



Highlight

The choice of targeting methods for a particular social program depends on the objective of the program and the particular country's circumstances and experience. Literature suggests that three methods —geographical targeting, community-based targeting, and (proxy) means-testing—can be used in combination to identify households that are chronically poor or food-insecure, or that are vulnerable to these conditions.²

These methods must be flexible enough to be used across safety net programs of harmonized interventions.

Effective Targeting for the Poor and Vulnerable¹

Phillippe Leite

Targeting social programs can improve effectiveness of poverty alleviation policies. Allocating benefits to the poor and vulnerable can help reduce chronic poverty, ensure uninterrupted access to social services, and address social exclusion and disparities. Recent international experience has shown that effective targeting is achievable and that a combination of targeting methods can be most effective in achieving poverty reduction and promoting shared growth.

Targeting must be cost-effective and be useable by policymakers and communities in a way that can be used to generate lists of potential beneficiaries. Moreover, procedures must be put in place to ensure that beneficiary selection is objective, transparent, and consistent across geographical areas. Several methods and approaches are known as means tests; proxy means tests; community-based targeting; geographic targeting and self-targeting. One way to achieve consistency across different approaches is by making proxy means testing (PMT) an integral part of targeting in combination with geographic targeting, community-based targeting (CBT), or both. In most situations, PMT methods can provide a common definition of poverty and the basis for data collection efforts, that is sometimes lacking if only CBT methods are used. Coordinating and institutionalizing procedures, establishing a uniform understanding of poverty and vulnerability, establishing common processes across country assistance programs, and creating the basis for creating a database of potential beneficiaries (a social registry) can reduce fragmentation, improve targeting effectiveness, and generate substantial efficiency gains.

Reasons for Targeting Social Benefits³

From an ethical or human rights perspective, equity is better achieved with policies that treat every member of a society equally. Such a universalist approach may look simple in principle, but its practical application is far from easy.⁴ Literature shows that in general the neediest, most marginalized and most discriminated-against groups may have difficulty accessing universally provided programs and may face barriers, such as lack of information, transaction costs, etc. that would exclude them.

¹Synthesis note based on author's work and on del Ninno, C. and Mills, B. Eds. 2014. *Safety Nets in Africa: Effective Mechanisms to Reach the Poor and Most Vulnerable*. Washington, DC: World Bank.

²Del Ninno, C., and Mills, B; Coady, D., Grosh, M. and Hodinott, J. 2004. *Targeting of Transfers in Developing Countries: Review of Lessons and Experience* (2004). Washington, DC: World Bank.

³See more reasons in Leite, Yemtsov and Brixi. 2012. *Improving Lives of Poor and Vulnerable Population: Targeting and Universal Approaches* (mimeo) prepared as background paper for the Thailand Economic Monitor December 2012.

⁴See examples in Guven and Leite (2014). *The Slippery Slope: Explaining the Challenges and Effectiveness of Social Pensions to Fight Poverty in Sub-Saharan Africa*.

Moreover, in a world of high levels of poverty and limited resources there may be a need to ration or limit access to programs. Poverty imposes costs on communities in several ways. Vulnerability to shocks forces families with limited resources to use negative coping strategies that may cause further negative consequences on long term well-being.⁵ For example, to maintain minimum level consumption, the poor might be forced to sell their assets or forego investment in their children's human capital by cutting back on care, nutrition or education. As a consequence, delays in children's development among the poor and vulnerable may be irreversible and can undermine their future prospects, locking families in poverty.⁶ Since resources are limited too, targeting specific groups or populations such as the poor and vulnerable, who should be given priority access to limited public resources, would be important to improve program effectiveness.

Universal vs. Poverty-Targeted Policies

Universal access and targeted approaches are policies are not in contradiction. What matters most for governments and policy makers is not addressing an intellectual question—whether to poverty-targeted programs or not—rather how to design and implement a mix of coordinated and well harmonized both universal and poverty-targeted policies and programs, which make up a social protection and labor system which covers all populations.

Social protection and labor policies and programs are universal because they are meant for all population. Targeting some policies and programs to the poor and vulnerable will make them more effective and efficient.⁷ By allocating benefits to selected population groups, governments can ensure that the poor have access to social programs and services. Brazil, Mexico, the Philippines and Indonesia, among other countries, use targeting to improve the effectiveness of programs in combating poverty and inequality and developing human capital. Therefore, in the words of the Economic Commission for Latin America and the Caribbean, “targeting, or selectivity, is not a social policy as such, but rather a method, which, if properly applied, enhances the effectiveness of universal social programs. The fact that the principle of universality is translated into priority access to basic protection for the poor does not mean that selectivity, as a tool, represents the social policy. Targeting does not work against the principle of universality.”⁸

Common Targeting Methods

Well-established methods exist for identifying potential safety net program beneficiaries. Grosh et al. (2008) and Coady, Grosh and Hoddinott (2004) present the pros and cons of targeting methods such as means testing, proxy means testing, community-based targeting, geographical targeting, demographic targeting, and self-selection targeting. Coady, Grosh and Hoddinott (2004), after analyzing numerous social protection programs, find that interventions that use means

testing, geographic targeting, and self-selection based on a work requirement are all associated with increasing the share of benefits directed to the two lowest expenditure quintiles. Further, proxy means testing, community-based selection of individuals, and demographic targeting of children achieve good results on average, but vary considerably depending on implementation strategy. Demographic targeting of the elderly and self-selection based on consumption do not appear to be effective in targeting people in the lowest expenditure quintiles. In addition, rapid-assessment methods have also been used to identify vulnerable households affected by shocks. The World Food Program (WFP), for example, has used indicators like food consumption scores (FCS), dietary diversity indexes, and food frequency indexes to identify food-insecure households.⁹

Poverty and food insecurity indicators are correlated, but methods for targeting poor and food-insecure households are often implemented independently. Poverty analysis focusing on household budget surveys (HBS) and food-insecurity work employing rapid assessments may identify the same group of households depending on the time or year. A key challenge for policymakers has been to find which methods best use data for targeting in specific country contexts.

Weakness and strengths of five common methods of targeting methods, including means testing, proxy means testing (PMT), community-based targeting (CBT), geographic targeting, and self-targeting are summarized in Table 1.

⁵A third concept treats vulnerability as a categorical status, such as elderly, disabled, widows, children and orphans, because they need special treatment and attention. Thus, children have needs that are markedly different from adults and require age-appropriate care; the elderly have unique needs due not only to the increased incidence of illness and disability, but also to the multiple and complex interactions of other types of physical and social consequences of aging; and orphans can be too young to manage an inheritance or may not even know they have access to an inheritance.

⁶The need to help the poor and destitute imposes costs on communities and strains neighborhood and family support networks, often at times when everyone is struggling. Poverty may also result in socially harmful behavior (crime, begging, etc.) that imposes costs on all members of a society.

⁷Hanlon, J., Hulme, D. and Barrientos, A. 2010. *Just Give Money to the Poor: The Development Revolution from the Global South*. Sterling, Virginia: Kumarian Press.

⁸Economic Commission for Latin America and the Caribbean. 2001. *Equity, Development and Citizenship*, pages 78-79. Santiago, Chile: United Nations.

⁹FCS gives a score for each household that is a linear combination of weights based on the nutrient density of food groups and the level of consumption within groups. The dietary diversity index represents the number of different foods or food groups that households have consumer over a predetermined time period, varying from one to 30 days (usually seven days). The food frequency index considers the frequency of consumption of foods or food groups over a defined period (usually seven days).

Table 1: Strengths and Weaknesses of Five Targeting Methods

Method	Description	Strength	Weakness
Means tests	Actual consumption or income is compared to eligibility threshold	Very accurate with good income or consumption data	Expensive to collect income or consumption data for all potential beneficiaries
Proxy means test	Consumption is proxied through readily observable and verifiable variables and compared to eligibility threshold	Can accurately and cost effectively target the chronic poor	Does not address the impact of short-term shocks
Community-based targeting	Groups of community leaders and members determine household eligibility	Incorporates local knowledge and is responsive to short-term shocks. Can generate community support.	Vulnerable to elite capture and eligibility decisions can lack transparency
Geographic targeting	Targets by location, including all residents within a location	Easy to implement and transparent. Can rapidly target in response to natural disasters and other large covariate shocks	Does not account for differences in household well-being in area
Self-targeting	Benefits and transaction costs are set so that only needy households enroll	Easy to implement and low implementation cost	Stigma and lack of program knowledge may discourage participation

Source: del Ninno and Mills Eds. (2014)

Multiple Methods

The literature suggests that the use of a combination of targeting methods within a single program can produce better targeting results than reliance on a single method (Grosh et al. 2008; Coady et al. 2004; Handa et al. 2012, and Leite 2014). For example, Mexico's Oportunidades program and Kenya's Orphans and Vulnerable Children program combine geographical targeting and PMT; Brazil's Bolsa Familia uses geographic targeting and means testing; and Tanzania uses geographic targeting combined with CBT and PMT. In a well-designed process, multiple methods can bring complementary strengths in order to minimize errors of exclusion and inclusion.

(a) CBT and PMT

Some countries are exploring a combination of community based targeting and proxy means testing. Countries as Tanzania, Ghana, Niger, Cambodia,¹⁰ Indonesia and Afghanistan are exploring this combination of methods, where the community is engaged at the project preparation stage to provide a pre-list of potential beneficiaries of the program, while the PMT is applied over the pre-identified households either to select beneficiaries or to verify them in order to reduce inclusion errors.

(b) Proxy-Means-Test-Plus

Proxy-means-test-plus (PMTplus) is simply a variation of PMT that incorporates the impact that major shocks (e.g., droughts, floods, incapacitation or death of adult family member) may have on households in the selection to identify short-term poor households.

PMTplus can be seen as a method that allows small shock-related adjustments to the PMT to reduce inclusion errors at times of shocks. By applying the value of the estimated impact of the shock on welfare to correct the cutoff point for the PMT, households in need can be identified quickly, and geographic targeting using vulnerability and or shock maps makes it possible to identify households that are or are likely to be affected by the shocks.¹¹

¹⁰Cambodia's secondary scholarship program applies such a model: (i) geographic targeting: each school in priority areas receives 30 or 45 slots; (ii) students fill out forms in class, teachers read them aloud and classmates verify that information is correct; (iii) selection formula is based on typical statistical analysis, but simple variables and integers; (iv) a school committee scores and ranks forms by hand and awards scholarships.

¹¹Yemen used this strategy in the aftermath of last year's political turmoil, where the Social Fund for Development (SFD): (i) redefined its priorities by emphasizing cash-for-work programs; (ii) selected areas of intervention based on current maps of malnutrition and vulnerability; (iii) enlisted the help of communities to identify food-insecure households; and (iv) added a means test to the then-current targeting strategy that combined community-based targeting, self-selection, and a proxy. As a result, SFD was able to increase the number of people benefitting from cash-for-work programs in a short time.

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

		Total	After the Shock		
			Areas not Affected by the Shock	Areas Affected by the Shock	
			Food Secure	Food Insecure	
Before the Shock	Food Secure	A	A20	A21	A22
	Food Insecure		B10	B11	B12
Food poverty line			A10	A11	A12

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

Source: Leite (2014) at del Ninno and Mills Eds. (2014)

The Social Registry: Potential Beneficiaries' Database

One important element of an efficient system that is the need for good household and individual-level data on potential beneficiaries: that is, a social registry of all potential program beneficiaries. Different programs can have different eligibility criteria based on their own objective. Regardless of these different criteria, however, programs should be designed to benefit the neediest (poor and vulnerable). Harmonizing the information of this population across programs will enable governments to identify potential beneficiaries of multiple social assistance programs. In this regard, a social registry would be a major step forward in improving the efficiency of social policies.

The information investment required to identify program beneficiaries could be significantly reduced over time if systematic rather than program-by-program information on household well-being is collected as part of a country's investment in its safety net. A well-designed social registry can improve coordination across safety net programs immensely, no matter which targeting method is chosen. In addition, a social registry can help disseminating important information, lower beneficiary transaction costs, generate savings, and improve overall efficiency. A functional social registry also allows assistance programs to be rapidly scaled up in response to shocks. The cost of collecting data for targeting, particularly for means testing and proxy means testing, is dramatically lowered if the information is already in the registry. Thus, a social registry can remove major impediments to the use of these methods and should be considered as an important component in deciding where to invest time and resources in order to improve targeting procedures and performance.

Conclusion

Appropriate targeting methods will depend on country-specific needs and capacity. A social program should always start at the

chronic poor. Then scalability will depend on the occurrence of a shock. If short-term shocks are a dominant driver of safety net needs, countries may wish to focus on methods that enhance the identification of vulnerable households and target short-term needs. Conversely, if chronic poverty generates the greatest need for safety net programs, then the method(s) should focus on the identification of chronically poor households.

In terms of a country's capacity to implement methods, data and human resources are key constraints. The method(s) selected must be compatible with existing human resources available and training possibilities. Identification of the population of interest always requires access to household or individual-level datasets, regardless of the method used, and the information can be used later to inform program monitoring and evaluation. Constraints on implementation of more complex targeting methods become greater as social safety net systems move towards more structured, quantitative methods.

Political economy may play a role in the choice of appropriate targeting methods. Implementation of more quantitative targeting methods may reduce direct elite capture of assistance resources, but might also lead elites to seek compensation through other means. In summary, no matter the targeting method or combination of methods, implementation and coordination are key. A good targeting system should ensure transparency and consistency above all. Personnel must ensure clear, consistent application of common criteria in collecting and processing data, with little political interference and manipulation by public officials and beneficiaries alike. Good systems are designed to achieve maximum inclusion of the poor and reduce leakage to the non-poor (but allow for the inclusion of the near-poor). Technical or administrative targeting errors are understandable, but fraud, corruption and manipulation should be combated.