Programmes in themselves are not a panacea for poverty reduction



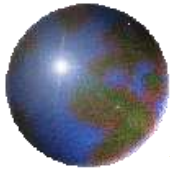
Summary

- ✚ Very limited data on the effectiveness of SSNs and their targeting mechanisms
- ✚ SSN programmes sometimes leave the root causes
- ✚ The key challenge facing COMCEC countries is to ensure tangible links between equity, practical policy planning and implementation of social protection and SSNs.



Recomendations

- ✚ Building Institutional Capacity: to improve SSN design and implementation to improve targeting and reduce leakage.
- ✚ Identifying the Poor: Implement appropriate targeting mechanisms linked to good quality data.
- ✚ Monitoring and Evaluation: Put systems in place to understand what works and to share best practice.
- ✚ Holding Governments to Account: Increase expenditure on social protection and social safety nets and involve local people in their development and implementation.



THANK YOU