Key Concepts and Practice of Targeting methods
Social Protection Strategy within a framework of addressing multidimensional poverty

- Social policies aim to protect the poor, prevent poverty, build resilience and build economic empowerment
- Equity and Efficiency

Supporting systems to implement social development interventions
- Social Registry
- Case Management System

TARGETING is NOT A POLICY, but a TOOL to SUPPORT achieving POLICY GOALS
A good targeting method provides...

Transparency and consistency
- Clear and consistent application of centralized criteria
- Low political interference and manipulation

Maximum inclusion of the desired population
- People who think they are eligible should be able to apply on an ongoing basis
- Budget and outreach

Minimum leakage to the “not desired”
- As technically possible to the near poor, errors rather than fraud

Cost-efficiency
- Under 10% of costs at scale
Methods are NEVER perfect

Never 100% accurate

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.
It has costs (remembering SR)

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?
How to apply eligibility criteria? Methods
Targeting methods

- Geographical
- Self-selection
- Categorical
- Community-based
- Means Test
- Combination

TARGETING DOES NOT MEAN POVERTY TARGETING
Geographical targeting

When location is an important determinant of poverty

Macro regions

Micro-area poverty maps: based on census and household surveys

Can be important when administrative capacity is low

Often used as a first step: Panama’s Red de Protección Social (CCT) Program
Self-targeting through workfare

**PROS**
- Administratively simple
- Keeps work incentives
- Eliminates concerns about ‘shirkers’
- Automatic exit criteria

**CONS**
- Organizing public works is not administratively simple
- Not applicable for many programs or target groups
- Foregone earnings reduce net benefit

**Technical Requirements**
- Wage set below going wage for hard, physical labor
- A works program that does high value-added projects

**Appropriate Circumstances**
- Unemployment; Crisis and chronic poverty settings
Categorical (demographic) targeting

Characteristics that are linked to poverty or vulnerability

- Age: pre-school children and old-age
- Marital status: single parent
- Ethnicity: scheduled castes in India, native American

**PROS**
- Administratively simple
- Low cost

**CONS**
- Weak correlation with poverty

Technical Requirements

- Good civil registry

Appropriate Circumstances

- When targeting specific vulnerabilities (malnutrition)
Community-based targeting

Uses a group of community members or leaders (whose functions are not related to the program)

They must identify those

most in need according to

program criteria (often OVC, elderly, hh w/o able-bodied adult)

Good results

Community meeting SCT Zambia
# Community-based targeting

## PROS
- Good information
- Low (on the books) administrative cost
- Local monitoring may reduce disincentives

## CONS
- Unknown effects on roles of local actors
- Costly for the community
- May reinforce existing power structures or patterns of exclusion
- May generate conflict and divisiveness
- Local definitions may vary

### Technical Requirements
- Intensive outreach to decision-makers
- Cohesive, well-defined communities

### Appropriate Circumstances
- Low administrative capacity
- Strong community structures, political economy
- Low benefit that must be finely targeted
Combination of methods is becoming standard practice

1/ in the WBG portfolio out 155 SSN programs Geographic was used in 40 cases, Age based is used in 46 cases, and PMT was used in 33 only (and in 31 in combination with community based targeting), and CBT in 20+31 cases

2/ evaluations and assessments based on MIS and process audits are used to improve the performance.

<table>
<thead>
<tr>
<th>Individual Assessment</th>
<th>CBT-MT</th>
<th>CBT-PMT</th>
<th>CBT</th>
<th>MT</th>
<th>PMT</th>
<th>Age</th>
<th>Children</th>
<th>Age</th>
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<th>Geography</th>
<th>Other</th>
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<tr>
<th>Categorical</th>
<th>Community bidding</th>
<th>Consump.</th>
<th>Work</th>
<th>Other</th>
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<td>Children</td>
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<td>8</td>
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<tr>
<td>Elderly</td>
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<td>8</td>
<td>13</td>
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<tr>
<td>Geography</td>
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<td>Other</td>
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<th>Community selection</th>
<th>Self-selection</th>
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<td>23</td>
<td>5</td>
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</table>

WELLBEING MEASUREMENTS
Ideal estimation case

Ideal asset filter

Typical asset filter

% households owning the asset

Household welfare, from poorest to richest
Hard & Easy to Verify Income

Bulgaria

Kyrgyz Republic
## Means Testing (MT)

<table>
<thead>
<tr>
<th>Target group</th>
<th>Households with low levels of income and assets (means)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator of well-being</td>
<td>Income, per capita or per adult equivalent Asset ownership or value (wealth)</td>
</tr>
<tr>
<td>Eligibility criteria?</td>
<td>• Based on a representative household survey with information on income and assets • Eligibility threshold = income cut-off that separate the target group (poor) from the rest • Administrative vs economic income: not all types of income sources may be included, but the large majority are • Issues: income under-reporting in the survey, informal income • Assets: used to filter-out asset-rich households • Pilot before going to scale</td>
</tr>
<tr>
<td>Appropriate conditions</td>
<td>• Incomes, expenditures, wealth are formal, monetized and well-documented; • Benefits are high • OECD</td>
</tr>
</tbody>
</table>
## Proxy-means testing

<table>
<thead>
<tr>
<th>Target group</th>
<th>Households with low consumption levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator well-being</td>
<td>Consumption, per capita or per adult equivalent</td>
</tr>
</tbody>
</table>
| Eligibility criteria?         | • Based on a representative household survey with information on consumption and household characteristics  
                            • Consumption is estimated based on observable household characteristics correlated with poverty, based on representative household survey  
                            • Most frequent technique: regression model on log consumption  
                            • Variables used to estimate consumption include: location, housing quality, assets/durables, education, occupation and income, and a variety of others (disability, health, etc.)  
                            • The regression model is used to estimate a household score  
                            • The score is compared to a threshold, determined to separate the predicted poorest x% of the population from the rest |
| Appropriate conditions        | • high degree of informality, seasonality, or in-kind earnings;  
                            • chronic poor are the target group;  
                            • benefits will be granted for long periods of time |
Hybrid-Means Testing (HMT)

<table>
<thead>
<tr>
<th><strong>Target group</strong></th>
<th>Households with low levels of means: income &amp; assets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicator of well-being</strong></td>
<td>Income, per capita or per adult equivalent Asset ownership or value (wealth)</td>
</tr>
</tbody>
</table>
| **Eligibility criteria?** | • Based on a representative household survey with information on income and assets  
  • Administrative income = formal income sources + *estimated* informal income  
  • Eligibility threshold is the administrative income cut-off that separates the target group from the rest  
  • Assets: used to filter-out asset-rich households  
  • Pilot before going to scale |
| **Appropriate conditions** | • More than half of income in formal sector, good asset or business registries;  
  • Benefits are moderate to high  
  • Central and Eastern Europe, Central Asia, Brazil |
ADMINISTRATIVE COST AND GOOD IMPLEMENTATION MATTERS
Administrative Infrastructure Supports program implementation

**Frontline units close to beneficiaries**

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of administrative-territorial tiers, and total population</th>
<th>Subnational tiers involved in program administration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Regional level</td>
</tr>
<tr>
<td>Albania</td>
<td>2 tiers, 3.6 million</td>
<td>12 Regional Service Administrations</td>
</tr>
<tr>
<td>Armenia</td>
<td>2 tiers, 3.2 million</td>
<td>11 Departments</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>2 tiers, 7.2 million</td>
<td>28 Regional Directorates</td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>3 tiers, 5.2 million</td>
<td>7 oblast Departments</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lithuania</td>
<td>2 tiers, 3.5 million</td>
<td>No role</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Romania</td>
<td>2 tiers, 21.5 million</td>
<td>42 Directorates of Social Assistance</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>3 tiers, 25 million</td>
<td>12 Oblast Departments</td>
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</tr>
</tbody>
</table>
Administrative infrastructure

- Continued and dynamic registration
- The composition of assistance units, declared information, and some assets are verified – including through home visits & via cross-checks
- Frequent recertification and mandatory updates of documents (quarterly or annually)
- Sometimes additional conditions (community works)
Administrative costs:
Despite the programs’ complexity, admin costs are low to moderate.
The cost of assessing eligibility (determination and recertification) has the highest share.
Implementation

Despite the method, implementation matters a LOT for optimizing targeting outcomes

Moving from population to beneficiary is not simple.

◦ General population
  ◦ Budget implications, coordination, administration and transparency

◦ To reach the desired population
  ◦ Have adequate budget, develop a monitoring and information system, determine a targeting method; design an information and outreach strategy, ensure low cost for potential beneficiaries
Delivery chain of any program: Outreach, intake and registration, and assessment of needs and conditions to determine potential eligibility for Social Programs
Implementation: key points to remember

- Audit
- Error & fraud
- M&E
No single method is best

Huge variation within method according to implementation

Coady, Grosh and Hoddinott, 2004

Handa et al., CBT 2010
Which method performs best? None

Example of social pensions:

*T- means tested, U – universal, other – pension tested*
But clear differences in efficiency

FIGURE 4.10 Benefit–Cost Ratio of Old-Age Social Pensions
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.
Summary

Implementation matters

- Lowering barriers to participation
  - Effective dissemination of information about the program
  - Minimize visits and waiting for application
  - Minimize documentation required, free-of-charge provision of documents attesting eligibility
  - Introduction of one-stop or one-window system; Single application for multiple benefits

- Lowering errors
  - Combine multiple targeting methods
  - Cross-check the information provided by applicants against other public databases
  - Perform home-visits to assess the means of the households and Frequent re-certification

- Improving program administration
  - MIS, Staff training, Coordination,....
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.
Conclusion

Determination of eligibility is complex

No single method dominates

Combination of methods can work but attention is needed on the implementation arrangements

- Implementation arrangements have much in common across all methods:
  - Verification strategies – home visit versus computerized cross-checks of databases
  - Outreach, re-certification, quality control, system design, staffing, etc.
More information


➢ Enrollment in the Safety Net, How-to Note

➢ Grosh, del Ninno, Tesliuc & Ouerghi, “From Protection to Promotion: The Design and Implementation of Effective Safety Nets”, Chapter 4


➢ Governance and service delivery, in SSN working papers series
Thank you!

Source: Bolsa Familia municipal manager manual