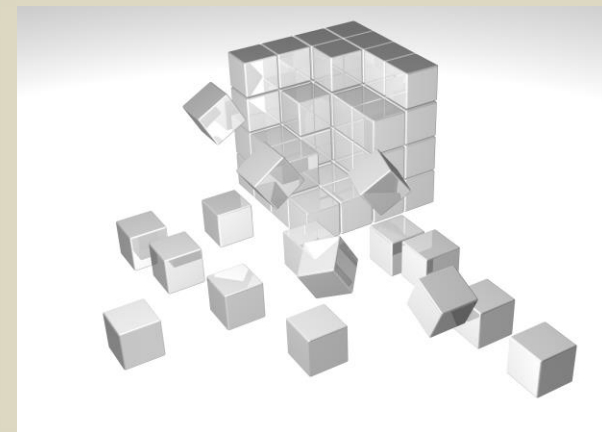


# Key Considerations in Addressing Fragmentation

Brazil, Egypt, Indonesia, Mexico and São Tomé E Príncipe  
Country Examples

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# Outline of the Presentation

- I. Characterization of Fragmentation
- II. Country Graph → WHERE WE ARE, WHERE ARE YOU?
- III. Costs of Fragmentation → WHAT WE LOSE
- IV. Country Examples
  1. Brazil
  2. Egypt
  3. Indonesia
  4. Mexico
  5. São Tome E Príncipe
- V. Key considerations to address fragmentation → WHAT YOU NEED
- VI. Tools to address fragmentation → HOW TO DO IT


# I. Characterization of Fragmentation in SSNs



## Vertical

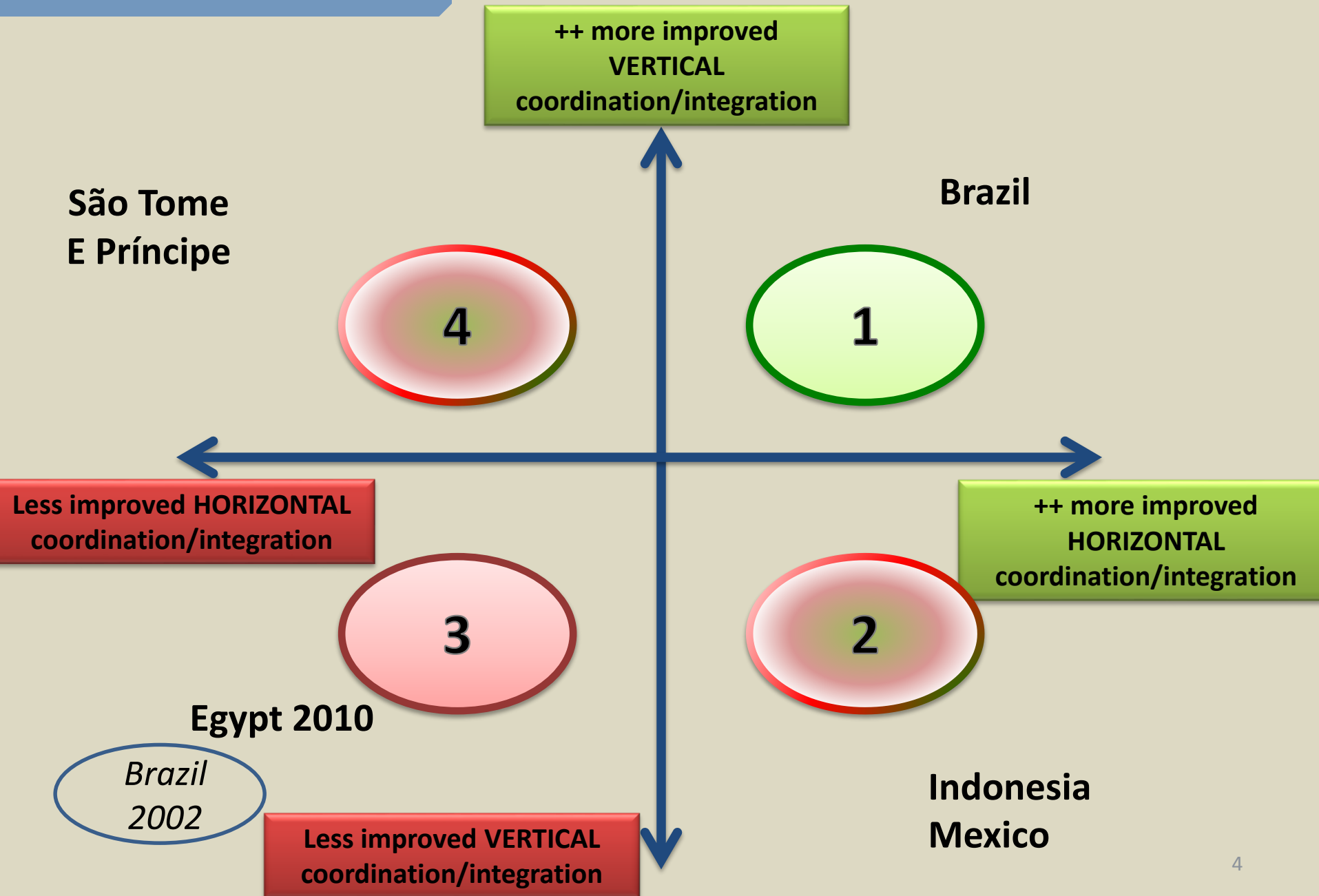
- Different levels of government implementing independent programs.
- More common in countries with federal/decentralized systems where there is autonomy at the subnational level.

## Horizontal

- Same level of government operating independently.
  - Many different entities at the national level with different programs/actions.
- 

**Fragmentation is a common problem, it affects big countries and small countries alike but it takes different characteristics.**

## II. Country Graph

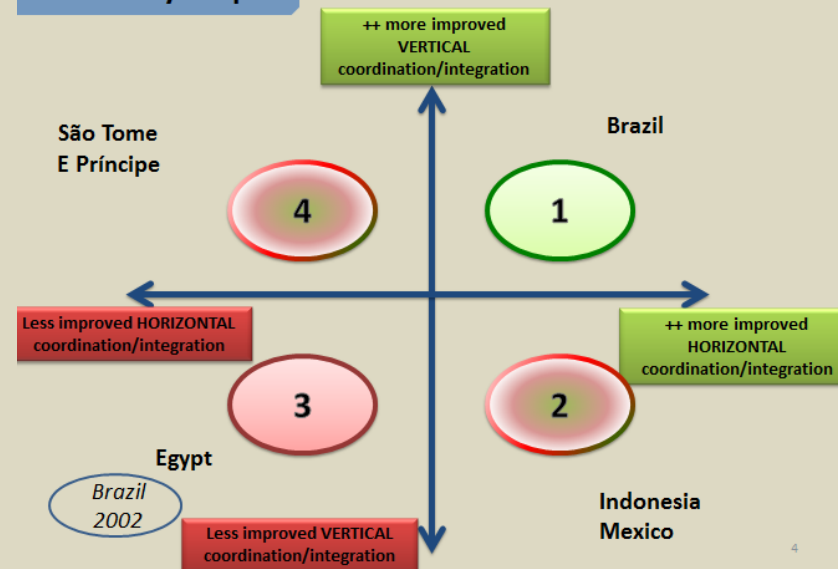


# Where is your country in terms of fragmentation?

1. Vertical and horizontal coordination
2. Horizontally coordinated and vertically fragmented
3. Vertical and horizontal fragmentation
4. Horizontally fragmented and vertically coordinated



## II. Country Graph



# III. Costs of Fragmentation in SSNs

## Supply side (Government)

- Higher administrative costs
- Loss of economies of scale
- Duplication of efforts
- Leakages and inclusion/exclusion errors
- Lower impact of SSNs
- Increase of fraud and corruption (political/clientelistic use)

## Demand side (Beneficiaries)

- Confusion
- Contradicting incentives
- Higher transaction costs
- Intermediation costs/benefits for some
- Decrease of trustworthiness towards government

## IV. COUNTRY EXAMPLES:

Brazil, Egypt, Indonesia,  
Mexico, São Tomé E Príncipe

# Brazil



- **Population:** 203 million
- **Poverty:** 9% (2012)
- **Extreme poverty:** 3.6% (2012)
- **Political organization:** 27 states and 5570 municipalities
- **Fragmentation:** Problems still exist in some areas
- **Strategies:**
  - ✓ Unique System of Social Assistance (SUAS)
  - ✓ Financial incentives
  - ✓ Single Registry
  - ✓ Terms of Agreement signed with all subnational governments
  - ✓ Special Secretariat to coordinate programs in the federal level.



# Egypt



- **Population:** 84 million (2013)
- **Poverty:** 25.13% (2013)
- **Political organization:** 27 “governments” (state-level), 450 districts
- **Fragmentation:**
  - ✧ A number of Ministries and bodies implementing different programs
  - ✧ Some of them are very outdated and irresponsive programs
  - ✧ Most of them with universal coverage ( public transportation – food subsidies – Gas subsidies ) and the rich are benefiting more.
  - ✧ Very low attention given to issues of targeting ( leakage, inclusion, exclusion problems )
- **Strategies: ( starting 2011/2012 )**
  - ✓ Introducing Subsidy reform, new and well targeted UCT & CCT
  - ✓ Expanding the use of better technology ( smart cards,....)
  - ✓ Institutionalization of PW to be a permanent program rather than an emergency and temporary one

# Egypt-A Closer Look



- **Vision:** no current national strategy for SSN/SP that sets the roadmap
- **Regulations:** many disturbing, and often conflicting, laws and regulations with little or no connection among them
- **Organisation and Service Delivery:** a huge number of stakeholders, social programs and service providers (Gov, NGO, etc) with no horizontal or vertical consolidation
- **Financing:** numerous financing sources (MOF, local level, NGOs, FBOs)
- **Payment Mechanisms:** (cash, smart cards, in-kind with a high admin cost)
- **Databases:** mostly outdated, paper-based, and isolated
- **Targeting:** mostly universal (in-kind), or with significant inclusion and exclusion errors

# Indonesia



- **Population:** 238 million (2010 census)
- **Poverty:** 11.3% (nat pov line US\$ 25.23) (2014).
- **Political organization:** 34 provinces; 502 districts/municipalities
- **Fragmentation:**
  - ✧ Horizontal: social spending at the central level is roughly 12 ministries, 22 programs, and 87 activities.
  - ✧ Vertical: budget autonomy at the sub-national level
- **Strategies:**
  - ✓ Poverty reduction team under the Vice President's office (TNP2K w/Presidential Decree in 2010)
  - ✓ Unified Database (using 2011 social protection survey)
  - ✓ Proposed: stronger coordination role by local planning agency at the districts/municipalities level

# Mexico



- **Population:** 112 million (2010 Census)
- **Poverty:** 45.5% (multidimensional) (CONEVAL, 2012)
- **Extreme Poverty:** 9.8% (multidimensional) (CONEVAL, 2012)
- **Political organization:** 31 states and 1 Federal District (DF) and 2461 municipalities.
- **Fragmentation:**
  - ✧ Horizontal → 278 federal social programs in 16 different entities
  - ✧ Vertical → 3,127 social programs (278 federal, 2,849 state-level)
- **Strategies:** General Law for Social Development (2007) set the stage for more alignment, new coordination mechanisms and tools are being developed:
  - Fiscal Coordination Law for Social Infrastructure (FAIS)
  - Integrated Social Information System (SIS)

# São Tomé e Príncipe



- **Population** (2012 census): 178,739
- **Poverty**: 66.2% (2012)
- **Extreme poverty**: 11.5%
- **Political organization**: 6 & 1 autonomous region
- **Fragmentation**:
  - ✧ There is one program and several other isolated actions (including executed directly by partners)
- **Strategies**:
  - ✓ In 2013, the Government defined and approved the Political and National Social Protection Strategy, supported by UNICEF.
  - ✓ Currently: redefining the programs and creating tools, with World Bank support for its implementation.

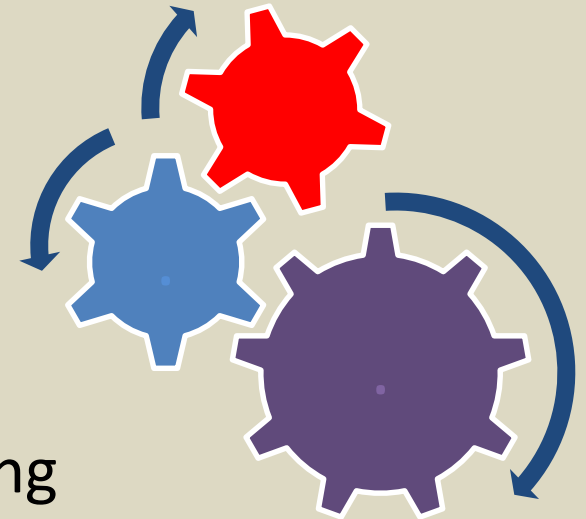
# V. Key Considerations for Addressing Fragmentation

Addressing fragmentation is a means to an end: improved synergy, better results, more impact. It can be done through coordination and/or integration.

**STARTPOINT** → Why do you want to coordinate and/or integrate?

## **OTHER CONSIDERATIONS...**

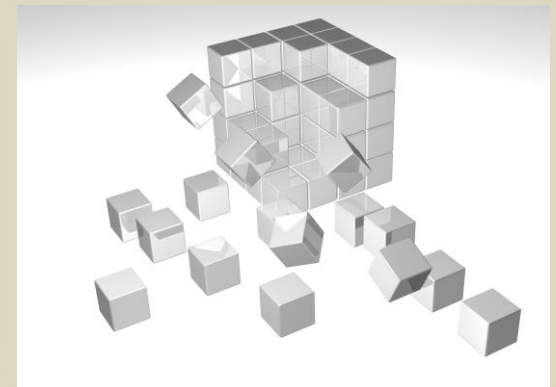
- SP strategy or roadmap
- Political decision/will
- Legal framework
- Evaluations, evidence-based policy making
- Generate administrative capacity at each level or sector



## VI. Tools (that can be used) to Address Fragmentation

- ✓ Common Registry to identify potential beneficiaries
- ✓ Financial Incentives
- ✓ Specific high-level entity with enforcement power
- ✓ Monitoring and Evaluating System for transparency and accountability.
- ✓ Clear definition of roles and responsibilities within the legal framework

**THIS IS NOT A DEFINITIVE LIST**



Thank you.  
Questions, comments?