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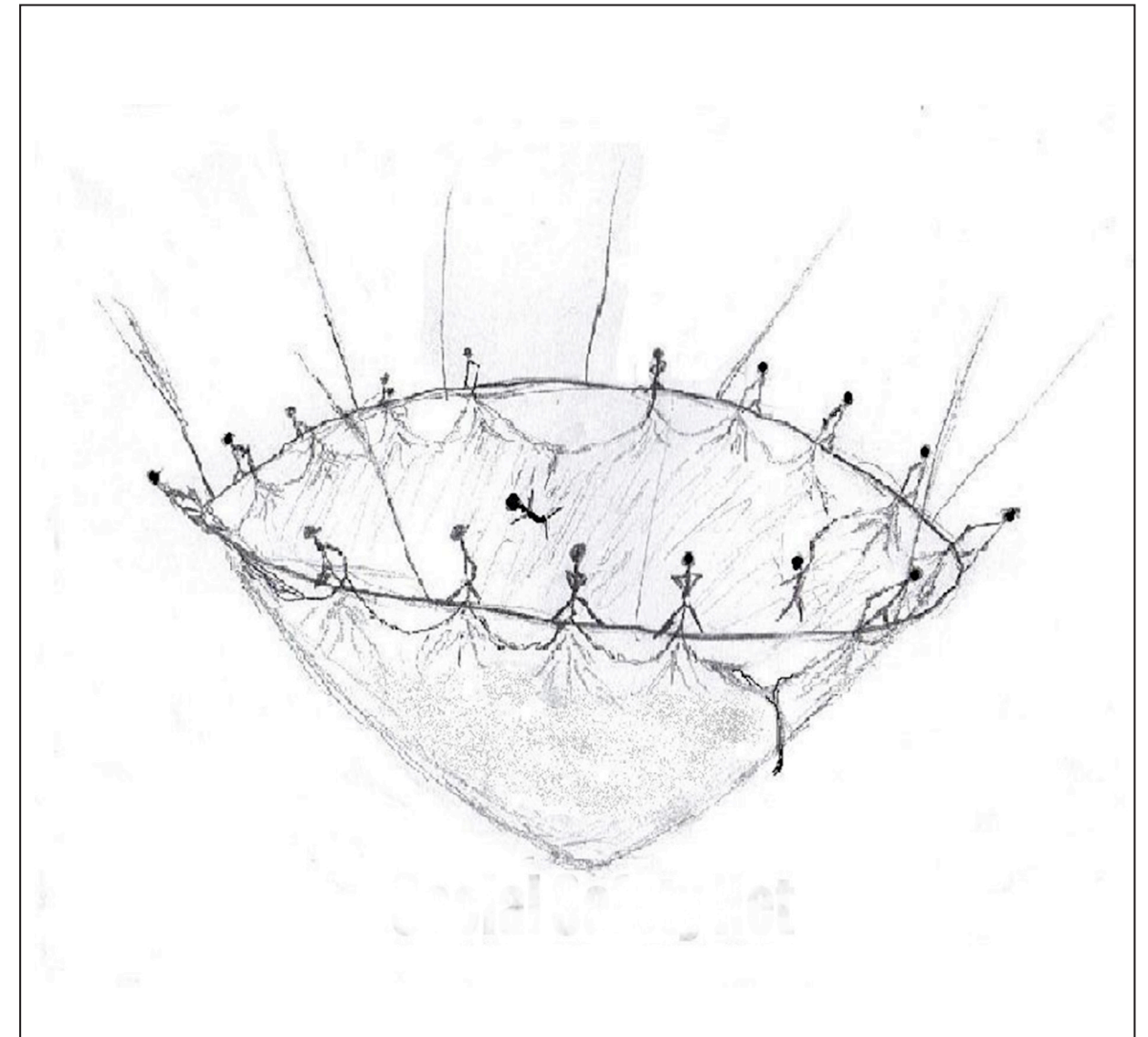
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## Social Safety Nets and Targeting Mechanism in COMCEC Member Countries

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## Introduction

The resurgence of interest in social protection policy in general and Social Safety Nets (SSNs) in particular has been a response to the persistence of extreme poverty in many countries and the perceived need for a response to global economic crises. Several countries are in the process of expanding and/or strengthening SSNs, building on an apparent consensus that more effective SSNs would promote economic opportunity and enhance the productive capacity of the poor to overcome poverty.

Despite the fact that the Millennium Development Goal (MDG) to halve global poverty from the 1990 level has been reached a few years ahead of the target date of 2015, large numbers of people still live under conditions of poverty. Even using the World Bank's conservative extreme poverty line measure (US\$1.25 per day at 2005 prices), current projections suggest that more than 1.2 billion people globally will fall below this in 2015. Furthermore survey evidence indicates that there is a clustering of many poor and vulnerable households just above this poverty line - a further 1.5 billion people have average consumption of between US\$1.25 to \$2.00 per day (2005 prices). In reality US\$2 per day is the average national poverty line for all developing countries and offers only a very frugal standard of living. It is well below what is considered an appropriate poverty line in middle income countries. Thus whilst there has been a trend decline in poverty over the last 30 years the focus of COMCEC on poverty reduction in its members countries remains highly relevant to the lives of millions of poor people.

The strategic objective of COMCEC is to eradicate extreme poverty and hunger in member countries. Social protection policies in generally, and safety nets programmes in particular, are part of the overall strategy of poverty reduction. The case studies from this report show that, despite their increasing use, a large number of COMCEC member countries' populations remain uncovered by social safety nets. According a recent report by the World Bank, only 27% of the world's population has access to social safety nets and, in Sub-Saharan Africa, the figure is as low as 17.2% despite high prevalence of poverty.

COMCEC aims to develop and expand SSN programmes across member states and offers support via a number of strategies. Its intention is to encourage networks of institutions and cooperation between the public sector and civil society to reach to the poor and the poorest. COMCEC is also promoting people-oriented programmes that focus on productivity. This report supports an agenda to improve targeting mechanisms and to reduce leakage and under-coverage such that the cost

effectiveness of poverty-oriented SSN programmes increases. This will be driven by initiatives to enhance the capacity of member countries to understand and monitor poverty on the basis of improved and reliable data.

This report explains how social protection policy and social safety nets can play an important role in delivering pro-poor growth in COMCEC member states subject to effective targeting mechanisms. In a development context SSNs are a key component of a broader social protection strategy and are increasingly central to the post-MDG development agenda. This report is structured as follows: the first chapter provides a brief overview of broader conception of social protection, social safety nets, and targeting mechanism in various contexts. It also sets out the methodology and data sources of this review. Chapter two explores social safety nets and targeting mechanism in COMCEC member states, providing an analytical overview of the strengths and weaknesses of targeting mechanisms deployed by different programmes. Chapter three focuses on countries categorised as low income and lower-middle income countries, as there is considerable similarity in their experience of poverty and SSNs. The analysis primarily draws on case studies of three low income countries - Mozambique, Niger and Sierra Leone and lower middle Income Countries - Cameroon, Egypt, Nigeria and Senegal. Chapter four examines SSNs in middle income groups, most of which are considered to have a High Human Development Index. The analysis primarily draws on case studies of three middle income Countries – Iran, Turkey and Tunisia. These countries tend to have a hybrid of universal and targeted SSNs that use a variety of targeting methods. Chapter five provides evidence from three high income COMCEC countries that enjoy abundant natural resources (mainly oil and gas) that support welfare systems that are an institutionalised feature of the social contract between the state and its citizens. These programmes tend to be funded by the state and to be universal for citizens. Chapter six summarises the report’s findings, followed by recommendations that would improve how SSN targeting mechanisms function.

## **Chapter 1: Social Safety Nets and Targeting Mechanism in COMCEC Member States**

### **Social Safety Nets**

In general we define SSNs or social assistance as non-contributory transfers (monies and goods) that are targeted to the poor and those vulnerable to poverty and economic shocks. They are usually government-funded, but often supported by international official aid agencies and NGOs. Their aim is to enhance the poor's capacity to self-protect against hazards and loss of income, which have the potential to significantly threaten their well-being. The long-term objective is building human capital and redistribution through targeted efforts. According to the World Bank (2011) safety nets can contribute to human capital formation, for example through cash transfers to poor households, as well as the creation of infrastructure, for example through labour intensive public works (see table 1 for the list of SSNs). Such programmes help households build assets. Through positive impacts on economic growth, social protection and safety nets are deemed to have transformative potential. In practice, however, some SSN programmes are small scale and short-term with low coverage and limited geographical reach. However, it can be difficult to quantify SSNs expenditure since in some countries, the conceptual definition does not fit within the remit of any one government department or ministry. In some countries, for instance in the EU, such terminology does not exist and often SSNs is used interchangeably with social assistance.

### **Social Protection**

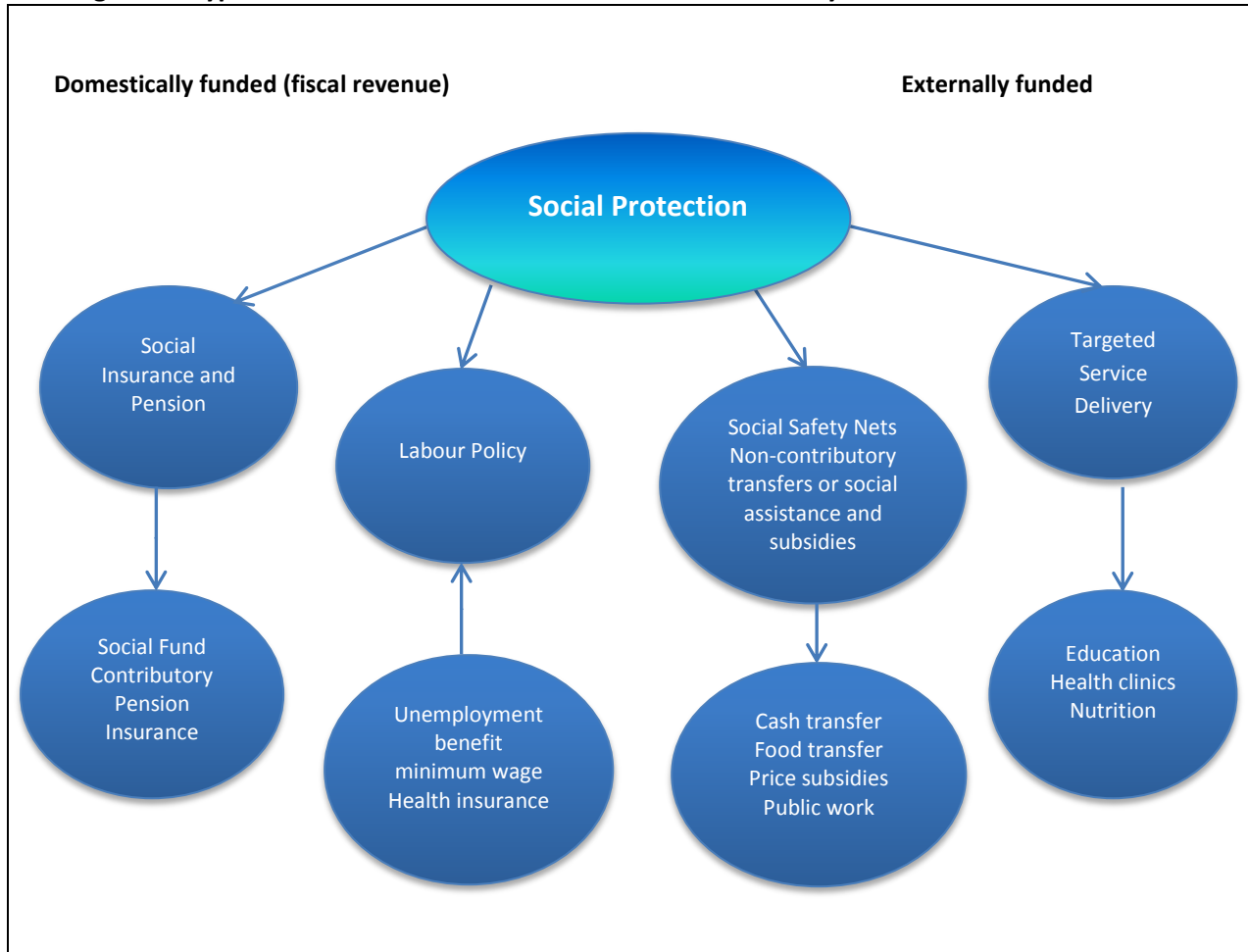
Social safety net programmes are only one component of a social protection strategy, as designed and delivered by public institutions and other agencies to cover broader programme and policy measures aimed at poverty reduction. Social protection has been interpreted in different ways by governments and international development agencies. Conway and Norton provide a robust definition - 'Public Action taken in response to levels of vulnerability, risk, and deprivation which are deemed socially unacceptable within a given

polity or society' (Conway and Norton, 2002: 533). Whether social protection policies emphasise risk, rights or needs as the organizing concept, they all share common ground in that their broader development objective is to contribute to poverty reduction, whether transient or structural. For the purposes of this report, we adopt the broad definition that social protection aims to protect individuals and households at risk of poverty by providing income or consumption transfers and by enhancing the social status and wellbeing of the poor and vulnerable (Hulme 2004, Morvaridi, 2008). Typically, the largest social protection programmes are contributory, such as social insurance programmes that deliver old-age pensions, but it can also be combination of contributory and non-contributory. For example, there is a long tradition of social welfare policies in European countries founded on national insurance and pensions systems.

Other broad categories of social protection expenditure are unemployment benefits, public health expenditure, labour market policies, disability social benefits as well as social safety nets or social expenditure (Diagram 1). Government expenditure on social protection averaged 21% of GDP across 30 OECD countries, although the range was quite wide (from 29% in Sweden and to 12% in Turkey. Variants of the welfare state model in Europe are differentiated by the support they offer (Bonoli, 1997). The spectrum ranges from low levels of social expenditure and social assistance associated with Southern European regimes to the Swedish distributive model based on redistribution through taxation. The UK welfare system delivers benefits and services structured to provide a minimally acceptable level and some suggest that these benefits are being systematically reduced to the extent that the whole idea of social protection as a right is increasingly giving way to the idea of 'conditional entitlement' (Dwyer, 2004).

In a development context SSNs are a key component of a broader social protection strategy and are increasingly central to the post MDG development agenda.

**Diagram 1: Typical Structure of Social Protection and Social Safety Nets**



### **Social Safety Nets and Development**

Whilst distribution as a solution to poverty reduction has always been a feature of discussions on development policy, the role of SSNs played an important part in debates on the impact of the macro economic reforms introduced in many countries in the 1980s and 1990's as part of Structural Adjustment. The poor are the group most vulnerable to the effects of an economic slowdown and there was also a concern that measures deemed necessary to promote growth might have serious negative short-term consequences for the most vulnerable. Strategies variously labelled as 'Adjustment with a Human Face', 'pro-poor growth' and more recently 'inclusive growth' was intended to address these worries by complementing economic adjustment policies with SSNs (references Stewart et al, Ravallion, Ali and Zhuang).

Poverty targeting has been used to channel resources to individuals or groups in society whose income in the main falls below a defined threshold, although several studies have shown that identifying the poor with precision is problematic (Mkandawire, 2005).

### **Poverty and Social Safety Nets**

This report assesses the effectiveness and impact of SSNs targeting in relation to poverty. Poverty is seen in terms of a shortfall of 'basic capabilities' involving the inability to achieve certain minimally adequate levels of crucially important functions, such as being nourished or being sheltered. While 'the poor' are viewed as those whose living standards (whether in terms of calorific intake, housing quality, monetary income or some other measure) falls below a defined absolute minimum which sets a poverty line, poverty is not merely a reflection of income. It also equates to deprivation of elementary capabilities, that is, a lack of the capability to function (Sen, 1999). When poverty prevents a person from functioning or exercising the capability to achieve well-being, we find failures such as premature mortality, significant under nourishment (especially of children), persistent morbidity, and widespread illiteracy and illness with lack of access to health. This is also defined by the UNDP Multidimensional poverty Index (MPI), which looks at overlapping deprivations in health, education and standard of living (income). Income is an important factor, and low incomes or consumption are typically correlated with other non-monetary indicators of well-being. However, it is not the only way to measure well-being, which has multiple dimensions. How poverty is conceptualised is fundamental to how the poor are targeted by Social Safety Net programmes.

To understand the various instruments available as part of SSNs policies and their likely effectiveness, it is necessary to distinguish between different approaches to targeting the poor (ie, categorisations) and expected beneficiaries. A simple approach would be to distinguish between: the chronic or long term poor; the transitory poor; and the vulnerable and potentially poor.

The chronic poor are those who are below the poverty-line on a regular and long term basis (see chapter three for more detail on the chronic and vulnerable poor). This can be due to a number of circumstances, for example lack of access to assets such as land or credit; lack of

capabilities due to poor education or individual circumstances; location in a remote or resource-constrained region; ill health and family circumstances; discrimination due to ethnic background or other factors. This mixture of causes makes it clear there can be no single appropriate policy instrument that could function as a safety net policy for all categories of the poor, although there are several which try to mitigate the impact of some of the underlying issues<sup>1</sup>.

How the transfer of funds could be channelled to the chronic poor is the focus of many SSNs either in the form of micro credit programmes, sometimes combined with training initiatives to allow effective investment of the funds, or to fund essential consumption. In recent years considerable attention has been given to targeted cash transfer programmes, in particular when mechanisms such as proxy means tests and formulaic means tests are used to identify the poor. These transfers can be conditional cash transfers (CCT), framed around 'desirable' behaviour of recipients such as regular school attendance or use of maternity health clinics. Unconditional cash transfers (UCCT's) tend to identify beneficiaries if they meet certain criteria with a view to raising capability in the long term, whilst increasing essential consumption in the short term (chapter 2 analyses cash transfers in COMCEC member states, such as Turkey).

The transitory poor are those pulled below the poverty line either by family or individual circumstances or general economic or climatic shocks (see for instance the cases of Senegal, drought in Niger for drought and economic shocks in Tunis, and economic crisis in Turkey in 2001). SSNs are needed in these cases to protect living standards and if possible prevent the affected households from joining the chronic poor<sup>2</sup>.

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<sup>1</sup> Investment in primary health and primary education tends to be focused on the long-term poor as predominant beneficiaries (sometimes termed 'broad targeting') and are typical of programmes aimed at sustained improvements in the capacity and capability of the poor and raising incomes in the longer term. This type of expenditure is sometimes termed 'broad targeting' as it funds activities from which the poor are expected to benefit disproportionately. Such expenditure, combined with investment in physical infrastructure in areas where the poor are located, has proved to be central to thinking about how poverty concerns could be integrated into economic adjustment reform packages.

<sup>2</sup> Measures that have been used to reach this group include the distribution of free or subsidised essential goods such as staple foodstuffs and the guarantee of a minimum number of days of paid work (sometimes termed 'workfare'). These instruments can be expensive to fund if used widely and are short-term protective measures. The vulnerable poor are those just above the poverty line who may enter the transitory or chronic category when their personal circumstances or macro or national conditions change. This is the group which national contributory pension and unemployment benefit schemes are designed to protect. They may also require retraining support to allow them to respond to fluctuations in the labour market.

## Targeting Mechanism

Not unsurprisingly social protection and SSNs have mostly been adopted by 'rich' states in Europe, where the protection of basic rights is promoted through welfarism' and universalism and typical policy measures that protect people against the risks of inadequate incomes associated with employment, ill health and invalidity, parental responsibilities, old age or inadequate income allowing the loss of a spouse or parent, and *guaranteeing* access to services that are essential for a life in dignity (EU, 2004). In developing countries in general and in COMCEC member countries in particular, we find varying degrees of commitment to social protection and SSNs. In those with more limited social protection, the challenges are nevertheless the greatest. It is important to bear in mind that SSNs are not charity, but are ultimately set up to address an unmet responsibility of the government. In other words social protection and SSNs consider citizens as 'rights-holders' and states as 'duty-bearers'.

Universal benefit schemes are only used in higher income countries due to their cost and the need to fund them through an efficient and effective tax system. Hence in most middle and lower income countries a form of targeting SSNs interventions at the poor is used. Since targeting is complex and involves an administrative cost there is always a trade-off between the cost of implementing a detailed targeting scheme and the benefit of ensuring that funds go to the most needy. There can also be a trade-off between the two types of error most associated with targeting – under-coverage (where some of the poor are missed) and leakage (where some of the benefits go to those who are not below the poverty line). Generally the wider a scheme is spread to reduce under-coverage there is a greater risk of leakage. Reducing these outcomes usually requires an administrative or transaction cost and there will be a trade-off between balancing the benefits of reducing these costs against the cost of administering the targeting scheme.

Increasing attention on targeting in recent years has been triggered by the recognition that universal schemes with benefits to the better-off recouped through the tax system is both expensive and difficult to implement in many poorer countries. In higher income countries means testing based on household income is typically the preferred form of targeting. This approach is highly data-intensive and can be expensive to administer because it requires

collection and verification of information on household income and under some circumstances can fail to pick up the non-monetary aspects of deprivation. In practice in a development context all targeting schemes are designed to provide a simpler alternative to income-based means testing.

The main approaches of targeting can be categorised in various ways depending upon how the poor are identified. Here we distinguish between:

- Targeting by location (Geographical targeting) whereby funds and support are channelled to areas or regions where poverty is greatest. This approach is likely to be most relevant for infrastructure schemes, health and education expenditure since there is always a problem of identifying who are the poor within a particular area. This method is most appropriate where there are clearly defined geographic 'pockets of poverty', but will be less effective in communities with a more varied distribution of poor and non-poor, as this will greatly increase the risk of leakage.
- Targeting by indicator (proxy means testing) relies on the selection of indicators that are highly correlated with household income (or total consumption expenditure), and easy to collect, observe, and verify. These might include pregnancy, family size, size and quality of dwelling, ownership or access to land, nutrition and health status, education, employment, and access to credit, savings and remittances. This method is useful where there is a lack of adequate detailed information and therefore crude proxies are needed to assess standard of living. Its effectiveness will depend on the reasonableness of the proxy indicators for which data are available.
- Targeting by *community identification* relies on community agents to identify which households they feel should receive benefits. Community agents are typically religious groups, community leaders, NGOs, or local elected officials. Here there is a risk that the selection criteria applied at a local level do not match objective need with recipients favoured over non-recipients for subjective reasons.
- *Self-targeting* where participants decide voluntarily to receive the support offered; examples include workfare programmes which offer very low paid jobs (that are only attractive to those without alternatives) and subsidies offered for inferior foodstuffs. Two of the best known SSNs instruments- microfinance and conditional cash transfers -

are voluntary and thus self-targeting. These programmes are generally simpler to administer since recipients seek out support and do not need to be identified.

- The term *Categorical* targeting is sometimes used for programmes that provide benefits on demand to all individuals within a specific category, for example a certain geographical area (in which case it becomes geographic targeting) or group (such as pregnant mothers or children below a certain age (in which case it becomes indicator targeting)).

Social Safety instruments used to provide support to the poor and vulnerable and raise their long-term social and economic prospects have taken different formats. Table 1 shows types of SSNs interventions, including cash and non-cash transfers and other interventions deployed widely over the last decade. It also shows the target beneficiaries and the variety of targeting mechanisms that have been used.

Targeting mechanisms are not mutually exclusive and in many cases a combined approach is used in different areas or stages of a programme to improve outcomes. For example, geographical targeting in the case of homogeneously poor communities will be effective and efficient where the proportion of non-poor in those communities is acceptably low (relative to some policy target or to the administrative cost of the next alternative). In less homogenous communities, where it is harder to identify the targeted poor, proxy means-testing may help to avoid leakage particularly if combined with some form of self-selection.

### **Effectiveness in reaching the poor**

There is now a considerable body of evidence on the effectiveness of SSNs in reaching the poor and several studies have shown that identifying the poor with precision is problematic (Mkandawire, 2005). In terms of the effectiveness of different policy instruments a major conclusion of a 2004 World Bank study (Coady et al 2004) was that the choice of targeting instrument was less important than the overall governance environment in determining the degree of leakage to the non-poor. Targeted poverty programmes are delivered by a mix of actors with diverse collaborations and partnerships between government, NGO's, state departments and/or local municipalities and businesses. Programmes are sometimes: government-owned (e.g. social pensions, disability grants, war veteran pensions); donor-

financed and NGO-implemented (e.g. school meals, public works projects); or co-owned (e.g. social funds and cash transfers).

In some targeting schemes the accuracy of targeting has been shown to be low such that the proportion of poor beneficiaries was little different from their share in the total population, implying that a random allocation would have had almost as much impact. High degrees of leakage have been reported for different types of targeting scheme. For example, food subsidies in Indonesia in the wake of the Financial Crisis of the late 1990's have been shown to have a high leakage rate as the subsidised foodstuffs were resold on the market at commercial prices (Maxwell et al in Weiss 2004). Employment creation schemes such as those employed by various states in India at times offered wage rates high enough to attract those just above the poverty line and in other instances funds earmarked for the schemes were found to be misappropriated. Location targeting in both China and the Philippines was also subject to targeting errors. In China whilst funds went to poor areas there was less evidence that it was the poorest within those areas who received the bulk of the benefits (Wang in Weiss 2004). In the Philippines the distribution of regional funds between provinces was not progressive in income terms.

Targeted cash transfer programmes are considered to be a solution to problems associated with poverty, in particular when they are conditional on changes in household behaviour. The pattern of programmes is diverse, with some geared towards long-term objectives such as the Progresa Oportunidades in Mexico and others focused on more short-term outcomes, such as the Bolsa Familia in Brazil (Ghosh 2011). There is evidence that some programmes have been effective in alleviating poverty and changing behaviour. For example, Attanasio and Mesnard (2006) provide evidence of the positive impact on consumption of a conditional cash transfer programme the Programme Familias en Acción run by the Colombian government and funded by the World Bank with the main objective the accumulation of human capital amongst the poor. The conditional components of the programme related to health, education and nutrition with the programme found to have had positive impacts on consumption, including expenditure high proteins (milk, meat) and children's clothing and education. Similarly studying CCTs programmes in South Africa and Latin America Barrientos and Delong (2006) concluded that cash transfers are an effective

model in reducing child poverty if other services such as safe water, education and health are available.

**Table 1: Types of Social Safety Net Interventions**

Cash	Beneficiaries	Targeting methods
<ul style="list-style-type: none"> <li>- Cash Transfer</li> <li>- Conditional cash transfer programs (CCTs)</li> <li>- Old age allowance</li> <li>- Maternity allowance for the poor mothers</li> <li>- Allowance for widowed</li> <li>- Grants for orphanages</li> <li>- Allowance for disabled</li> <li>- Social Assistance / income support programs</li> <li>- Family / Child Allowance</li> <li>- Non-contributory pensions</li> <li>- Disability benefits</li> </ul>	<ul style="list-style-type: none"> <li>- Poor working families</li> <li>- Those not expected to work, e.g. children, the elderly, disabled</li> <li>- Those needing temporary relief</li> </ul>	<ul style="list-style-type: none"> <li>- Means and proxy means</li> <li>- Categorical selection: children, old, disabled, etc.</li> </ul>
Non-Cash	Beneficiaries	Targeting methods
<ul style="list-style-type: none"> <li>- Food transfers and subsidies</li> <li>- Price support for food</li> <li>- Location of physical infrastructure (roads, power lines etc.) and social infrastructure (schools and clinics etc.)</li> <li>- Employment guarantee schemes</li> <li>- Basic Transfers: including in-kind transitional safety net assistance (TSN), to cover the basic needs of ex-combatants; provision of 'starter packs' (including fertilizers, tools, etc.)</li> <li>- Education related: school vouchers, scholarships, fee waivers</li> <li>- Health related: fee waivers and exemptions for health care services</li> <li>- Energy subsidies</li> <li>- Housing: support for housing improvement, rent subsidies, housing assistance</li> </ul>	<ul style="list-style-type: none"> <li>- Poor people that need to improve nutritional status</li> <li>- Malnourished children; pregnant and lactating mothers</li> <li>- Those attending schools in poor communities</li> <li>- Refugees and other misplaced population</li> <li>- Poor and extreme poor families both working and not working</li> <li>- Poor unemployed at the margin of labour market</li> <li>- Poor short term unemployed and seasonal workers</li> <li>- Poor and vulnerable families with low level of human capital</li> <li>- poor families who cannot afford the cost of the health and education</li> <li>- Poor students that would drop out</li> </ul>	<ul style="list-style-type: none"> <li>- Geographic</li> <li>- Self-targeting (using inferior commodities)</li> <li>- Means or proxy means</li> <li>- Self-targeting (by subsidizing only basic staples and inferior commodities)</li> <li>- Self-selection by setting program remuneration below the minimum wage</li> <li>- Other means of rationing if needed – community</li> <li>- Categorical Geographic</li> <li>- Community (together with one of above)</li> <li>- Health related conditions</li> </ul>
Other	Beneficiaries	Targeting methods
<ul style="list-style-type: none"> <li>- Non-governmental social safety nets and private income redistribution (zakat, sadegeh, korbani)</li> <li>- Faith based organisation and NGOs service delivery</li> <li>- Micro-credit / income generation opportunities</li> <li>- Disaster Management</li> <li>- Training for beneficiaries: mainly vocational and skills training</li> <li>- Public Work</li> </ul>	<ul style="list-style-type: none"> <li>- Poor people that have low incomes</li> <li>- Muslims in local communities</li> <li>- Poor in geographical areas subject to disasters eg tsunami, earthquakes</li> <li>- Unemployed</li> </ul>	<ul style="list-style-type: none"> <li>- Categorical</li> <li>- Categorical</li> <li>- Categorical</li> </ul>

Source: Milazzo and Grosh (2008), Subbarao (2009), World Bank 2012a

It is estimated that globally cash transfers benefit between 0.75 to 1 billion people (Arnold et al 2011). The World Bank cites cash transfer programmes in Turkey, Bangladesh and Morocco as examples where 'conditional school attendance and targeting areas with high incidences of school dropouts and poverty has had a significant positive impact in reducing dropouts especially among girls' (World Bank 2012a).

The use of cash transfers to alter household behaviour through conditionality has been credited with considerable success particularly in Brazil and Mexico. There a relatively high proportion of those with below average incomes have received cash support. Studies on the impact of such transfers suggest that they have raised family food consumption and had a noticeable impact on the targets of increasing school enrolment and progression and attendance at health facilities (World Bank 2009). What is less clear, however, is whether education standards or health outcomes have been improved. The overall objective is to raise the capability of family members and this requires an education and health system capable of delivering improved results. Conditional transfers, in the absence of further improvements in these systems, may have little long-run impact beyond sustaining family consumption in the short-term.

Cash transfers are in principle relatively easy to administer once the target beneficiaries have been identified. However identifying the right set of beneficiaries is not straightforward. In some cases community participation selected on the basis of the views of community leaders has been used. However there is no guarantee that this will identify those in most need. A survey of practices in Indian villages shows the use of selection by rank in terms of assessed need. Beneficiaries tended to be identified on the basis of land ownership or use rather than on measures like consumption expenditure or monetary income (Srivastava in Weiss and Khan 2005).

Another common type of SSNs is microfinance. Microfinance programmes offer both microcredit and saving facilities for the poor. Originally seen as part of subsidised donor-supported programmes with limited outreach and based on group lending schemes, it has now developed into a commercially oriented segment of the financial sector lending increasingly to individual borrowers (Weiss 2011). It clearly reaches small borrowers who would otherwise have little access to loans and some commercially oriented schemes have

been shown to have an impact on poverty reduction (Montgomery and Weiss 2010). However there is a concern supported by evidence from some of the early studies on microcredits that the key beneficiaries are the entrepreneurial poor and those just above the poverty line. This suggests that access to micro loans needs to be complemented by training programmes to raise the capability of the poor to use the funds effectively.

### **Methodology and Data Sources**

In line with COMCEC Strategy of eradicating extreme poverty and hunger this study aims to meet the following objectives:

- Examine the current state of SSNs systems on poverty alleviation and assess poverty targeting mechanisms and their effectiveness in COMCEC members
- Bring together new evidence, most notably data from a selective sample of countries, to analyse methods of targeting and any problems associated with leakage or under-coverage
- Develop policy recommendations related to how SSNs could be more efficient, inclusive and effective in COMCEC member states

COMCEC comprises 57 member states that are geographically dispersed over four continents and can be differentiated by income and human development.

For analytical purposes and to allow comparison of similar and different COMCEC member countries in relation to socio-economic and political formation, we have classified them into four groupings based on income group (see table 2). However, as we have pointed out above, income poverty is considered to be insufficient for measuring poverty and for the purposes of exploring the current targeting mechanisms of SSNs in the COMCEC member countries we also use the UNDP Human Development Index (HDI) for analysis of different countries. The HDI is made up of composite indicators that use three dimensions of human development: a) living longer and healthier (life expectancy), b) education and c) living standard (income) to arrive at an indexed value of the average level of human development in a given country (UNDP, 2013a). The HDI also incorporates a Multidimensional Poverty Index (MPI), which identifies multiple deprivations in the same households in education,

health and standard of living. Table I in Appendix shows COMCEC countries classified as having Very High Human Development (VHHD), High Human Development (HHD), Medium Human Development (MHD) and Low Human Development (LHD).

We randomly selected 3 countries from each grouping (12 in total) as the focus of this study (highlighted in Table 2). Within the limited timeframe for this study and given financial constraints, travelling to 12 countries to collect empirical data was not feasible. Analysis for all 12 countries has therefore been based on available documents and secondary sources, including published data and literature from the World Bank, IMF, UNDP, Asian Development Bank, UNICEF, WFO and the relevant ministries in the countries that we studies. Further data has been gathered by way of questionnaires sent to relevant government departments in these countries, but the response rate of these has been very low, which is not unexpected with postal and internet questionnaires.

We selected 4 countries, one from each income group as the focus of more detailed analysis of SSN systems and targeting mechanisms: Oman (high Income country), Tunisia (Middle income country), Senegal (lower middle income country) and Sierra Leone (Low income country). We also choose Turkey to understand recent shift in social safety nets and social protection programmes. This aspect of the work involved short fieldwork visits to collect data from different ministries responsible for the implementation of SSNs. In Turkey data was collected from the Ministry of Family and Social Policies, Ankara Municipality, Yenimahalle Vakif and the Ministry of Development. In Tunisia data was collected from the Ministry of Family and Social Affairs for Solidarity, Economic Advisors to the Prime Minister, Social and Development Advisor to the President and the African Development Bank. In Senegal data was collected from the Ministry of Economy and Finance, the Poverty Alleviation department, the Delegation of Social Protection, UNICEF and the World Bank and in Sierra Leon data was collected from Ministry of Social Welfare, Gender and Children Affairs. In Oman data was collected from Ministry of Housing, Supreme Council of Planning and focus group interview with local people in Muscat.

**Table 2: COMCEC Member State by Income**

High Income (\$12, 616+)	Upper Middle Income (\$4,086 - \$12,615)	Lower Middle Income (\$1,036 – \$4,085)	Low Income (\$1,035 or less)
1. Bahrain	8. Albania	24. Cameroon	40. Afghanistan
2. Brunei- Darussalam	9. Algeria	25. Cote D'IVOIRE	41. Bangladesh
3. Kuwait	10. Azerbaijan	26. Djibouti	42. Benin
4. Oman	11. Gabon	<b>27. Egypt</b>	43. Burkina – Faso
5. Qatar	<b>12. Iran</b>	28. Guyana	44. Chad
6. Saudi Arabia	13. Iraq	29. Indonesia	45. Comoros
7. United Arab Emirates	14. Jordan	30. Mauritania	46. Gambia
	15. Kazakhstan	31. Morocco	47. Guinea
	16. Lebanon	<b>32. Nigeria</b>	48. Guinea – Bissau
	17. Libya	33. Pakistan	49. Kyrgyzstan
	18. Malaysia	<b>34. Senegal</b>	50. Tajikistan
	19. Maldives	35. Sudan	51. Uganda
	20. Suriname	36. Syria	<b>52. Mozambique</b>
	<b>21. Tunisia</b>	37. Uzbekistan	53. Mali
	<b>22. Turkey</b>	38. Palestine	<b>54. Niger</b>
	23. Turkmenistan	39. Yemen	<b>55. Sierra Leone</b>
			56. Togo
			57. Somali

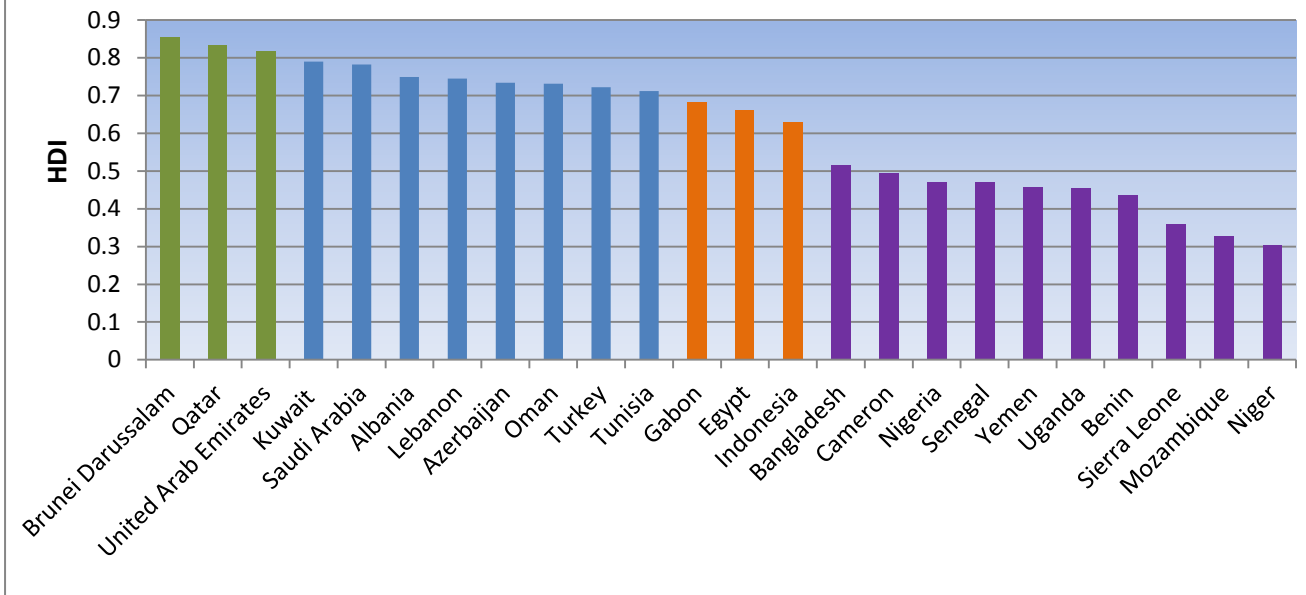
Source: Compiled from the World Bank (2013)

## Chapter 2: Social Safety Nets and Targeting Mechanisms in COMCEC Member States

COMCEC member countries are diverse with respect to their income per capita, GDP and their human development indicators (as shown in graphs 1 & 2). At one end of the scale, some countries have the highest income and human development indicators in the world while, at the other, there are some of the very poorest. UAE, for example, has a GI per capita of \$42,716 per annum, very high human development (0.818 on UNDP HDI) and a life expectancy of 76.7, whereas Niger has a GI per capita of \$0.853 per annum, low human development (0.334 on UNDP HDI) and a life expectancy of 51.9. The 57 member states are distributed across four income categories - high, middle, middle-low and low income. They are also distributed across four groupings based on human development indicators, as shown in the graphs below. These represent a selection of countries from each category.

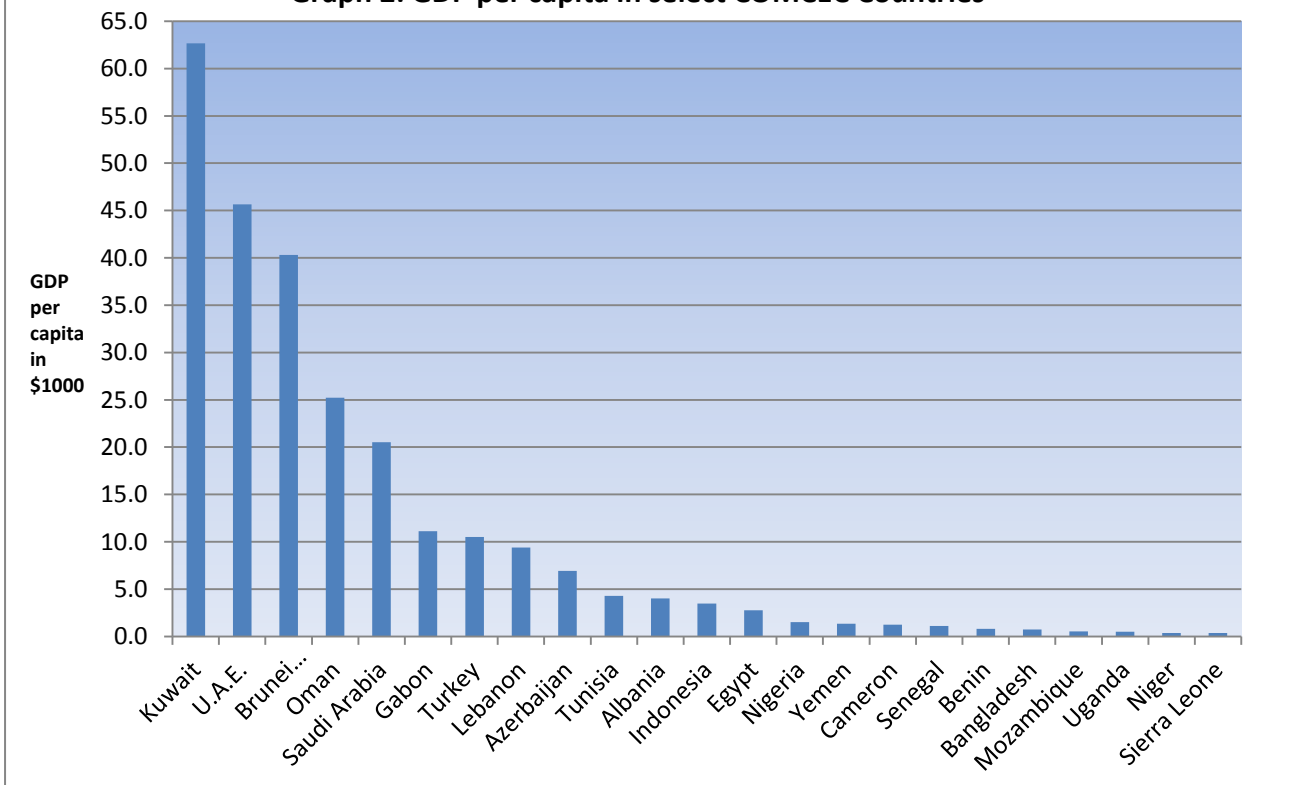
These categorisations are not coterminous, but the distribution is broadly similar in that a country with high income is likely to score high on aggregated human development indicators and a low income country is likely to score much lower. Across all countries however there can be inequalities reflected in individual development indicators.

**Graph 1: Human Development Index of Select COMCEC Countries**



The data available on existing SSNs expenditure and the number of beneficiaries is erratic. This makes it very difficult to comparatively analyse outcomes relative to expenditure across countries and regions. Table 3 shows the percentage of GDP allocated to social expenditure in selected COMCEC member countries. Countries such as Cameroon, Sierra Leone and

**Graph 2: GDP per capita in select COMCEC Countries**



Senegal that have low income and human development indicators spend between 0.2% and 0.8% of their GDP on SSNs. The World Bank's analysis indicates that mean spending on SSNs is 1.9% of GDP and median spending is 1.4% of GDP across developing and transition countries. Around 30% of the COMCEC member countries spend between 1% and 2% of GDP on SSNs. Most poor countries in West Africa, Mozambique, Pakistan and Tajikistan spend considerably less than 1% of their GDP on SSNs, whereas in some countries the amount is higher as it includes international aid (2.5% in Bangladesh and 4% in Djibouti, of which only 0.5% is domestically financed) (World Bank, 2009).

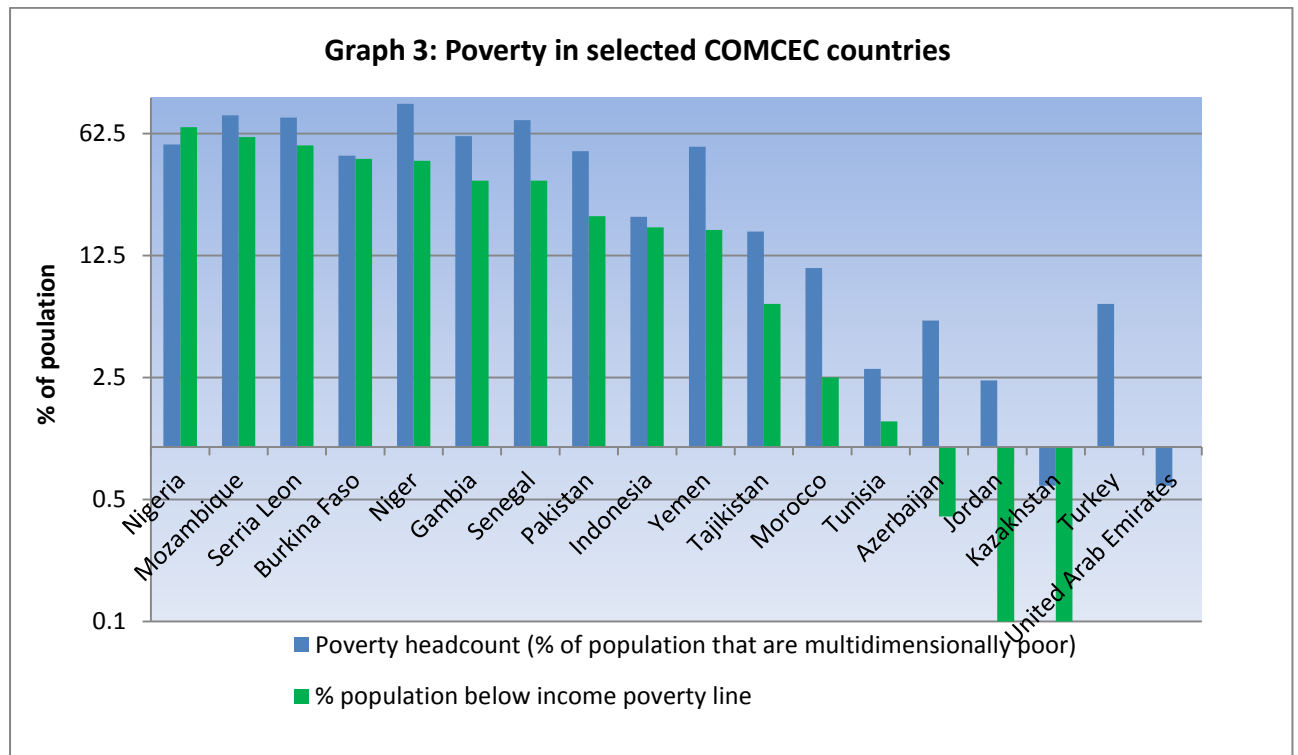
**Table 3: Social Expenditure\* as % of GDP in Selected COMCEC Member States**

Country	Social Assistance Expenditure as % GDP	Social Protection Expenditure as % GDP	Year
Albania	1.2	6.7	2006
Azerbaijan	1.00	5.5	2012
Bangladesh	2.5	n.a.	2012
Djibouti	4.9	10.0	2003
Egypt	1.6	4.3	2000
Iran	2.7	3.8	2000
Indonesia	0.7	n.a.	2012
Jordan	1.3	5.3	2002
Kazakhstan	2.2	5.4	2002
Kyrgyzstan	0,7	5.8	2001
Lebanon	0.4	2.9	2004
Morocco	1.9	4.7	1999
Nigeria	0.5	n.a	2012
Pakistan	0.4	1.8	2004
Tajikistan	0.4	1.9	2012
Turkey	1.4	12.5	2012
Senegal	0.6	n.a	2012
Sierra Leone	0.2		2012
Uzbekistan	2.0	9.0	2000
Yemen	1.0	1.9	1999

Source: OECD, 2008, World Bank, 2009, 2012 data: country reports. (\*Social expenditure is taken to be SSNs)

All COMCEC member counties have some form of social protection and social safety net policies that are aimed at reducing poverty or preventing deprivation. There is vast variation however in the scope of these policies and their targeting mechanisms, which is not surprising given the economic, political and social diversity of member states and variance in poverty (as shown in Graph 3). 31% (150 million) of the total population in COMCEC member states live below the income poverty threshold of 1.25\$ a day (COMCEC, 2013).

Table I in appendix shows that 25 member states are in the category of Low Human Development category and only 4 of member states are in the very high human development category.



### Social Safety Nets – Universal versus Targeted Approaches

The social safety net model and methods of targeting that countries prefer to adopt are contextual and needs based. The diverse range and depth of programmes across COMCEC countries does however provide a broad spectrum from which the efficacy and targeting efficiency of different forms of SSNs can be evaluated. In countries with high incomes (Brunei-Darussalam, Kuwait, Oman, Saudi Arabia and United Arab Emirates), governments provide generous universal and untargeted social protection policies for their own citizens (but not migrants or foreign workers). Countries in low and lower middle income groups, such as Afghanistan, Benin, Chad, Gambia, Kyrgyzstan, Niger, Mali, and others tend to have limited resources and institutional capacity, resulting in the use of targeted social safety nets but with low coverage.

A number of variables and drivers also influence choice, including politics, governance structure, institutional capability, available funding and technical ability to implement and maintain social safety net programmes. In Turkey, for example, a key objective of recent

changes (since 2011) in the governance structure of social expenditure programmes has been to strengthen institutional capacity and citizen access. The introduction of a national targeting system and a single beneficiary registry uses a single Proxy Means Test (PMT) to target benefits more efficiently and increase social inclusion (see below for more detail). As Turkey has pretty much eliminated extreme poverty the Ministry of Family and Social Policies are now in the process of reconstructing PMT to suit different political needs.

There is an undoubted need to increase coverage of SSNs programmes in low and lower middle income countries, but major inhibitors include fiscal constraint, institutional capacity to deliver assistance to more people and ineffective targeting mechanisms which do not adequately identify ‘the right poor’. The methods used are mainly categorical, geographical, and community based targeting. At the other end of the spectrum, COMCEC member countries with high incomes have adopted universalism, with strong social protection and SSN programmes including high subsidies on fuel and food. The most significant leakage is in relation to generalised price subsidies on food and fuel, which sees people benefitting that do not need this support. Untargeted subsidies for food and fuel can however be inefficient as they are available to the non-poor. According to IMF and World Bank reports, these kinds of SSN programmes are most at risk of leakage. Evidence from a World Bank study shows that in Tunisia, Egypt, Yemen and Jordan, the richest quintile captures 40–60% of all fuel subsidy benefits, because the rich consume more energy products than the poor (World Bank 2012a). While they may help reduce poverty, untargeted programmes on their own do not achieve the wider objective of addressing the social exclusion of the vulnerable by providing access to human capital and economic opportunities. In Tunisia indirect food subsidies, which amount to 4% of GDP, have contributed to poverty reduction, but at the same time there is enormous leakage and only 20% of the subsidies reach the poorest quintile. In this context political factors play a crucial role in how subsidies operate and why they are retained.

Some countries are increasing use of safety net programmes in order to focus on the poor and reduce leakage. The government in Indonesia chose to divert some of fuel subsidies to conditional cash transfer programmes (CCTs) for the 19 million poor households who did not have access to education and health insurance. Following the successful implementation of Bolsa Familia in Brazil and the positive experience of other Latin American countries,

many COMCEC member states, such as Turkey, Azerbaijan, Bangladesh and Lebanon have actively pursued conditional and un-conditional cash transfers to reduce poverty. These are considered to be more effective than universal benefits and are becoming a preferred approach in many COMCEC member states. Table II in appendix provides examples of COMCEC member states that have implemented CCTs and details the type of projects, targeting methods, beneficiaries, methods of payment and conditions for this type of social transfer. This does not include countries that are piloting CCTs (such as, Morocco, Senegal, Lebanon, Sierra Leone and others).

There is evidence from Turkey (see table 2 in Appendix), the pilot Tassir programme in Morocco, Yemen and Bangladesh that CCTs have been effective in alleviating poverty and changing behaviours. Many CCTs focus on increasing human capital and resilience among excluded groups, such as women and children. Programmes in Turkey, Yemen, Bangladesh and Indonesia target groups at risk of not being educated to tackle inter-generational poverty and break the poverty cycle. These programmes in themselves are not a panacea for poverty, however, and they have to be accompanied by other development and infrastructure advances. Increasing attendance at school for example will not improve educational attainment unless the quality of education is good.

The shift away from universal subsidies to cash transfers is not always successful at targeting those in most need. Iran successfully reduced general fuel and food subsidies and simultaneously introduced a phased implementation of universal cash transfers to increase assistance to the poor, but these are not targeted and therefore high leakage still results.

There is no one-size-fits all targeting mechanism. Table II in appendix shows that CCTs have adopted geographic targeting and sub-categories based on localities and/or demographic or socio-economic profiles, such as children of school age in specific rural areas or people with low incomes suffering from transient poverty. In some chronically poor or low income countries where institutions and registration systems are weak, targeting is basically redundant. In a low income country such as Niger, population estimates are often inaccurate and household survey data is very outdated and would be ineffective therefore as a basis for planning the targeting of SSN programmes. Household or individual targeting is not a suitable approach in Niger because so many households, especially in rural areas,

suffer from poverty. Secondly, given the difficult climate conditions of the Sahel, individual targeting would be ineffective in drought affected larger areas. Administrative targeting (non-community members deciding eligibility according to observable indicators) could be useful for specific targeting, for example to select recipients of nutrition programmes, but on the other hand, there are large areas where the majority of people would benefit from additional nutrition undermining the need for complex targeting processes.

### **Informal or Non-Governmental Social Safety Nets**

Many social safety nets in COMCEC countries are provided by governments, in both the financial and administrative sense. However, SSNs are not exclusively provided or delivered by governments. Some are funded and delivered by international donor agencies and NGOs including faith-based organisations (FBOs). Formal and informal remittances also provide a lot of support for poor communities. Effectively in low and lower middle low income countries, a large proportion of SSN programmes tend to fall within the aid and philanthropy complex to the extent that half of health and education services are supported by international donor agencies, and philanthropic organisations (Deneulin and Bano, 2009). In Senegal, an evaluation of 24 projects shows that 62% of social safety nets are dependent on aid agencies. As a consequence in many of these countries social protection and SSN programmes are fragmented and responsibilities for implementation, monitoring and evaluation are often devolved to different departments, agencies and donors that sit outside of direct government control. The fact that some projects and programmes are not within the government's domain can result in project overlap and duplication. This is symptomatic of weak country ownership of social safety net programmes.

Evidence shows that non-state SSNs provided by non-governmental organisations and foundations, the extended family, friends and clans does not fill the gap left by inadequate state support, engendering risk for vulnerable groups, including the unemployed, the elderly and children (MacLean, 2010). They are nevertheless essential at times of crisis, economic shock and natural disaster for many poor families. In Cote d'Ivoire, for example, informal safety nets have been a critical source of support for the population as the country has struggled with political crises and rising poverty rates. A recent World Bank study describes how, when a shock strikes, families in Cote d'Ivoire often turn first to their family and

kinship networks for support, which work on the basis of the principle of reciprocity. A complex layering of support networks (from family to village associations, ethnic-based associations in urban centres; faith-based groups and associations of specific groups, such as retirees or disabled associations) can be called upon for support. These layered networks of informal support mechanisms tend to be unable to protect households from covariant shocks and can be regressive. For example, household surveys indicate that the average private transfer value for the top deciles of the population is about five times larger than the average for the bottom four deciles. As poverty and inequality rises in Cote d'Ivoire, it appears that the principle of reciprocity is being applied more strictly. Even relatively well-off households report limiting their assistance to their nuclear family and to relatives who would be able to reciprocate, "we help those who help, those who have helped and those who could help." (Soko, N'Guessan, Falcy (2010).)

Diaspora and migrant remittances are the most significant provider of social safety nets in some countries. In Tajikistan, for example, remittances from workers in Russia amount to 40% of GDP. Money sent by migrants to their family and kin supports their well-being and improves their standard of living. In fact a number of studies have shown that families with relatives that have migrated are more likely to send their children to school, using cash from remittances to pay fees and other costs. Families receiving remittances are found to have higher rates of child schooling compared with those who do not (Cox-Edwards and Ureta 2003, Yang 2008). The function of remittances is to diversify sources of income and to cushion families against setbacks, such as illness or larger shocks caused by economic downturns, political conflicts or climatic vagaries. (UNDP, 2009). Recent examples include the 2004 Hurricane Jeanne in Haiti, the 2004 tsunami in Indonesia and the 2005 earthquake in Pakistan.

Many governments rely on remittances to substitute investment in social programmes. The amount of remittances sent home by migrants from Tajikistan was estimated to be about US\$ 2.67 billion or 49% of GDP in 2008 (ILO, 2010). According to the data of the Ministry of Labour and Social Protection of Population of the Republic of Tajikistan, the total number of labour migrants in 2008 was 720,000, the majority of whom were in Russia. Remittances play a vital role in the economic wellbeing of the population, with about 89% of emigrants

regularly sending remittances to their relatives in Tajikistan which are used to solve financial problems and cover immediate basic needs, including housing, food, education and healthcare. For more than 60% of households in Tajikistan, remittances account for more than half of their income and for 31% they make up 100% of their income.

Other informal SSNs also result in the non-contributory transfer to the poor to achieve poverty reduction. Many local NGOs and faith-based organisations (FBOs) are involved in delivering safety nets to the poor. A large number of Islamic NGOs, for example, successfully mobilize charitable donations and channel them to the destitute. Islamic NGOs draw upon institutions of giving within Islam, which oblige Muslims with a certain level of wealth to give to charities, and encourage optional contributions such as Zekat, Sadaka, Zekat al-fitr (alms giving) and Kurba'i (a sacrificing celebration). These forms of giving have a moral value, as they are acts of duty. There is little data available on how much Muslims give through these institutions, but it is estimated that globally more than \$20 billion is donated annually by 1.5 billion Muslims (Fourth Congress of Muslim Philanthropists, 2011). Islamic NGOs are likely to be expected providers of safety net activity in COMCEC member states.

In some countries such as Pakistan, Yemen and Saudi Arabia, these forms of giving constitute the largest transfer system from the wealthy to the poor and vulnerable. In the absence of income taxation, the Islamic alms system of Zakat contributes a share to the social spending of governments in Pakistan, Burundi, Saudi Arabia and Bahrain. The payment of Zakat is calculated annually on the bases of income and property (circa 2.5% of an individual's total savings and assets). In Saudi Arabia the current rates of Zakat are 2.5% of the value of traded goods, 5% of the value of crops from irrigated land and 10% of the value of non-irrigated land crops, whereas found treasures are taxed at 20% (Althnian, 2012, 4). Not all member countries collect Zakat via the government in the form of taxes and rely instead on individual actions.

Even charitable donations to the needy such as Zakat have been shown to be subject to leakage. An analysis of the distribution of Zakat across cities in Pakistan has revealed a relatively high degree of leakage to those with below average incomes but who are not necessarily below the poverty line (Arif in Weiss and Khan 2005). This suggests that charity is local and giving to the poor in an area is not about judging recipients by national standards

but more local ones. In addition there are some concerns that Zakat funds are held back for personal gain by local committees rather than distributed to the needy.

## **Conclusion**

In this chapter we have examined the range of SSN programmes used by different country groupings based on income and with reference to deprivation and inequality. What is noticeable is the proliferation of conditional cash transfer across COMCEC member states. The analysis provides an overview of the strengths and weaknesses of different programmes in relation to targeting mechanisms. The lack of effective monitoring and evaluation systems in most countries makes it difficult however to compare the effectiveness and efficiency of different approaches. These constraints are amplified in very poor, fragile and post-conflict states as we shall in the next chapter.

## Chapter 3: Countries in Low Income and Lower Middle Income Group

This chapter brings together analysis of countries categorised as Low Income and Lower Middle Income, as there is considerable similarity in their experience of poverty and SSNs. The analysis below primarily draws on case studies of three Low Income Countries - Mozambique, Niger and Sierra Leone and three Lower Middle Income Countries - Cameroon, Egypt, Nigeria and Senegal. All of these countries are classified as low on the UNDP's Human Development Index, other than Egypt which, on the basis of 2008 data, was considered to have medium human development even though its income is lower than Cameroon's (reflecting investment in education and health). More recent data shows that poverty increased sharply across the country between 2009 and 2011 (WFP, 2013b).

**Table 4: Poverty Indicators for Low Income and Lower Middle Income Case Study Countries**

HUMAN DEVELOPMENT INDEX			MULTIDIMENSIONAL POVERTY INDEX										Population below income poverty line (%)	
COUNTRY	COMCEC Rank on HDI	HDI	Poverty Index		Multidimensional Poverty			Population vulnerable to poverty	Population in severe poverty	Contribution of deprivation to overall poverty (%)			PP \$1.25	National Poverty Line
		value	Year	value	(%)	(thousands)	(%)			Education	Health	Living standards		
Cameroon	34	0.495	2004 (D)	0.287	53.3	9,149	53.9	19.3	30.4	25.7	24.5	49.8	9.6	39.9
Egypt	23	0.662	2008 (D)	0.024	6.0	4,699	40.7	7.2	1.0	48.1	37.3	14.5	1.7	22.0
Nigeria	35	0.471	2008 (D)	0.310	54.1	83,578	57.3	17.8	33.9	27.0	32.2	40.8	68.0	54.7
Sierra Leone	46	0.359	2008 (D)	0.439	77.0	4,321	57.0	13.1	53.2	31.5	19.3	49.2	53.4	66.4
Mozambique	50	0.327	2009 (D)	0.512	79.3	18,127	64.6	9.5	60.7	23.9	36.2	39.9	59.6	54.7
Niger	51	0.304	2006 (D)	0.642	92.4	12,437	69.4	4.0	81.8	35.4	21.5	43.2	43.6	59.5
Senegal	57	0.470	2010/2011	0.439	74.4	7,642	58.9	11.7	50.6	31.8	40.6	27.6	33.5	50.8

SOURCE: AND CHECK NOTES FROM ORIGINAL TABLE

### Challenges in Targeting the Poor

In low and middle income countries chronic poverty and food security remains high despite the fact that in some countries there has been a decade of steady economic growth. Although each country differs in terms of social, political and economic make-up, they have the following common characteristics that are relevant to social protection and social safety nets programmes:

- High poverty rates as shown in Table 4 and Graph 3. More than 55% live in extreme poverty and, in some countries such as Mozambique, the poverty rate is as high as 79% and more than 30% live in extreme food poverty (UNDP, 2013b). A high proportion of the population therefore would be eligible for SSNs support.

- Very young populations with very high dependence ratios that create specific poverty challenges, including high infant mortality and child nutrition problems.
- Low contributory social protection schemes (only 2% to 3% of people have social insurance and pensions), increasing a need for state support.
- Weak institutions and administrative capacity that can inhibit successful implementation and monitoring.
- Weak governance (specifically in fragile states) that can undermine programme development and implementation.
- Fiscal constraints and lack of state funding to devolve to SSNs. Some states, such as Cameroon, spend as little as 0.2% of GDP on SSNs, which is so low that it will not have any impact on poverty reduction (World Bank, 2012c).
- Reliance on private transfers such as remittances and social networks to assist families living in poverty or facing severe economic shocks caused by drought, floods, failed harvests etc.
- A high percentage of the population whose livelihoods are based on the informal sector and who are not registered with the state and not included social safety nets programmes.
- High levels of internal population movement (e.g. in relation to famines and other crises or nomadic populations), which impacts on the identification and tracking of target groups.

Finding sufficient resources to invest in both accelerating economic growth and providing social protection to the large proportion of the population who are poor and vulnerable is a significant challenge for countries of low or lower middle incomes. In the majority of these countries, SSN programmes are donor dependent, funded by NGOs such as the World Bank. This means that they are driven by a conditionality and aid effectiveness framework. While the engagement of donor agencies can bring much-needed capacity to support programme development and delivery, reliance on donor agencies can also impede longer-term benefits for poverty reduction.

Donor-led projects can be fragmented and their coverage tends to be low. In Cameroon, for example, nutrition programmes are mainly run by international organisations, such as UNICEF, CARE, the Catholic Relief Services and the World Bank and emergency responses to food crises is often supported by the World Food Programme (World Bank, 2012c, iv). Other SSNs are scattered around the country, including several small ad hoc SSNs in the country (school feeding, temporary food emergency assistance, free waivers and small cash transfers), without much coordination or cooperation between them (World Bank, 2013e, 3). It is virtually impossible for so many SSNs activities to be fully co-ordinated to ensure coverage is appropriate and targeting is effective. Most of the SSNs use geographic targeting or self-targeting. These individual SSN programmes cover at best only 1% of the population in Cameroon. For instance school feeding programmes which target girls in geographic zones have very limited coverage of only 5.3% in the poorest areas in the north of the country. Moreover, those who are reached are not necessarily the poorest of the poor. Cameroon is an example of a country where SSNs are missing completely in large areas, and those few SSNs that are in place are fragmented and lack an overarching framework that links them in a co-ordinated system. It demonstrates the need for SSNs to be linked to a national social protection strategy to improve targeting (World Bank, 2012a, vii)

The following case studies show that coverage of SSNs across low income and lower-middle income countries tends to be fragmented and subject to under-coverage as much as leakage.

## **Case Study: Niger**

Niger is 186th out of 187 listed countries on the Human Development Index (UNDP, 2013a). The country is struggling with extreme climatic conditions, raising food prices, the aftermath of the global economic crisis and lack of income diversification. Chronic vulnerability is closely linked to food crises, and severe and acute malnutrition is common, reaching 12% in 2009 and 15% in 2010. Basic services are improving steadily in Niger but people in rural areas are particularly vulnerable. Two-thirds of the population lives below the poverty line, especially in rural areas where 63 per cent of people live in poverty. The economic growth of 2.3% is not strong enough to satisfy the basic needs for education and health of the swelling population (Niang *et al.*, 2012; UNICEF, 2012; IRIN, 2012). The country is also affected by a conflict in northern Mali and the dried up flow of remittances from expatriates in Tunisia.

### **Social Safety Nets in Niger**

- **Typical SSN programmes** in Niger: targeted food and nutrition support – e.g. cereal banks, food-for-work programmes, feeding programmes, subsidised cereal prices and vouchers for seeds throughout the 2000s (Pelham *et al.* 2011, 119); piloting cash transfers.
- **Providers:** Government-led social protection is sparse in Niger and SSNs operating in the country are donor and NGO-led. Key agencies include the UN (cash transfers), the World Bank (Social Safety Net), the World Food Programme, UNICEF (various programmes) and numerous local NGOs.
- **Total SSN expenditure** across all programmes is not known as they are fragmented and poorly co-ordinated.

Social protection is a relatively new concept in Niger, as the country only adopted an Action Plan for Social Safety Nets in 2010 and a National Social Protection Policy in 2011, which covers: (1) food and nutrition security; (2) social security including work opportunities for poorest populations; (3) basic social services and infrastructure; (4) specific actions targeting particularly vulnerable groups; (5) strengthening legislative framework. One of the most important components of this Social Protection Policy is the National Social Safety Net

Programme undertaken in cooperation with the World Bank and UNICEF. The programme, which reached 1,000 villages, 40,000 households (210,000 people) in 2012 is piloting cash transfers targeted at groups most vulnerable to cyclical food shortages, accommodating 40,000 households (Niang *et al.* 2012; UNICEF, 2012, 3). The programme used Key Family Practices (UNICEF's set of guidelines for childcare and health) as soft conditionality, with associated measurable success at improving household health, nutrition, and sanitation practices (apparently achieving in four months what the KFP campaign had achieved alone in four years). A follow-up survey revealed that 83% of cash was used to buy food. Moreover, 72% of households were able to save money or invest it in livestock, diversified economic activities or invested in agricultural inputs. A further 30,000 households will participate in a cash-for-work scheme. The two year project provides also 60 days of work for 15,000 people each year. Other programmes include cash-for-work schemes that are considered to be most effective during a slow-onset food crisis (Woodke, 2012, 13). Table 5 shows the reach of the UNICEF WASH programme in Niger in 2012, which included a range of safety net measures, targeted at population clusters.

**Table 5: UNICEF WASH Programme in Niger**

	Cluster 2012 target	Cluster total results	UNICEF 2012 target	UNICEF total results
<b>NUTRITION</b>				
Children < 5 years old with severe acute malnutrition admitted into therapeutic feeding programme	393,737	312,148	393,737	312,148
Children < 5 years old immunized for measles in refugee camps	3,500,000	3,325,000	3,500,000	3,325,000
<b>HEALTH</b>				
Children < 5 immunized for measles in refugee camps			4,068	3,630
Households in affected area receiving two insecticide-treated bed nets (ITNs) in refugee camps			5,456	4,092
Population affected by acute watery diarrhoea having access to lifesaving curative interventions			23,816	5,041
<b>WATER, SANITATION AND HYGIENE</b>				
Emergency-affected population provided with access to safe water as per agreed standards	978,096	206,000	41,128	33,887
Children and women receiving critical WASH-related information to prevent child illness	734,490	159,436	393,737	10,918
<b>CHILD PROTECTION</b>				
Children provided with access to community spaces for socialization, play and learning	10,000	6,569	10,000	6,233
<b>EDUCATION</b>				
Emergency-affected children (including adolescents)	150,000	67,600	105,000	52,600

Results through 31 October 2012

(Source: UNICEF, 2012 (<http://www.unicef.org/appeals/niger.html>))

Many of the SSN programmes in Niger have been designed as stand-alone programmes dealing with identified issues such as predicted food shortages with food distribution and subsidised prices, rather than component parts of long-term development programmes. Woodke (2012, 13) argues that the government should take a more decentralised approach, allowing local communities and NGOs to combine cash-for-work and cash transfers into a broader, multisectoral development funding mechanism.

### **Targeting approaches in Niger**

SSNs are not systematically managed in Niger and it is difficult therefore to get a comprehensive picture of coverage and therefore evaluate the success of different targeting methods:

- National approaches include geographical targeting using the national early warning system to identify people at risk (for example child nutrition see Table 5), but given the rate of poverty most people in rural areas are in need of SSNs support in some form. Inadequate household data means that, depending on the remit of a particular programme, there is high risk of both excluding intended beneficiaries as well as inclusion errors.
- Geographical targeting in Niger has also been problematic in that poor administrative systems mean that population estimates are often inaccurate and hence distort planning. In cases of severe crisis, such as the recent drought in the Sahel, sensitivity targeting would be meaningless as the whole region is affected. Save the Children has used local communities to determine eligibility criteria, for example for a pilot project in 2008-2009 (Saulle *et al.* 2012). This participatory approach helped locals to understand and accept the selection process.
- Decentralised approaches have been used by some local NGOs to identify people that are 'missed' by national schemes framed by emergency relief and risk management approaches. A Christian NGO Jeunesse En Mission Entraide et Développement (JEMED) combined a cash-for-work scheme with sales of food and fodder at reduced prices to support longer-term development activities and land regeneration among pastoralist groups in Abalak, northern Niger (Woodke, 2012).

People engaged in the cash-for-work programme were much more resilient to shocks from drought and losing crops than other people in the area.

Given the prevalence of multi-deprivational poverty in Niger, leakage is relatively low. The more concerning issue is scoping need and ensuring sufficient funding and programme management capacity is in place to minimise under-coverage.

### **Case Study: Sierra Leone**

Sierra Leone had the lowest Human Development Index in the world in 2002-2003 and is the lowest of the 57 COMCEC countries, while its current GNP per capita is only US\$130 compared to the average for Sub-Saharan Africa of US\$470 (World Bank, 2013). Sierra Leone has been recovering from a devastating ten-year civil war which ended in 2002 with need to restore and develop services providing for basic needs. Despite Sierra Leone's economic growth rate skyrocketing to 19.8 per cent in 2012, persistent inequalities are tremendous within the country.

The welfare sector of Sierra Leone is heavily depending on international assistance. The World Bank, African Development Bank (ADB), European Commission (EC), UK Government Department for International Development (DFID) and the United Nations are key donors supporting the Government of Sierra Leone in the implementation of the Social Safety Net Programmes. Most aid is provided in the form of project support, but a significant amount is also provided in the form of direct support for government budgets. A central objective of the SSNs in Sierra Leone is to assist the old and needy in such a way that it increases their sense of citizenship participation and integration into community life (Child Frontiers, 2010).

#### **Social Safety Nets in Sierra Leone**

- **Typical SSN programmes** in Sierra Leone: cash transfers, targeted non-contributory programmes and in-kind transfers (education, food and nutrition support).
- **Providers:** Government-led social protection and international donors and NGO-led programmes.
- **Total SSN expenditure 0.2% of GDP.**

A number of social safety net programmes, including a small number of cash transfers (direct cash transfers and cash-for-work) are being implemented by the government in partnerships with international actors. These include direct social assistant programmes (in the form of in-kind assistance, food aid etc.), agricultural input programmes, food-for-work, skills training and start-up capital kits. The basic idea of this kind of assistance is not to give hand-outs, but “a hand up”.

There are currently six cash transfer programmes being implemented in the country (Holmes and Jackson, 2007, 9):

- a contributory pension scheme implemented by the National Social Security and Insurance Trust (NASSIT);
- a direct cash transfer to the elderly and most vulnerable implemented by the Ministry of Labour, Social Security and Industrial Relations;
- a cash-for-work programme is implemented by the Ministry of Youth and Sports and it is meant for unemployed youth aged 15-35, refugees in Freetown and ex-combatants with little or no education. Participants are paid approximately US\$2 a day (Scott, 2008, Cited in Unicef, 2009, 24).
- cash-for-work by the National Commission for Social Action. The programme supports peace-building and it targets unemployed youth, women and handicapped. The public infrastructure works are carried out through local contractors and community participation.
- a small scale cash-for-work programme implemented by an NGO;
- a small scale pension programme for double amputees, also implemented by an NGO.

### **Targeting Approaches in Sierra Leone**

In addition to non-contributory cash transfers and cash-for-work programmes, there are numerous other forms of SSNs in Sierra Leone. Table 6 shows the methodology for targeting different types of social safety nets. Many of these programmes use categories of the vulnerable to target: amputees, single female parents, widowers, unmarried single girls, the aged, street children, child soldiers, homeless, polio victims, slum dwellers, orphans and

discharged prisoners (Holmes and Jackson, 2007, 7). This can lead to high levels of exclusion of people suffering from poverty that do not fall into one of these classifications and hence SSNs under-coverage.

**Table 6: Targeting methods of SSNs in Sierra Leone**

<b>Type of social safety net</b>	<b>Targeting Methods</b>	<b>Target Population</b>
Cash transfer	Geographical targeting and tests of available support	The elderly and most vulnerable
Cash for work	Defined eligibility criteria	Ex-combatants Unemployed youth Returnees Refugees
Food for work	Geographical targeting	Able-bodied men and women
Food for training	Geographical targeting with eligibility criteria	Refugees
Food for aid	Geographical targeting with eligibility criteria	Most vulnerable: Orphans, Widows with children, Malnourished children, the chronically ill, Disabled, Elderly, PLWHA
School meals	Geographical targeting	Children attending school
School fee subsidies	Universal	All school-aged children
In kind and secondary education scholarships	Geographical targeting and exam success criteria	Girls (\$77 per girl per year)

In-kind transfers tend to target the most vulnerable (the elderly, disabled) on the basis that they have no other form of support and cannot work. Programmes which aim to build sustainable livelihoods through increased production or jobs target the poor with available labour, such as ex-combatants and other vulnerable and poor youth. A mix of targeting methods are used, including community targeting, but lack of monitoring makes it difficult to understand the extent of leakages and exclusion in these programmes (Holmes and Jackson, 2007, 16). Richards et al. (2004) argue that targeting categories of people through social status differences (e.g. based on gender, age etc. as many social protection programmes do) is unhelpful in addressing the root causes of social exclusion and discrimination in Sierra Leone because poverty and vulnerability also lie in unequal social relationships amid ruling and dependent lineages.

A pilot cash transfer programme, the National Social Safety Net Programmes, was launched by the Ministry of Employment and Social Security in 2007 and administered by the Social Safety Net Committee. The programme aimed at targeting elderly and most vulnerable

people who have absolutely no other means of support, do not have regular income and are unable to work. The methodology adopted for targeting the direct cash transfers involves local Chiefdom Committees comprising of local traditional leaders (and input from pastors/imams), who make assessments of individuals' needs. Community targeting was chosen because it was assumed that local people are best in understanding the life conditions of the targeted people and communities also have a right to decide what they want for their elderly (Farrington *et al.* 2007). Those selected for the programme receive around Le 200,000 (approximately US\$63) every half a year (Holmes and Jackson, 2007).

The observed benefits of the programme included an increased sense of community ownership of the project, reduced street begging, increased sales in local businesses on payment days, and now 73% of the recipients hardly go with less than two meals a day (Mansaray, Kamara and Conteh, 2008). Of about 16,900 persons reached through the programme, 95% of them were extremely poor, 65% chronically ill, 35% disabled or had no ability for self-help, 70% were widowed (Mansaray, Kamara and Conteh, 2008). In this sense, targeting appeared to be successful, although given the high prevalence of need, it would have been hard for it to fail.

In Sierra Leone under-coverage is as serious as SSNs leakage. Exclusion appears to be more common than corrupted inclusion. For example, former female combatants were excluded from the cash-for-work youth programme because they were perceived to be less threatening to peace and the provided type of work was traditionally done by men (Holmes and Jackson, 2007, 16). People were also excluded if they had *anyone* who could take care of them – using social relationships to determine eligibility is extremely challenging and time-consuming, without necessarily leading to targeting the right recipients (Holmes and Jackson, 2008, 4; 2007). Challenges of verification and evaluation of the programme through focus-group discussions also found, despite the positive impacts of the scheme, almost every respondent believed the selection of beneficiaries was unfair and that the criteria for eligibility were not adopted. There were also concerns that full payments were not always passed onto recipients (Federal Ministry for Economic Cooperation and Development, 2011).

Leakage through misappropriation (so some of the funds are used for another purpose) is a serious concern in countries where governance is poor. Given the low ranking of Sierra Leone in the Transparency International's (2013) Corruption Perception Index (123rd out of 176 listed countries and territories in 2012), mechanisms of monitoring transparency are vital in defining the success of the cash transfer programmes in the country. Lack of infrastructure and limited banking services in rural areas can result in large sums of money being transferred through informal networks (by hand) or via the bank accounts of the few who have them. Identifying misappropriation as a risk is key for addressing the problem and increasing confidence of donors in programmes (Harvey, 2007, cited in Holmes and Jackson, 2008, 3). Some steps of progress have already been made in tackling misappropriation. Public Expenditure Tracking Surveys (PETS) provide mechanisms for accountability in Government Departments, and a private company was hired to set up delivering systems of scholarships and increase public trust on the process. Stronger monitoring mechanisms with checkpoints for transparency and accountability are however still needed to build strong governance.

### **Case Study: Mozambique**

Poverty in Mozambique is pervasive with more than half of the population living below the poverty line, and almost half of the under-five children chronically malnourished. Poverty is higher in the rural north and in central regions (74%), while the southern cities have a much lower, 16%, poverty rate. There is little difference in consumption among the four lowest income quintiles. Agriculture, primarily in the form of subsistence farming, accounts for around 80% of the Mozambicans' primary income. As a consequence of AIDS epidemic, 42% of Mozambican children live with only one biological parent. Households living in chronic food insecurity are characterised most typically with an elder head of household (20%), woman head of household (12%), having a disabled family member (11%), chronically ill family member (5%) and a recent death of a family member (4%), (World Bank, 2012b, 2013c).

40% of Mozambique's budget in 2012 was foreign assistance. The decade up to the year 2012 saw economic growth of 6 to 8% each year and natural resources are expected to fuel

further growth in the future as well. The government of Mozambique spends 0.7% of its GDP on social assistance (excluding health care and schooling) (World Bank, 2013c, 3). If donor aid and spending on education and health care are included, the figure raises up to 3.8% in 2010. A further 2% of GDP is spent on pensions and more than 1% on fuel and other subsidies. Mozambique has also managed to reduce poverty with the help of raising private sector investment in social and economic infrastructure.

### **Social Safety Nets Programmes in Mozambique**

- **Typical SSN programmes** in Mozambique: cash transfers, targeted non-contributory programmes and in-kind transfers (education, food and nutrition support).
- **Providers:** Government-led SSN programmes (40) and international NGO-led programmes.
- **Total SSN expenditure 0.7% of GDP.**

Table 7 shows that forty social safety net programmes are implemented by the government and other agencies. The government has also recently passed legislation on social protection. The main executor of government programmes is the National Institute for Social Action (INAS) under the management of the Ministry for Women and Social Action (MMAS). The National Basic Social Security Strategy (ENNSB) is a framework for social security nets in the country and covers:

- Basic Social Action (Basic Social Subsidy Programme): cash transfers and social assistance, for groups like the elderly, disable and chronically ill
- Educational Social Action: programmes to increase school attendance
- Health Social Action: nutrition and other health programmes
- Productive Social Action Program: public works and income generating schemes (World Bank, 2013c, 5).

**Table 7: Social Safety Nets Programme, Population at Risk and Programme Coverage 2010**

	Population at risk	Coverage	Classification
<b>0-5 years</b>			
Micronutrients Vitamin A	3.6 million 6-59 months	4 million	High
Micronutrients Vitamin A	979,087 post birth	1.2 million	High
Iron/ Folic Acid	979,087 post birth	1.4 million	High
Deworming	3.6 million 6-59 months)	3.5 million	High
Nutrition Rehabilitation Program (MISAU/WFP)	1,722,573 chronic	84,3009/ 13,806 res.	Low
Social Units for Young		574 children	Low
<b>Children OVC (INAS)</b>			
Kinder ( <i>Centros Infantis e Escolinha</i> ) (MMAS)	2,723,164 no stimulation	69,312	Low
National Birth Registration Plan (DNRN/ MINJUS/ Holland/UNICEF)	2,723,459 children	699,622	Low
<b>6-17 years old</b>			
Direct Support to Schools (ME/EOE)	343,239 (112,043 boys and 232,196 girls) (6-12) not in primary school	5.2 million	Low
	944,164 (396,774 boys; 547,390 girls) (13-17) not in secondary school		
School Books (1-7 grades, ME) (EOE)		14.2m books	
School Feeding (ME/PMA) (EOE)		421,034	
Child-Friendly Schools (UNICEF)		370,000	
Action Plan for OVC (UNICEF)	2,061,866 OVC	252,258/ 242,000	Low
	1,447,053 Orphans both parents		
Support to OVC (MMAS/WFP)		48,937	Low
Children with Disabilities (MMAS)	65,000 abandoned children	2,834 with disabilities	Low
	1,381,036 child labor		
	6.2 million with disabilities,		
	1000 women/children trafficked/ year		
Special Education (ME)		74,000 children	Low
<b>18-24 years old</b>			
Institute for Study Grants /Other Scholarships (EOE)	887,440 poor youth (Q1+Q2)	1200 internal/ 1000 external	Low
Youth Initiatives Fund (MJD)		139 projects	Low
Geração Biz (MJD/ME/MINSAU/ UNFPA)		54,000	Low
<b>25 -59 years old</b>			
Income Generation (INAS)	4.2 million working poor	12,072 persons	Low
Social Benefit for Work (INAS)		4,029 persons	Low
Adult Education (ME)	5.9 million (15+) illiterate	1.1 million	Medium
INEFP (EOE)		8,555 trained	Low
Agricultural input vouchers IFDC/USAID/FAO/EU)	3.7 million small farms : 92% no TA 97% no credit	20,260	Low

	Population at risk	Coverage	Classification
<b>60 years and over</b>			
INSS (2009)	900,000 (60+) no pension	13,773	Low
MOF pensões (civil/militares)	175,000 civil servants	universal	High
PSA (INAS)	305,000 (60+ Q1)	217,683 direct	Low
Social Service Institutions and Old Age Homes (INAS)	305,372 (60+) in Q1+Q2	835	Low
<b>Households in General</b>			
Direct Social Assistance (INAS)	5 million in Q1	26,628	Low
HIV and AIDS Program (PMTCT) (MISAU)	150,000 pregnant HIV+/ year;	32,676	Low
Basic Food Basket for People in ART (ART/MISAU)	500,000 adults in need of ART	3,500	Low
Support to People with Chronic Illnesses (WFP)		30,000	Low
Social Units for the Handicap (INAS)	1.6 million people w/disabilities	303	Low
Women Entrepreneurship (MMAS/ADB) (EOE)		4,500	Low
Community Development (INAS)	HH 2.6m no improved water; 3.7m improved sanitation; 4m no electricity	49,852	Low
Risk Reduction (INGC/WFP)		4,000 HH	Low
Climate Change Adaptation (INGC /WFP)		400/500 districts	Low

Source: World Bank, 2012b.

### Targeting Approaches in Mozambique

The above table shows that 88% Of SSNs programmes have low coverage targeting small number of population. Mozambique's SSNs tend to be inefficient at targeting and encounter implementation difficulties due to poor institutional capability. There is also very limited monitoring. Identifying the poorest of the poor is particularly challenging in Mozambique because of flat consumption expenditure across income quintiles (World Bank, 2012b, 88). There is a large informal labour market, which along with subsistence farming makes it difficult to use income or consumption based targeting approaches.

- Geographic Targeting tends to be used for food-for-work and direct social support programmes in areas of drought or disasters. Given the levels of poverty in Mozambique, this is unlikely to result in leakage to non-eligible people.
- Community Targeting based on defined eligibility criteria and identification by the Project Team/community leaders: The Basic Social Subsidy Programme (PSSB) aims

to target permanently labour constrained households which have no able-bodied workers or other source of income, with recipients identified by the project team and community leaders and not through self-registration, even though they had little nuanced understanding of the eligibility criteria (in part as programme documentation was poor). Applying eligibility criteria can work well when there is good knowledge of the fundamental principles and rules by both administrators and target populations. Where this is not the case there are inevitably errors in targeting. In relation to Mozambique, community leaders and project workers face a lot of political and social pressure to include non-eligible people as beneficiaries. Insufficient budget allocation was also found to be a common reason for not including eligible people on the recipient list. Poor administration, such as a lack of electronic databases on recipients and the requirement for ID cards to be presented for registration even though many elderly people may not have birth certificates, caused additional issues around eligibility and transparency.

- Where programmes do not involve self-selection, but people are identified by the administrative team, local people can be unaware that cash transfers are their right or entitlement and not a gift. In these situations, they may not know if there are delays in payment or money disappearing, leaving programmes open to misappropriation of funds. In the case of Mozambique, both lack of understanding of the targeted community and no monitoring of the accuracy of community targeting results in leakage and under-coverage. The fear of reprisal also suffocated some complaints (Selvester *et al.* 2012, 36-39).

The INAS understands that targeting through set income thresholds is not appropriate for Mozambique, but the current way of distributing money is not efficient. The World Bank has recently proposed a new project which intends to use geographical and community-based targeting, accompanied with a verification system and more emphasis of resources on the countryside. The most substantial risks for the programme are governance and capacity of the implementing agency.

In its earlier research, the World Bank (2012b) found that programmes which were designed as pro-poor did not necessarily reduce poverty or improve inequality. The Food Subsidy

Program (Programa Subsidio de Alimentos, PSA) targeted the elderly, pregnant women who could not work, people with chronic illnesses and disabilities (World Bank, 2012b, 87). The Direct Social Support Program (Programa Apoio Social Directo, PASD) provides support against shocks, such as death, illness, house fire or unemployment. In addition, it supports orphans and vulnerable children. Both the PASD and PSA were found to be progressive, but while PSA was found to be pro-poor to a minor extent, PASD was *not* pro-poor due to errors of inclusion and exclusion caused by issues with the targeting approach. Many of the current benefits are regressive and risk contributing to further inequality. For example, only 7 per cent of the pension scheme recipients were from the two lowest income quintiles while 74 per cent were from the top two quintiles (91). Universal safety-nets, such as fuel subsidies are also regressive and not pro-poor.

### **Case Study : Nigeria**

Nigeria is ranked 153rd on the Human Development Index. 54% of Nigerians live below the national poverty line, although it is classified as a lower middle income country due to oil reserves which account for 95% of foreign exchange earnings and about 80% of budgetary revenues. Despite its wealth (US\$59 billion was earned from oil in 2010), the country suffers from poor governance and poor institutional capabilities. Very few improvements have taken place in terms of standards of living in recent years and 70% of the labour force still works in the agricultural sector (Moyo and Songwe, 2012; Sala-i-Martin and Subramanian, 2003).

Social protection comes in three forms in Nigeria: social assistance, social insurance and social services. A National Poverty Reduction Programme controls and monitors all poverty eradication activities in Nigeria, although social assistance programmes receive limited emphasis in Federal level expenditure (Note there is no state level data available.) Social expenditure comprises around 0.6% of GDP and 2% of consolidated government spending, of which social security schemes received around half of the all reserves for social protection (Gavrilovic *et al.* 2011, 83).

## Social Safety Nets in Nigeria

- **Typical SSN programmes** in Nigeria: cash transfers, targeted non-contributory programmes and in-kind transfers (education, food and nutrition support).
- **Providers:** Government-led social protection and international donors and NGO-led programmes.
- **Total SSN expenditure** 0.5% of GDP.

Nigeria has a number of targeted programmes. Care for People (COPE) is a contributory cash transfer programme established as a pilot in 2007. It was designed and implemented by the National Poverty Reduction Programme with the help of local level actors. COPE aims at breaking the intergenerational transfer of poverty by providing a monthly Basic Income Guarantee of US\$10-30 for one year. A month of compulsory savings of US\$50 (maximum US\$560) is delivered as a lump sum to the head of the household. The programme targets children in primary school age, households lead by poor females, aged, disabled people, patients with vesicovaginal fistula illness and HIV/AIDS patients (NAPEP, 2013). So far the programme has reached only 22,000 households (Holmes *et al.* 2012b, 21).

In order to receive the cash transfers, recipients had to fulfil the following conditions: 1) children of the household enroll and attend school with 80% attendance rates; 2) the head of the household participates in vocational skills training and health and sanitation programmes; 3) children under-five participate in immunisation programmes. The programme had reportedly a high compliance rate of around 80% and the majority of non-compliance stemmed from acceptable reasons, such as illness.

A range of different schemes and subsidies exist in different sectors, but they are not systematically managed. In Jigawa, disabled persons are entitled to a social security allowance of N7,000 (approximately \$46) per month. Even though primary education is free in Nigeria, in practice schooling requires many additional fees. Adamawa SUBEB offers free uniforms for girls, while HIV and AIDS programmes assist with indirect school costs (books, uniforms, exam registration, school meals, transportation etc.) by providing free waivers and other support (Holmes *et al.* 2012b, 23). Free school meals are provided by some NGOs, but unlike in many other countries, Nigeria does not have a national free school meal

programme. Likewise Nigeria does not have any nationally led nutrition programme, relying instead on emergency nutrition instead of the root causes of malnutrition.

One of the most important health subsidies programmes is the Maternal and Child Health Care (MCH) which was established in order to achieve the Millennium Development Goals of reducing under-five mortality and improving maternal health. It offers free health checks, immunisation, help in child delivery and caesarian sections. Targeting is universal but the poor benefit particularly because of their disproportionately high rates of child and maternal mortality. The challenge, however, is that many states have not allocated sufficient funding to replace the finished central funding. The programme was successful in saving lives of women and children, but the funding allowed only a small coverage of the programme (Gavrilovic *et al.* 2011).

Nigeria lacks an overarching strategy for cash-for-work programmes (Holmes *et al.* 2012b, 27). The status of the existing schemes, such as the National Job Creation Scheme, is unclear. So far most of the schemes have emphasised machine-intensive and contractor-conducted works, whereas the International Labour Organization has tried to encourage Nigeria to accommodate schemes which would be more focused on community labour. US\$300 million of funding for the Youth Employment and Social Support Operation (YESSO) will provide skills training, cash transfers and employment to 18 to 35 year-olds who represent the 10 per cent of the poorest households (The World Bank, 2013). However, the funds involved will not go very far in such a large country.

### **Targeting approaches in Nigeria**

Though SSN programmes in Nigeria deserve some credit for their focus on including the formerly excluded and their aim to cover the basic needs of the most marginalised (girls, women, disadvantaged groups), there are numerous challenges in their execution. The reach and effectiveness of SSNs is determined by the targeting approaches used and a range of inhibiting factors, include institutional capacity and pervasive misappropriation.

Different programmes have used the following targeting approaches:

- Targeting under COPE is geographical and community-based. A community development committee identifies the recipients with the help of, for example, a

headmaster of a school, women leaders, religious leaders or social welfare officers. Anecdotal evidence suggests that the targeting mechanism of community mapping, used also by COPE, is prone to elite capture. Generally SSN programme designs in the country have been limited in terms of child sensitivity and focus on equity (Holmes *et al.*, 2012b, 53; Gavrilovic *et al.* 2011, 88). In addition, the structure of the COPE programme is not considered to be the most suitable for households with labour constraints.

- Proxy means testing has been used with a pilot programme in Kano, Buchi and Katsina, which will run from 2011 to 2014 and is aimed at improving the school staying-on rate of girls. The scope of the programme is determined by the availability of the school infrastructure. Participants in cities are selected using proxy means testing, while in rural areas they are selected by the programme management units (Holmes *et al.* 2012b, 22).
- Selection by lottery has been used in the State of Bayelsa to select beneficiaries of a cash transfer programme that provides awards to junior secondary school students - the Bayelsa Child Development Account: Savings, Training and Rewarding Saver.
- Community-Based Health Insurances (CBHIs) offer communities a chance to select suitable insurance appropriate to local community structures and arrangements. It is targeted at self-employed people from remote areas who cannot usually access insurance. The target group is relatively small low-income earners, which means the funding base of the insurances is dependable on donors (Health Finance Nigeria, 2013, 2).
- Nigeria has moved away from universal fuel subsidies, due to the increasing cost. Some subsidies still operate in rural areas and will benefit those who purchase the goods they apply to. For example Federal policy offers a 25% subsidy under the Fertiliser Market Stabilisation Programme and there are also a few other subsidies for agriculture in various States.

Social protection is fragmented across the country, functions on an *ad hoc* basis, and its actors do not coordinate with each other enough (Holmes *et al.* 2012b, 52). While there is a risk of duplication, the far greater concern is one of under-coverage. Only a narrow set of

social protection instruments is implemented, while the existing programmes reach only a fraction of the poor. Programmes on employment generation and income security in turn have generally been poorly targeted with limited coverage, missing evaluations and insufficient funding (World Bank, 2013b). The coverage of SSNs has been estimated to be less than 0.001% of the poor. There are several reasons for this. Nigeria suffers from extremely poor governance and implementation capability and misappropriation is pervasive, suggesting that where opportunities exist there is misappropriation and funding leakage (Chuckwu, Ogunniran and Onyegu , 2009).

The World Bank (2013b) considers COPE to be the first well-targeted and well-resourced SSNs that has been implemented both at the national and state levels in Nigeria. Holmes *et al.* (2012b) argue that, although COPE encompasses a wide range of goals (education, health and investment), it covers only a narrow group of people. The small scale of COPE leaves its effect without palpable change (Dijkstra, 2011a, 2011b). On the other hand, COPE has been very helpful in meeting the immediate needs for consumption and schooling, but the cash amount is often too small for large families of even 20 members (polygamous households in the north. Originally COPE was intended to accommodate the basic needs of ten members per household but the head number was reduced down to five family members because of budget constraints. Overall, conditional cash transfers improve access to services, but as in other countries health and education outcomes will only improve if service quality is good.

### **Case Study: Egypt**

Egypt is a lower middle income country with a long history of social safety nets dating back to the 19th century. Though the rural poverty rate is 32.3% and that of the urban areas 15.3%, the occurrence of extreme poverty is rare, at only 1.7%. Poverty is not only a rural phenomenon but poverty increased sharply across the country between 2009 and 2011 (WFP, 2013a). As a result of global food, fuel and financial crises during recent years, food insecurity has risen from 14% of the population in 2009 to 17.2% (13.7 million people) in 2011. 15.2% of the population moved into poverty between 2009 and 2011, while only 7.7% moved out of poverty. 12.6% of people remain in chronic long term poverty. Poverty is disproportionately high in Upper Egypt (51.5% of the population) compared to the national average of 25.2 per cent (El Gaafarawi, 2013).

## Social Safety Nets in Egypt

- **Typical SSN programmes** in Egypt: cash transfers, targeted non-contributory programmes and in-kind transfers and universal subsidies (education, food and nutrition support).
- **Providers:** Government-led social protection and international NGO-led programmes.
- **Total SSN** expenditure 1.6% of GDP.

Social spending in Egypt is high but is not necessarily effective. Two-thirds of Egyptians consider the current SSN programmes to be ineffective. 6% of GDP is reserved for universal fuel subsidies, while 2% is reserved for universal bread subsidy and ration cards for staples like sugar and oil. In total this equates to almost as much as funding for education and health. Cash transfers receive only 0.2% of GDP. As in many Middle Eastern and North African countries, the generosity of governments in the form of subsidies has not empowered citizens to prepare for better livelihoods. 23 per cent of Egyptians have indicated that they are not aware of any SSN programmes in the country, despite universal food and fuel subsidies (Silva, Levin and Morgandi, 2013).

Social safety nets in Egypt aim to protect vulnerable groups from economic shocks, secure the basic survival of those who are unemployable and build capabilities to the employable poor. Egypt offers various types and levels of social housing and children from poor families are entitled to various waivers and school allowances. There are several credit programmes, such as those offered by the Social Fund for Development (SFD), Nasser Social Bank and the Ministry of Insurance and Social Affairs. These offer a wide range of micro credits and social loans for family emergencies. SFD is the most pro-poor, while the others are fragmented in their efforts and do not reach the poorest people. The Productive Family Project provides training, micro loans and marketing opportunities for women headed households, recent graduates and families entitled to cash transfers. Vocational training centres target school drop-outs (El Gaafarawi, 2013).

## Targeting Approaches in Egypt

Cash transfers, food and fuel subsidies and ration cards in Egypt all have high leakages and are subject to misappropriation. Cash transfers' targeting methods have been criticised for not sufficiently emphasising vulnerable groups in the design and implementation of categorical targeting, resulting in under-coverage. On average, the richest quintile receive 9 per cent of non-subsidy SSNs in Egypt while the poorest receive 31 per cent (Silva, Levin and Morgandi, 2013, 123, figure 3.10). A move towards a targeting mechanism for cash transfers based on proxy means testing may improve targeting rates, but this has yet to be fully applied.

- Food subsidies and ration cards alleviate poverty rates. However both suffer from significant leakage. 73% of non-poor households have ration cards, whereas 19% of poor households do not. Universal food subsidies result in the richest income quintile receiving 12.6% more food subsidies than the poorest quintile because of the generally higher consumption of the upper class (World Bank, 2010a). Non-poor people benefit from food subsidies to the value of LE 281 per year, whereas the equivalent for persons in poor households is LE 273 (WFP, 2013a). Yet while rich people receive more, the poor spend a greater share of their income on food. While food subsidies, especially that on baladi bread, have a large poverty impact, there is inefficiency in targeting. Though food subsidies lifted 9% of citizens from poverty in 2008/09, the programme had high leakages and under-coverage such that 28% is estimated at not reaching intended - recipients. Low regulated prices often results in food goods being sold in parallel markets.
- The targeting of social assistance and the food subsidy programme is particularly inefficient in rural areas (Korayem, 2013). The social assistance programme ignores geographical differences in the prevalence of poverty, as urban governorates receive more subsidies than high-in-poverty rural governorates. Coverage could be improved with more narrowed geographical targeting and governorates with higher occurrence of poverty receiving more.

- Some argue that food subsidies are self-targeting in that rich people in cities prefer to buy better quality bread rather than subsidised baladi bread (14-5). On the contrary, subsidised sugar, oil and baladi wheat flour are not considered inferior among the rich. It is also noteworthy that baladi bread consumption specifically is not dependable on income in rural areas .
- Improving targeting has been recommended by the World Bank (2010a) on the basis that 21 per cent of the poor do not benefit from subsidised baladi bread, 80 per cent do not receive subsidised wheat flour and 27 per cent do not receive ration cards. Improved efficacy would be cost neutral if the richest 40% of the population were excluded. However, the challenge of reforming or removing food subsidies from any particular group is highly political - opposition to subsidy reform is around 60 per cent in Egypt. Nevertheless, pilot programmes have recently been implemented to shift the subsidy on baladi flour the raw material to the final product (El-Fiqi, 2013). Instead of fixing the price of flour (which is then re-sold on the black market), bakeries now buy flour at unregulated market prices and sell bread at a low LE 0.05 per loaf, receiving compensation direct from the government for the increased flour price. When implemented in Cairo, bakeries went to a strike because of implantation issues. Issues remain about how to implement a targeting system that identifies the poor, such as the distribution of food stamps or coupons on the basis of proxy means testing which could reduce rather than eradicate leakage, or with self-targeting (where universal subsidy is designed such that only the poor access goods).
- According to Korayem (2013), a high inflation rate in Egypt makes in-kind assistance a better option compared to cash transfers. However, targeting in-kind assistance is difficult and it is liable to abuse and misuse. A report by the World Food Programme (WFP, 2013) argues that social assistance programmes in urban areas should focus on stabilising real incomes and reducing inequalities, while targeting in rural areas should focus on structural reforms addressing chronic poverty. Several reforms are taking place at the moment, such as broadening the coverage of social and health insurances (El Gaafarawi, 2013). In addition, a database is being developed to identify the poor using proxy means testing with scoring and smart cards for

identification purposes to improve SSNs targeting systems. Consideration is also being given to introducing emergency cash transfer programmes based on geographical targeting and identification of female headed poor households.

- The benefits of universal fuel subsidies mainly accrue to the upper-class, as almost 60% goes to the top two quintiles. Though leakages are high, fuel subsidies made an 18% contribution to decreases in poverty in 2004. Egypt is currently in negotiation with the IMF over a \$4.8 billion loan, which would be conditional upon a reduction in fuel subsidies. Negotiations have already failed once in April 2013 and many civil society actors are generally critical of whether Egypt even needs a loan, and object to new pieces of legislation which could favour large local and foreign capital-holders (Bretton Woods Project, 2013).
- The Islamic Zakat charity manages to reach only 5 to 6% of the poorest Egyptians while only 26% of all Zakat monies actually reach the poor (Silva, Levin and Morgandi, 2013, 126, figure 3.11), indicating that the Zakat system has not managed to be particularly pro-poor in Egypt. Where it does reach the poor, Zakat does not serve all the purposes of SSNs, such as increasing resilience or human capital but tends to be short-term support.

### **Case Study: Senegal**

Senegal belongs to the group of lower-middle income countries, although the country is heavily depends on donor aid due to the global recession and food and fuel price crises which hit the country in 2008-2009. Moreover, poor rains and then floods have caused further damage over the last few years. Approximately 75% of people in rural areas live in chronic poverty.

Senegal has a low HDI. Social mobility is very limited in Senegal and a person's poverty status is likely to stay the same throughout his or her life (Wadugodapitiya, 2011). Although poverty has declined gradually, its extreme form has actually more than doubled during

2000s (World Bank, 2013f, i). In 2011, 46.7% of Senegalese lived below the national poverty line (IMF, 2013c, 2).

Children under five years of age are much more often affected by poverty in rural areas where a quarter of them live in extreme poverty, as opposed to the low 3% suffering extreme child poverty in urban areas (Schnitzer, 2011, 9). Household size is the strongest determinant of poverty rates in countryside, while the relationship is weaker in urban areas. While families with more than 15 members account for only 35.5% of the rural population, their poverty rate reaches 71.8%. At the same time, similar size families represent 20.9% of the urban population but have a poverty rate of 53.2%. In terms of child poverty, the worst situation is in the rural areas of the Kedougou district in which 96 per cent of households with at least one under-five child live in poverty. Rural areas of Tambacounda follow closely behind with a 91% poverty rate for families with under-fives.

### **Social Safety Nets in Senegal**

- **Typical SSN programmes** in Senegal: subsidies, cash transfers, targeted non-contributory programmes, in-kind transfers (education, food and nutrition support).
- **Providers:** Mostly dependent on international NGO and donor agencies including World Bank, UNICEF and WFO).
- **Total SSN expenditure** 0.6% of GNP but across all programmes is not known: estimates are that 27% are government funded and donor agencies finance 62% (World Bank 2013f).

Senegal does not have well-developed and institutionalised social protection programmes. Previous responses to natural disasters by the Government include debt-forgiveness and subsidies which mainly benefitted those who already had access to credit schemes and had higher levels of consumption. For example, the poorest 20% of the population benefitted only from an 8% share of water subsidies and a 7% of subsidised electricity. Subsidies accounted for 10% of all government spending and 2.4% of GDP in 2008.

However, 6.2% of Senegalese are covered by a formal pension programme, while 3% receive social security administration benefits and another 3% have at least some form of health insurance (World Bank, 2013f, i). However, these Social Security Nets (SSNs) are unreachable for the poor and people working in the informal sector.

There is a wide range of SSNs available in Senegal in addition to subsidies, as shown in Table 8, although there are no public works programmes. Around a quarter of Senegalese receive some form of SSNs benefit. The Food Security Commissariat and the National School Feeding Programme provide the overwhelming majority of this support, together accounting for 97% (World Bank, 2013j, iv). The rest of the SSNs, combined together, reach only about 100,000 people which mainly consisted of WFP cash voucher programmes and the Cash Transfers for Child Nutrition Programme.

### **Targeting Approaches in Senegal**

Currently Senegal is still at a learning stage in terms of information gathering and trying to identify the best targeting mechanisms for different programmes and target groups. This is being informed by analysis of current approaches. The 2011 ESPS Household Survey (Echevin, 2012) studied the spread of various SSNs benefits according to income quintiles and the rural/urban division. The survey found that youth employment, nutritional reinforcement (PRN), and agricultural development (GOANA) all managed to target the lowest two quintiles (Echevin, 2012). On the contrary, half of the food aid recipients were not poor, while more than 70% of scholarships were granted to non-poor. Elderly health care was not pro-poor either with half of the benefits accruing to the non-poor with a strong urban emphasis. A sharp division between income groups in case of housing refers to differences in housing type, though housing schemes clearly benefit the rich.

**Table 8: Selected Social Safety Nets Programmes in Senegal**

Programmes	Types of assistance	Targets	Targeting Methods	Objectives	Number of Beneficiaries
<b>Food Security Commissariat (CSA)</b>	Food aid assistance: rice distribution at public rallies and religious festivals	Vulnerable people, National / All the territory	Categorical	Response to catastrophes for Resistance to shock	3 600 000
<b>National Solidarity Fund (FSN)</b>	Cash, medical and material support	The whole population/ National/ Rural and peri-urban – victim of disaster	Categorical	Crisis and emergency situations for resistance and shocks	NR <i>Non renseigné /NC: Non concerné</i>
<b>Community-Based Re-adaptation Programme (PRBC)</b>	Grant and material support and funding of income generation activities-	Disabled people/ National / All the territory	Categorical	Social integration	NR <i>Non renseigné /NC: Non concerné</i>
<b>Old Age Support Programme (PAPA)</b>	Capacity strengthening, grants and subsidized loans for income generating activities;	The vulnerable elderly (over 60 years)/ National / All the territory	Categorical	Social Integration	<i>Non renseigné /NC: Non concerné</i>
<b>National School Lunch Programme (DCaS)</b>	Provides school lunches	All School children/ National/ Rural and peri-urban	Geographical	Access to education	780 000
<b>WFP School Lunch Program (WFP)</b>	Provides primary school lunches	All regions except St Louis & Dakar / Rural and peri-urban	Geographical Categorical	Access to education	596 253
<b>Educational Support for Vulnerable Children (OEV)</b>	Cash	Orphan and vulnerable children/ National All the territory	Categorical	Access to education: for children orphaned or affected by HIV-AIDS and other vulnerable children	4 956
<b>Sesame Plan (Plan Sesame)</b>	Waives health service fees for all persons over 60 years	Old people over 60/ National / All the territory	Categorical	Access to health services	<i>Non renseigné</i>
<b>Poverty Reduction Programme (PRP)</b>	Loan and grants for income generating activities	Vulnerable groups, primarily women, the disabled and HIV-AIDS affected populations; 3 regions: Matam, St Louis, Louga / Rural	Categorical  Geographical Community based	Poverty Reduction	3 414
<b>A pilot Cash Transfers for Child Nutrition Programme (NETS)</b>	Cash grants to mothers of vulnerable children	Mothers of vulnerable children under 5 years old/Rural (pilot) 6 Regions (64 rural communities)	Categorical  Community based	Resistance to shocks : mitigate the negative impacts of food price increases	26 294
<b>WFP Vouchers for Food Pilot Programme (CV)</b>	Cash for food insecurity	Vulnerable households	Categorical Geographical Community based	Resistance to shocks :alleviate rising food prices.	55 000
<b>Social Protection Initiative for Vulnerable Children (IPSEV) UNICEF</b>	Cash grants to households for accessing health	vulnerable children/Urban (pilot) 2 regions (10 cities): Pikine, Ziguinchor		Family integration	900
<b>Total Beneficiaries</b>					4, 467 850

Compiled from the World Bank, 2013f.

Untargeted subsidies, categorical and geographical targeting are the most prevalent targeting mechanisms in Senegal:

- Categorical targeting using demographic profiles, such as "children", "women" or "the elderly" has been the prevailing method in the great majority of SSN programmes in Senegal (Table 9). In addition, the geographical allocation of SSNs benefits has been popular. This is not always effective as it makes too many assumptions about the vulnerability of certain groups, and risks not identifying those of greatest need and including some that are not 'in need'.
- A study by the World Bank (2013j) found that the worst leakages take place in programmes using only geographical targeting. The study then simulated various scenarios by calculating the effectiveness of proxy means testing (PMT). When PMT is used, targeting results improve in the majority of cases (PAPA urban, IPSEV urban and rural, WFP CV, NETS rural, DCas urban and rural, OEV urban, PRP, PRBC urban, WFP *cantines* urban and rural). However, PMT targeting did not offer additional effectiveness in the cases of PAPA rural, NETS urban (only slightly), OEV rural, PRBC rural.

**Table 9: Distribution of Self-Declared Beneficiaries (%)**

	Total	Poverty Quintiles (based on household consumption)					Poor or Non-Poor		Geographic Zone	
		Q1	Q2	Q3	Q4	Q5	P	NP	Urban	Rural
Nutritional reinforcement (PRN)	100.0	28.4	37.7	23.9	9.2	1.0	65.5	34.5	5.5	94.5
Youth employment (office banlieue)	100.0	100.0	0.0	0.0	0.0	0.0	100.0	0.0	0.0	100.0
Agricultural development (GOANA)	100.0	31.3	32.9	24.2	9.5	2.1	62.8	37.2	5.6	94.4
Health care for elderly (Sesame)	100.0	14.9	13.4	17.7	29.7	24.3	49.4	50.6	75.9	24.1
Food aid	100.0	8.3	14.6	28.5	28.6	19.9	49.3	50.7	84.4	15.6
Education (scholarships, etc.)	100.0	8.4	8.4	24.2	30.1	29.0	25.7	74.3	76.2	23.8
Housing	100.0	29.7	0.0	0.0	0.0	70.3	29.7	70.3	100.0	0.0

Source: Echevin, 2012

- **Untargeted food and fuel subsidies:** The most serious SSNs leakages in Senegal are related to universal subsidies on food and fuel, which are inefficient in reaching the poorest income quintiles in Senegal. It has been estimated that 55% of these benefits accrue to the 40% of the richest Senegalese (Schnitzer, 2011, 10). The cost of food and fuel subsidies in Senegal has reached as high as 3% of GDP, suggesting that it is both expensive and inefficient as a poverty reduction/risk mitigation strategy. As a response to the inefficiency of subsidies, alternative SSNs forms and targeting mechanisms are emerging (World Bank, 2013j).

Moves to patch leakages mainly focus on avoiding only one type of testing (usually geographical or categorical on their own). The development of better targeting mechanisms focuses on refining an appropriate proxy means testing or finding the optimal mixed method. However, in addition to actual leakages due to targeting mechanisms, there are also other reasons for under-coverage of SSNs in Senegal, as was revealed by the 2011 ESPS Household Survey. The number of actual beneficiaries is a small share of all eligible people across SSNs types. At best, education support reached 13% of all eligible people, food aid reached 11.7%, agricultural development (GOANA) reached 10.7% health care for elderly (SESAME) reached 10.4%, nutritional reinforcement (PRN) reached 7.5%, and both youth employment and housing only 0.1% (Echevin, 2012). The most commonly mentioned reason for people not getting involved with SSN programmes regardless of their eligibility was their unawareness of it. The second most common reason was missing documents, followed by inability to get to the place to collect the benefits, government not delivering payments, and finally, benefits/sums of money being too small for the effort.

In its National Strategy for Economic and Social Development for 2013-2017, Senegal clearly states its intention to take an ownership of the Social Protection Floor (SPF) initiative which aims at improving access to basic social services and increase transfers for the poorest and most vulnerable. Furthermore, the intention is for this to dovetail with the national strategy on social protection (SNPS). This includes plans to extend social protection, improve the pensions system and increase incentives for the empowerment and integration of the vulnerable groups by:

*'establishing universal health coverage through mutual health organizations, improving targeting mechanisms, setting up an information and monitoring and evaluation system, ensuring application of the social act for the protection of persons with disabilities, establishing an independent fund for universal social protection and extending free healthcare to vulnerable groups'* (IMF, 2013:42).

The strategy does not elaborate how this will be achieved and the cost of ensuring that services are in place to deliver both universal benefits and targeted ones. Currently there appears to be very little shared information and cooperation between different SSN programmes. Coverage is therefore patchy. Senegal is in a rather good position in terms of available information that can be used for designing more systematic targeting mechanisms. Household income and poverty data are made available through the Demographic and Health Survey (EDS) (see L'Agence Nationale de la Statistique and ICF International, 2012) and the national household survey (ESPS). These surveys could be a great help in designing proxy means testing. Information from community-targeting could also compliment the design of PMT. It has also become evident that targeting methods do not have to be mutually exclusive but mixed methods can sometimes provide excellent results. However, it should be noted that, although targeting is important, it is only one element of successful coverage and delivery.

A Poverty and Social Impact Analysis (PSIA) revealed that replacing universal subsidies with a cash transfer programme would be a more effective and pro-poor way to reduce the impact of energy and food crises (Pereznieto, 2009, 3).

## **Recommendations for in Low Income Countries**

Establishing national, unified and overarching institutional frameworks with realistic goals is important in order to improve institutional capacity and capability. COMCEC member countries would benefit from more clearly defined responsibilities and cooperation structures between implementing agencies. Planning stand-alone programmes should be avoided as these can result in duplication. Instead, different types of SSNs and long-term development projects should be intertwined. Establishment of a common database for SSNs

in a country that would hold information about the best targeting practices in various contexts and would help the sharing experiences and avoiding repeating mistakes.

### **Improving Targeting mechanisms**

- Community targeting can lead to leakage and abuse, so, where it is used, it should be combined with proxy means testing to verify community leader choices. Local participation should however be intrinsic in defining the eligibility criteria to minimise exclusion. This would also increase awareness of the actual, detailed criteria and how it applies. Household or individual targeting mechanisms are prone to cronyism but this could be avoided by informing people about their rights and the eligibility criteria.
- Good planning and project documentation is essential to ensure that project workers apply eligibility criteria with fairness.
- Establishing complaint and appeal systems to minimise fear of reprisal from making complaints, which prevents any improvements taking place in the selection system.

### **Improving delivery efficiency and reducing leakage**

- Designing programmes to minimise opportunities for leakage/siphoning off funding or payments and establishing accountability check as routine practice.
- Investments in infrastructure in rural areas to support delivery, for example schools or health posts.
- Developing national population records and databases on household income etc to help target populations.
- Monitoring and evaluation of programmes should focus more on poverty impacts and not just the technical side of programme outputs, such as the number of reached recipients or the effectiveness of the delivery process.

## Chapter 4: Countries in Middle Income Group

### Social Safety Nets in Middle Income Group

Nearly all Middle Income countries are in High Human Development groups (with the exception are Iraq, Turkmenistan and the Maldives). The analysis below primarily draws on case studies of three Middle Income Countries – Iran, Turkey and Tunisia. These countries tend to have a hybrid of universal and targeted social safety nets that use a variety of targeting methods: categorical targeting is being widely applied, as is geographical targeting. More recently, some countries have started to explore the use of proxy means testing (PMT). A number of countries have strengthened their social safety nets to manage the impacts of the global financial crisis and economic shocks, which has encouraged them to make social safety nets more inclusive.

**Table 10: Poverty Indicators for Middle Income Case Study Countries**

		MULTIDIMENSIONAL POVERTY INDEX												
		Multidimensional poverty Index			Population in multidimensional poverty							Population below income poverty line (%)		
				Headcount		Intensity of deprivation	Population vulnerable to poverty (%)	Population in severe poverty (%)	Contribution of deprivation to overall poverty (%)			PP \$1.25	National Poverty Line	
COMCEC Rank on HDI	Country	value	Year	value	(%)	(thousands)	(%)	(%)	(%)	Education	Health	Living standards	2002–2011	2002–2012
12	Iran	0.742												
15	Turkey	0.722	2003 (D)	0.028	6.6	4,378	42.0	7.3	1.3	42.3	38.4	19.2	0.0	18.1
17	Tunisia	0.712	2003 (W)	0.010 d	2.8 d	272 d	37.1 d	4.9 d	0.2 d	25.0	47.3	27.6	1.4	3.8

Source: UNDP 2013a

### Challenges in Targeting the Poor

Poverty in middle income countries tend to be relatively stable in income per capita or in recent years have experienced economic growth. There remain however pockets of poverty and where this exists the intensity of deprivation can be relatively high. Only 7.3% of people in Turkey are vulnerable to poverty and 1.3% suffer from severe poverty, but the intensity of deprivation is 42% (UNDP 2013a). Middle income countries can have some of the following characteristics:

- Weak institutions and administrative capacity that can inhibit successful implementation and monitoring.

- Dispersed governance that can undermine programme development and implementation.
- A high percentage of the population whose livelihoods are based on the informal sector and who are not registered with the state and not included social safety nets programmes.

### **Case Study: Tunisia**

Tunisia is classified as being an upper-middle human developed country. For long it has been praised as a successful economic development story in Africa and the Middle East, as its education and health systems and living standards are well-developed. The country has relatively high poverty rate at 15%. Along with the large number of young unemployed especially among graduates, rising polarisation and increasing dominance of the informal sector in the economy. Poverty and social exclusion have been cited as a catalyst for the revolution in Tunisia in 2011 and the call for political transformation. Tunisia saw a sharp economic decline after the revolution which overthrew the former president, Zine el-Abidine Ben Ali, from power. A wave of Tunisians returned from Libya at the same time, contributing to record-high unemployment figures (World Bank, 2013k). Tourism dropped by 30% during the year, and security concerns and political unrest have continued to date.

Tunisia has undertaken a series of household consumption, budget and living standards surveys to provide information on the wellbeing levels of households measured by total expenditure (11281 sample household). The "access to services" component offers a variety of additional information on the accessibility of households to various public services and social programmes for a total sample of 5690 households. The sample of these surveys is distributed across the various regions in Tunisia and covers various strata (INS-ADB-WB 2012, *Measuring Poverty, Inequalities and Polarization in Tunisia 2000-2010*) (African Development Bank, 2013).

## SSN Programmes in Tunisia

- **Typical SSN programmes** in Tunisia: subsidies, cash transfers and targeted non-contributory programmes.
- **Providers:** Government social protection includes SSNs. Some international NGO and donor agencies.
- **Total SSN expenditure** across all programmes is estimated 4% of GDP..

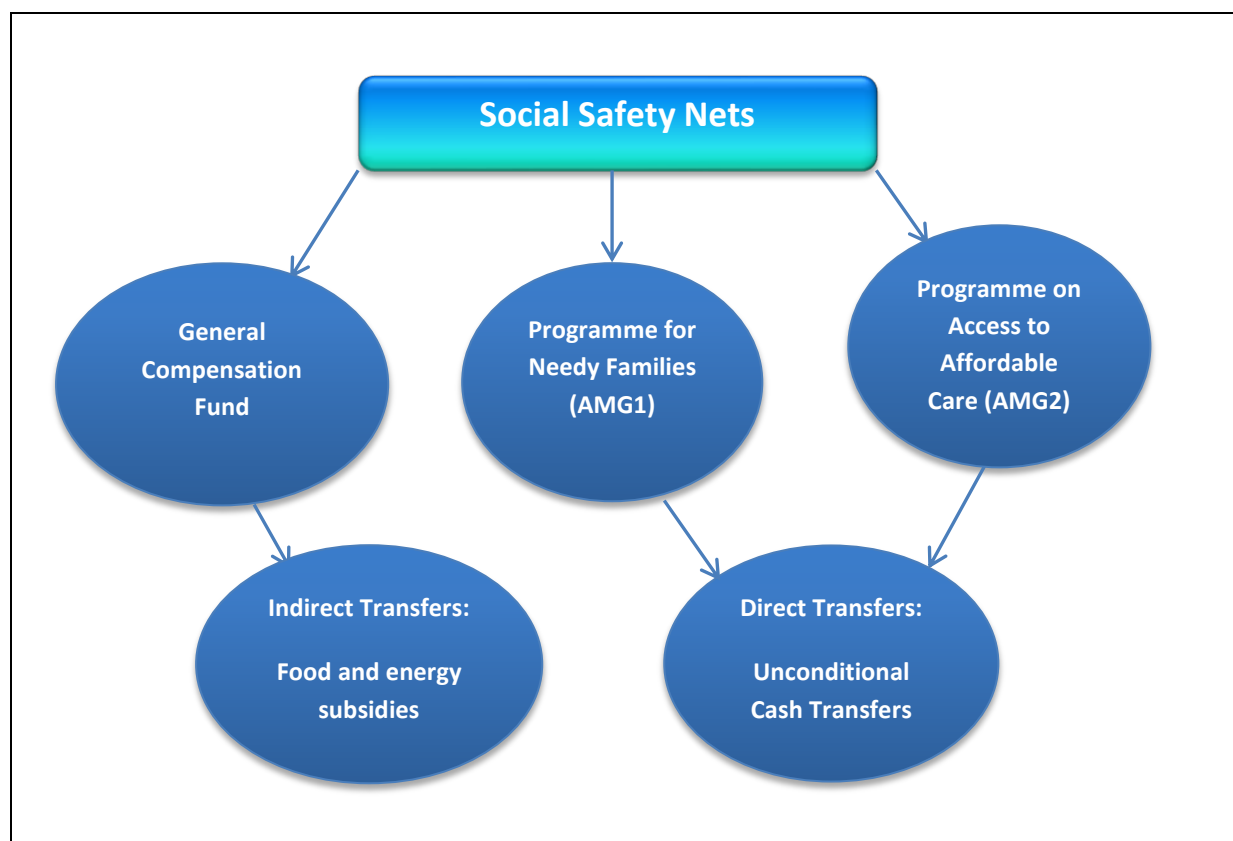
Against the backdrop of political volatility, the government has adopted major social safety nets programmes to address poverty - the National Assistance Programme for Needy Families (*Programme National d'Aide aux Familles Nécessiteuses*), the Free Medical Assistance (PNAFN-AMG1) and the Programme on Access to Affordable Care (AMG2) that transfer unconditional cash directly to beneficiaries. The government also provides indirect transfers through subsidies on food and fuel.

### Direct Transfers: Unconditional Cash Transfers

Tunisia's direct SSNs transfer, excluding food and energy subsidies, account for about 0.5% of GDP (Silva, Levin and Morgandi, 2013, 16). The country spends 69% of its SSNs on unconditional cash transfers, 27.9% on free waivers, health and education, and 0.2% on training. Slightly over 4% of Tunisians are covered by some form of SSNs. The majority of this coverage, around 30%, takes the form of free waivers on health and education, while the remainder is through cash transfers.

The most important programmes are the National Assistance Programme for Needy Families (*Programme National d'Aide aux Familles Nécessiteuses*) and Free Medical Assistance (PNAFN-AMG1), and the Programme on Access to Affordable Care (AMG2). Households that have a "free healthcare card" are considered to be beneficiaries of the National Programme for Needy Families and others have a reduced-rate healthcare card (AMG2). The PNAFN covers about 7.5% of Tunisians, mainly poor widows, poor elderly, disabled people and the poor in Central-West and North-West areas of the country (Silva, Levin and Morgandi, 2013, 115-6). Under-coverage is rather large, as the PNAFN or AMG2 together exclude 48.9% of poor families in Tunisia.

**Diagram 2: Social Safety Nets in Tunisia**



Direct social transfers (assistance for needy families and access to health care) have helped reduce poverty in Tunisia. The African Development Bank estimates that without the programmes, the poverty rate would be 1% higher and the extreme poverty rate would be 0.5% higher (table 11).

**Table 11: Impact of the Direct Transfers Programme on Poverty Incidence in Tunisia**

Poverty line	With transfers	Without transfers	Difference
Poverty incidence	15.7% (0.007)	16.5% (0.008)	0.8% (0.001)
Extreme poverty incidence	4.6% (0.004)	5.3% (0.004)	0.7% (0.001)

Source: African Development Bank 2013

However, there are several clear signs of leakages in the SSN programmes. The poorest quintile has little knowledge of the SSN programmes run in the country. Middle-income and rich people know more about SSN Programmes and are twice as likely to personally know someone benefitting from the National Programme of Assistance to Needy Families than a

poor person (Silva, Levin and Morgandi, 2013, 28). This suggests leakages to the upper income groups, and secondly, it suggests weak information flows to the poorest.

The Free Medical Assistance for the Poor Programme (FMAP) is a good example of institutional shortcomings that cause significant leakages and under-coverage. The FMAP provides free healthcare to the poorest households and low user fees for vulnerable households. After the revolution in 2011, FMAP was extended to cover 26% of Tunisian households (Arfa and Elgazzar, 2013, 7). According to Arfa and Elgazzar (2013, 7), there is very little monitoring of FMAP and the accountability mechanism is not well documented. Similarly, the eligibility criteria are not clear. This makes the programme very prone to leakages and inefficiency. Furthermore, because selection is based on historic data, when people's circumstances change such that they do no longer qualify, they do not have to notify the authorities (Ibid.). The system is not any better in terms of exclusion errors, as there is no official appeal system.

The Ministry of Social Affairs has an incentive to keep the number of enrolled people high, as the Ministry then receives a lump sum from the national budget (Arfa and Elgazzar, 2013, 7). The usage of this funding is not routinely checked, which suggests that governance is not robust nor targeting effectiveness. There are also some signs that the FMAP might be used as a form of social pension when the National Social Security Fund/National Fund of Retirement and Social Security is insufficient in guaranteeing financial security for elderly people (Ibid.).

PNAFN has a registry of its beneficiaries, but they are selected by local commissions that use categorical targeting without verifying actual household consumption, income or assets (Arfa and Elgazzar, 2013, 7). Instead, selection is based on self-declared income (below US\$1.25 a day), household size, the number of family members with disabilities or chronic illnesses, and a household head who is not able to work because of mental or physical impairment.

## Indirect Social Transfers: Food and Fuel subsidies

The Tunisian government provides a range of subsidies on fuel and basic foods (Table 12). There is no doubt that the General Compensation Fund is becoming a growing burden on the State budget, but it has contributed to reducing poverty and inequality. Food subsidies stand at TND 1,150 million, representing over 6% of total public spending in 2011. With the rise in energy and foodstuff prices on the international market and the depreciation of the dinar against the major currencies, the budget allocated to the General Compensation Fund (CGC) rose to record levels in the 2011 fiscal year. In the context of a still high poverty rate coupled with the economic burden of the social system instituted), there is an absolute need to analyse the effectiveness of the food subsidy system in improving the living standards of the poor and vulnerable population.

**Table 12: Subsidies in the Prices of Various Subsidised Products in 2010**

Products	Sales price	Cost price	Subsidy amount	% of subsidy
Large bread (400 gr)	230	430	200	46.5%
Baguette (220 gr)	190	272	82	30.1%
Semolina	450	1030	580	56.3%
Flour	630	1190	560	47.1%
Tomato paste	1600	1670	70	4.2%
Half-skimmed milk	970	1020	50	4.9%
Couscous	795	1415	620	43.8%
Pasta	805	1425	620	43.5%
Seed oil	900	1800	900	50.0%
Sugar	970	1420	450	31.7%

Source: African Development Bank, 2013

The universal nature of food subsidies undermines their efficiency as a poverty control mechanism. Data from the 2011 National Budget and Consumption Survey shows that Tunisian households received TND888 million worth of food subsidies of which only TND107 million went to poor households. Furthermore, this data reveals that only 9.2% of subsidies go to the poorest households, 60.5% go to middle class households, 7.5% go to rich households and 22.8% are diverted outside households (restaurants, cafés, tourists, illegal cross-border trade). In general, analysis of the distribution per capita of subsidies according

to income quintiles reveals a bias in favour of affluent households. In 2010, the subsidy per capita for households in the first quintile was estimated at TND68.2 compared to TND89.1 for second quintile households. In fact, subsidies can be poorly targeted. The first factor of potential bias is consumption of a subsidized item by the non-poor. For instance, the richest households may consume certain subsidized items more than the poor and consequently benefit more from the subsidy system. Indeed, the amount of subsidy reaching each household depends on the volume of subsidized goods it consumes which, in turn, varies with its income level. The second factor of bias is the subsidization of products that are very rarely consumed by the poor.

In response to rising international oil prices, Tunisia reduced subsidies on fuel and increased domestic oil prices in September 2012 and March 2013 (World Bank, 2013k). The long-term sustainability of all subsidies has been questioned by the government, as the now former Prime Minister Hamali Jebali has reportedly expressed a view that subsidies should not be provided to *'those who are not in need and do not really deserve to be supported financially by the state'* (Masrour, 2012).

Opposition to subsidy reform in Tunisia is around 40% of the population (Silva, Levin and Morgandi, 2013, 31, figure 0.30). When asked about the preferred subsidy removal, over 40% favoured diesel subsidies, while the removal of cooking oil and sugar subsidies received around 30% support (31, figure 32). The majority supported directing savings from subsidy reductions to the poor (33, figure 0.32).

### **Targeting Mechanism of SSNs Programmes in Tunisia**

- The current method of targeting populations that receive direct transfers is means testing. Despite the fact that the poverty rate is higher in rural areas and poor regions are identifiable, there is no geographical targeting, so programmes are not necessarily hitting the poorest. However this has been recognized and the Ministry of Family and Social Affairs is taking steps to through the Social Protection Reforms Support Project in April 2013, to strengthen the institutional capacity of the government of Tunisia to design social protection reforms and improve the targeting

of SSN programmes (Murray, 2013). The upshot is a move towards Proxy Means Testing for all social safety programmers. The last National Household Consumption Survey was prepared in 2010 and National Institute of Statistics is conducting a population census, which will include some micro-data from households. The new data will be correlated with 24 other ministries' databases to prepare a unified registration system for all applicants for social expenditure.

- The current system of universal food subsidies is not targeted by definition yet many poor people depend on food subsidies (7.5% of the household consumption), compared to more affluent households (2.9%). The Gini index reveals that food subsidies reduce inequalities - the index was 37.4% in 2011, but it would have been 38.5% without subsidies (African Development Bank, 2013). Reform could take two formats – restricting subsidies to poor households or replacing subsidies with a more targeted safety net programme. The downside of the complete abolishment of food subsidies would be the short-term poverty rate which would increase by around 3.6%, while extreme poverty could be expected to increase by 1.7% It has been estimated that a blanket cash transfer would offer a more equal share of benefits than the current food subsidy system. At the moment, the share that the poorest income quintile receives through food subsidies is actually lower, only 82 per cent, of what it would receive through a blanket and perfectly egalitarian direct transfer system (ibid).

### **Case study: Iran**

The Islamic Republic of Iran is among the high human development countries that are highly dependent on oil export revenue. In the last two decades investment in education and health has improved human development indicators. 60% of government revenue is from exports of oil and gas. In 2012 Iran exported 4 million barrels of oil per day making it the second largest economy in the Middle East and North Africa in terms of GDP US\$484 in 2012. A sharp fall in oil exports since 2012 as a result of sanctions has pushed the economy to counteract. Prices of imported goods have increased significantly and the exchange rate for the Rial has depreciated rapidly, losing nearly 80% in value against the US\$ in only one year (June 2012-October 2013). These changes have had a huge impact on the poor pushing more people below the poverty line (19%, 2007) and resulting in reduced expenditure on social protection and social safety nets programmes.

- **Typical SSN programmes** in Iran: Untargeted subsidies, with recent moves towards targeting.
- **Providers:** Government social protection.
- **Total SSN expenditure** across all programmes is estimated to 2.7% of GDP.

Since 1980 Iran has subsidized petroleum products, basic foodstuffs, medical goods and utilities, firstly to manage hardships during the eight-year war with Iraq, and then to prevent political and economic challenges after the war. Subsequent to the Iraq invasion of Iran in 1980, the Iranian government introduced rationing and kept consumer prices for energy, basic foods, medicines and utilities (water, power and sewage) well below market prices.

Whereas this support is partly effective, subsidies are not specifically targeting the poor, and it remains costly. Energy and food subsidies, and credit subsidies are excessively large, and their distribution is skewed toward the rich. These subsidies were estimated to absorb 25% of Iran's GDP of \$335 billion (2009 price). Subsidies for energy products alone accounted for 10% of Iran's GDP in 2010 (World Bank, 2011). According to Iran's Ministry of Economics and Finance, 30% of people in middle and upper quintile income brackets were the beneficiaries of 70% of all subsidies. In 2010, Iran spent an estimated \$100 billion on energy subsidies, about twice the size of its government budget and one fifth of its GDP. Other subsidies, such as bread and medicine, added another \$5 billion (Esfehani, 2013).

In 2010, the Government of Iran began to implement economic reforms that phased-out subsidies on energy products and replaced them with universal cash transfers as compensation for rising energy prices. Under its Targeted Subsidies Reform, the price of energy was to be gradually increased over a five-year period and subsidies eliminated for sixteen items and services. The retail prices of petrol, diesel, fuel oil, and liquefied petroleum gas (LPG) were required to increase to no less than 90% of Persian Gulf free on board (FOB) prices. Table 13 and 14 set out the categories of petrol prices (subsidized, semi – subsidized and free market prices introduced by the government and the allowances according to the type of vehicle.

**Table 13: Petrol Subsidies in Iran**

Petrol	Subsidized	Semi- Subsidized	Free Market
Regular	1000 rial (\$0.08)	4000 rial (\$0.32)	7000 rial (\$0.57)

**Table 14: Petrol subsidies by type of vehicle**

Type of vehicle	Semi-subsidized Litres	Free Market Litres
Personal car - Less than 1800cc	60	300
Personal car - More than 1800cc	-	300
Hybrid taxis	300	300
Gasoline Taxi	500	300
Hybrid pickup	200	300
Gasoline pickup	400	300

As part of the 2010 reforms the prices for electricity and water were set to increase to cover the full cost price. The Targeted Subsidies Reform also set out the intention to eliminate subsidies for wheat, rice, cooking oil, milk and sugar (and subsequently also bread) over the same five year period. In lieu of subsidies, the government committed to distributing small sums of cash to individuals.

The intention was that the programme would be implemented by 3 different organizations – the Department of Welfare, the Ministry of Industries and Mines and the Social Security Organization. However the government subsequently established a new government body, the Subsidy Reform Organisation, which plan and oversees the distribution of cash payments. The Iranian government is paying cash safety net amounts of \$40 (2010 prices) per adult per month to all citizens, with no targeting mechanisms to make a distinction on the basis of income or deprivation. According to an unofficial database, 90% of population are affected by the current subsidy reform programme and the cash transfers are not likely to be sufficient to compensate for the extra costs of living experienced by the poor as a consequence of subsidy elimination. Moreover, following the imposition of economic sanctions the adult rate has declined in real terms.

Rationing fuel subsidies has been a catalyst for a new black market for petrol. Considering the opportunity cost and depreciation expenses it is more economical and rational to sell

petroleum rations rather than use them. This has been particularly common among pick up vans and taxi drivers who qualify for higher rations.

A second phase of the programme was due to start from in June 2012 with the aim of increasing cash transfers to each family. However this plan has been suspended, due to sanctions and the recent change in government. A untargeted subsidy programme is expensive and is not specifically targeted to the poor. The level of leakage is significant. The new government is planning to introduce more targeted social safety nets based on cash transfers to reduce poverty. This has the potential to improve targeting towards the poor. To be effective a robust social protection policy should be based on a strong social justice framework to avoid misappropriation and abuse. Iran has some way to go to develop the governance and implementation structures that would make targeting effective.

### **Case Study: Turkey**

Turkey has experienced rapid economic growth and development in the last decade or so and as a result has improved income levels. Turkey is considered to be one of the most successful examples of development in view of the fact that GDP has tripled from US\$233 billion in 2002 to US\$785 billion in 2013, with the country rising to be the 18<sup>th</sup> largest economy in the world (and establishing the country's membership of G20). More importantly Turkey has risen from a country with a middle human development index (0.671) to a high human development index (0.722).

**Table 15: Turkey's HDI trends\***

<b>Year</b>	<b>Life expectancy at birth</b>	<b>Expected years of schooling</b>	<b>Mean years of schooling</b>	<b>GNI per capita (2005 PPP\$)</b>	<b>HDI value</b>
<b>1980</b>	56.5	7.4	2.9	5,872	0.474
<b>1985</b>	60.1	8.3	4	6,583	0.530
<b>1990</b>	63.1	8.8	4.5	7,960	0.569
<b>1995</b>	66.1	9.5	4.8	8,539	0.598
<b>2000</b>	69.5	10.6	5.5	9,675	0.645
<b>2005</b>	72.1	11.7	6.1	11,320	0.684
<b>2010</b>	73.7	12.9	6.5	12,440	0.715
<b>2011</b>	74	12.9	6.5	13,344	0.720
<b>2012</b>	74.2	12.9	6.5	13,710	0.722

Sources: UNDP (2013a) *The Rise of the South: Human Progress in a Diverse World Explanatory note on 2013 HDR composite indices.*

\*based on consistent time series data, new component indicators and new methodology

Table 15 shows the level of improvement in key indicators (life expectancy at birth, mean years of schooling and GNI per capita) in the period from 1980 to 2012. Such economic success has gone hand-in-hand with investment in social safety nets<sup>1</sup>. However, economic crisis in Turkey in 2001 endangered the livelihoods of many families who lost assets and jobs overnight. Many poor people were eligible for social assistance under the prevailing systems. Conditional Cash Transfers as a sub-component of a Social Risk Mitigation Project were introduced during this period to assist many of the affected families. This initiated a shift towards a system of strong social safety nets with robust targeting mechanisms (see below). Social assistance as a percentage of GDP has increased from 0.50% in 2002 to 1.4% in 2012, with the total number of beneficiaries reaching 6,370, 000 people. While social assistance expenditure remains low however by EU and global standards, increasing expenditure on social safe nets and apt targeting mechanisms have had positive impacts on poverty rates<sup>3</sup>. The government has eliminated extreme poverty (as measured by income of \$1.25). Relatively little progress has been made in reducing inequality (the Gini coefficient for Turkey only declined from 0.44 in 2002, to 0.41 in 2007). Moreover, Turkey's HDI remains below the average of 0.758 'for countries in the high human development group and below the average of 0.771 for countries in Europe and Central Asia' (UNDP, 2013a).

Public social protection expenditure as a percentage of GDP at 12.5% is above the average among COMCEC countries, but well below the OECD average of 23% (Graph 5, OECD, 2012). Considering that Turkey's GDP is the 18<sup>th</sup> largest in the world the percentage of social protection expenditure is low and it has not changed since 2002.

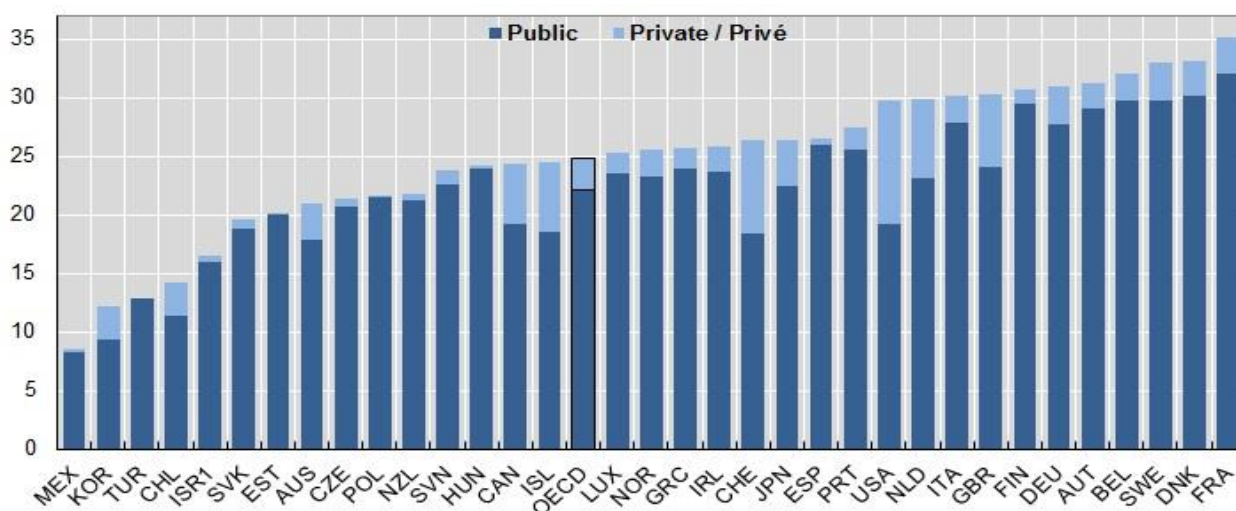
### **Social Safety Nets in Turkey**

- **Typical SSN programmes** in Turkey: subsidies, cash transfers and targeted non-contributory programmes.
- **Providers:** Government social protection includes SSNs. Some international NGO and donor agencies.
- **Total SSN expenditure** across all programmes is estimated to 1.4% of GDP.

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<sup>3</sup> Poverty rate declined from 26.0% in 2002 to 18.1% in 2012.

Graph 4: Public and private social expenditure in percentage of GDP in 2009



OECD (2013) Social Expenditure Database (<http://www.oecd.org/els/soc/expenditure.htm>)

By and large social assistance is a component of social protection strategy in Turkey (the term *social assistance* tends to be used instead of *social safety nets*). Turkey has changed how its social support is administered since 2011 to improve targeting. Prior to this time, social assistance expenditure in general and the social security system, in particular, were dispersed across diverse institutions. This fragmentation meant that the unemployed, disabled, orphans, women and more vulnerable groups often had to rely on other forms of social protection, including informal ones. Critiques argued that the government's organisation of social protection, including SSNs, was at risk of not creating a fair system because it did not target and deliver benefits to the right poor. Instead it operated on the basis of fragmentation and clientilism, with support provided to those who had accrued privileges through various relationships with political and influential organisations and ad hoc charity and reliance on kinship support for those who had not (Bugra and Candas, 2011). Fragmentation in social assistance and service provision, and the multiplication of the number of agents and agencies involved, increased the number of decision-making settings at the micro level and generated problems of coordination, regulation and scrutiny.

To address these problems and to improve targeting mechanisms and reduce leakage in 2011, the government:

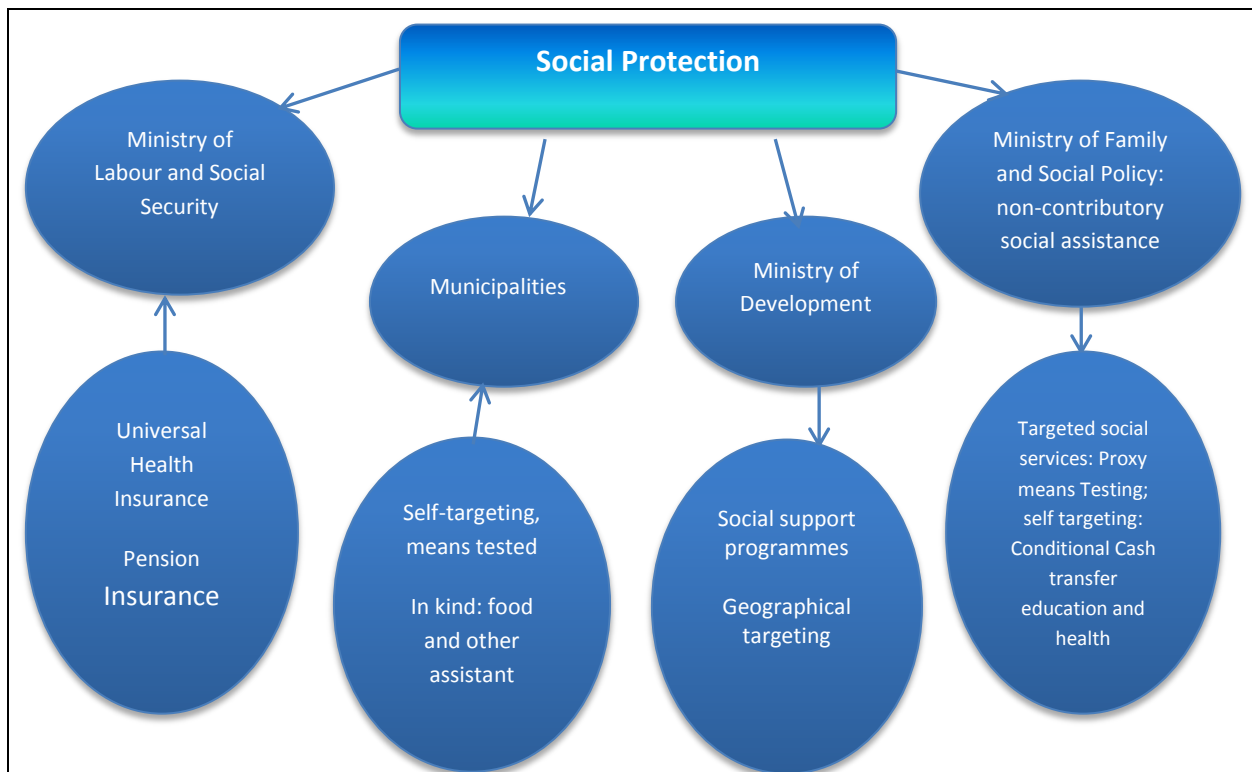
- Strengthened the institutional framework and created a more comprehensive safety net system by incorporating a number of agencies into one government department.

Responsibility for all central government social assistance in this form came together under the umbrella of the new Ministry of Family and Social Policy in June 2011.

- Improved targeting mechanisms and information systems for operational delivery and impact monitoring. The Ministry of Family and Social Policies has implemented a more robust methodology to reduce leakage and incorporate regional differences and inequality in the social support models. The new Integrated Social Assistance Information System (BSYHBS) uses a single proxy means test to target benefits more efficiently and effectively. All beneficiaries of social assistance working in formal public and private sectors are also now required to register with the Public Employment Agency (ISKUR).

Social assistance and social protection institutions are set out in Diagram 3. The Ministry of Labour and Social Security is responsible for labour policy, employment environments, pensions and social security. The Ministry of Development delivers social support projects that are mostly ‘giving in kind’ schemes targeted at the poorest regions of Turkey. Municipalities provide in kind social assistance to the poor.

**Diagram 3: Social Safety Nets in Turkey**



The Ministry of Family and Social Policy is the main department providing social safety nets for the elderly and disabled and children and provides conditional cash transfers to poor families based on school attendance and vaccination records. Table 16 shows the main social assistance programmes indicating the types of assistance, objective and target populations.

**Table 16: Social Assistance delivered by Ministry of Family and Social Policies**

Programmes	Types of assistance	Target population and targeting mechanism	Objectives	No. of Beneficiaries
<b>Conditional cash transfer: Education assistance</b>	Primary school boy 30TL Girls 35TL – High school boy 45TL girls 55TL per month	Families without social security. Methods Proxy means testing	Access to education	<u>For the end of the September 2013:</u>  887.008 Primary school boys and 857.530 Primary school girls, 152.566 High school boys and 138.324 High school girls
<b>Conditional cash transfer : Health Assistance</b>	Primary health care: pregnant period 30TL and for a baby 30TL Delivery in hospital only 70TL	Pregnant women 0-5 age group babies Methods Proxy means Testing	Access to health services	<u>For the end of the September 2013:</u>  889.871 0-5 age group children,  Component of pregnancy assistance within CCT Health Assistance : 25.699 Women
<b>Food Assistance (Family Assistance)</b>	Food assistance before religious festivals and when families need food.	Families with income per capita below 234TL or lower than 1/3 of the net Minimum wages Verified means tests ID cards; Self targeting	Cultural and religious To meet the basic needs of the beneficiaries	<u>For the year 2012</u>  552.969 families
<b>Sheltering (family Assistance)</b>	In Kind and cash assistance for the maintenance and the repair of houses of the poor and vulnerable people: Up to 25000TL	Families with income per capita below 234TL or lower than 1/3 of the net Minimum wages Verified means tests ID cards	Social integration	<u>For the year 2012</u>  15.856 families
<b>Social Housing (Family assistance)</b>	Social Housing for the poorest and vulnerable people : Conditional: repayment 100TL 1bed and 130TL for 2. Bed per months over 270 months	Families with income per capita below 234TL or lower than 1/3 of the net Minimum wages Verified means tests ID cards	Social Integration	<u>For the year 2012</u>  14.952 families
<b>Fuel (Family Assistance)</b>	Fuel (coal) free of charge for heating in the winter for the poor. Once a year before the winter. Minimum 500kg coal are provided	Families with low income per capita below 234TL or lower than 1/3 of the net Minimum wages Verified means tests ID cards	Reduce energy bill for the poor and vulnerable people	<u>For the year 2012</u>  1.116.614 families
<b>Widow Women (Family assistance)</b>	Cash assistance to widow women with civil marriage without social security: 250TL per month	Widow women Verified means tested ID card	Social integration	<u>For the end of the September 2013:</u>  268.723 women
<b>Army personnel</b>	Cash assistance to the families of	Army Personnel families	Social integration	<u>For the end of the</u>

Programmes	Types of assistance	Target population and targeting mechanism	Objectives	No. of Beneficiaries
Family Assistance	Soldiers During their military service: 25TP per month	who do not have social security and are poor Categorical targeting		<u>October 2013:</u> 50.000 families
Education Assistance	Educational Material Assist and basic educational needs: Twice a year at start of semester	Poor families and needy students; Verified means tested ID card	Access to education	<u>For the year 2012</u> 370.708 students
Education Assistance	Lunch for school children who have to travel to school by bus – lunch provided every day in both semester	Poor children	Access to education	<u>For the year 2012</u> 623.480 students
Education assistance	Free School books	Universal to all children	Access to education	<u>For the year 2012</u> 15.668.179 students
Education assistance	Cash for Transportation, Shelter and food assistance for school children attending primary and high school	Poor and vulnerable families Geographical targeting	Access to Education	<u>For the year 2012</u> 13.796 students
Education Assistance	Cash to buss disabled to School: Annual Payment	Disabled person; ID card; Verifies means testing	Access to education for vulnerable groups	<u>For the year 2012</u> 40.915 students
Building dormitories	100 to 300 person capacity dormitories are build for high education	Needy students at higher education	Access to higher education	<u>Between 2009-October 2013</u> 147 dormitories
Health Assistance	Vehicle for disabled person	Disabled person ID cards; Medical Report, verified means testing	Social integration	<u>For the year 2012</u> 10 disabled persons
Health Assistance	Test – tube baby project Age 23 – 39 Low income groups lower less than 1/3 of the minimum wage Test tube treatments for 2500 families Health insurance premium For low income group ranging G0 (0-340, 50TL) to G1, G2, G3 (2.043, 00). Government pays health insurance premium	Women and families with financial difficulties ID cards Medical report  Poor citizen without social security ID Card Verified means testing	Access to health	9.5 million people
Assistance for the special Purposes	Public Soup Kitchen Provide hot meal for the whole family daily	Vulnerable people: Elder people, disabled unemployed Categorical	To alleviate rising food prices.	<u>For the year 2012</u> 619 people
Assistance in crisis and emergency situation	Disaster Relief Cash and in Kind support	People who are affected by disaster such as earthquake, flooding, fire etc ; ID Card	Disaster and crisis relief	<u>For the end of the September 2013:</u> 559.065 people
Assistances Implemented according to the Law no. 2022	Allowances for elder person over 65 years old who are weak, and abandoned; 130, 62TL per month	Old people over 65 years old ID Card Verified means testing	Social integration	<u>For the end of the September 2013:</u> 505.207 people
Implemented according to the Law no.2022	Allowances for disabled with income less than 243, 43 TL per capita in a family - 40% - 69% disability receive 261, 24TL and 70% and over 391,	Disabled people ID Card Verified means testing	Social integration	<u>For the end of the September 2013:</u> 66.652 people

Programmes	Types of assistance	Target population and targeting mechanism	Objectives	No. of Beneficiaries
	86 TL per month			
<b>Implemented according to the Law no.2022</b>	Allowances for disabled people's relatives whose income is less than 243, 43TL per month: They receive 261, 24TL per month	disabled person's relatives verified means testing	Social Integration	<u>For the end of the September 2013:</u> 192 people
<b>Implemented according to the Law no.2022</b>	Payments to Silicosis Patients	Silicosis Patients; ID Card Medical report Verified means testing	Access to health	<u>For the year 2012</u> 398.335 people
<b>Home care Allowance</b>	Allowance for severely disabled person with income below 486, 86TL per capita; Monthly payment 730TL	The care of person in need and sever disabled person; ID Card Medical report	Access to health	<u>Between 2003- June 2013</u> 89.116 families
<b>Project Support</b>	Income generating actives Up to 15, 000TL for individual project; Maximum 50, 000 for sheep raising projects and 150, 000 for cattle breeding for group based projects	Social enterprise for poor families to establish business and sustain their business to survive ID Card	Social enterprise	<u>Between 2003- June 2013</u> 10.673 families
<b>Project Support</b>	Employability Training Projects; Consumable material and pocket money paid to attend the course	Poor women, unemployed and young people; ID Card Categorical	Education training	<u>Between 2003- June 2013</u> 1.699 families
<b>Project Support</b>	Social Service Project To decrease risk of social exclusion for disadvantage group Provide low cost social services	Women, the old and disabled children Categorical	Inclusion and social integration	<u>Between 2003- June 2013</u> 1.699 family

Compiled from data provided by the Ministry of Family and Social Affairs, 2013. US\$1 = 190 TL (2012).

## Targeting mechanism

The above Table sets out social safety nets programmes in Turkey, their coverage and targeting mechanisms. The Ministry of Family and Social Policies provides assistance to five main areas:

- family and children's benefits,
- old age and disability benefits,
- non-contributory health insurance
- in kind transfers to families.
- Disaster relief and Public Soup – Kitchen or Assistance for specific Purpose

Various targeting methods are used including geographical targeting (Ministry of Development), mean testing and self-targeting (Municipalities), proxy means testing (CCT), verified means testing and categorical targeting (Ministry of Family and Social Policies).

Targeted social assistance programmes provide support to the poorest six percent of the population in Turkey. The two targeted CCT programmes for education and health provide support for families who cannot afford to send their children to school and to assist families

in attending regular health visits for their children and pregnant women. The CCT programme for education and health started in 2003, targeting 1.1 million beneficiaries through proxy means testing based on data from the Household Income and Expenditure Survey. It has continued to expand since then. As of 2013, 887,008 primary school boys, 857,530 primary school girls, 152,566 high school boys and 138,324 high school girls have been supported to participate in education. In 2013, 889,871 children under the age of 5 (0-5) and 25,699 pregnant women benefited from supported access to health services.

In 2011, the approach to targeting the poor was revised to reflect changing poverty levels and context. A new Centralised national system has been developed by the Ministry of Family and Social Policies, aimed at identifying the poor with more precision. This involves use of a sophisticated computer database (BSYHBS). The system is used to target and identify beneficiaries for the various SSN programmes identified in the Table 16. It links the databases of 14 ministries to bring together various information on the status of applicants and checks institutional records to create beneficiary portfolio that can be used for any of the programmes in Table 20. For example employment status and income are derived from the Social Security Department, land ownership/tenure from the Ministry of Agriculture and so forth. A condition to receiving benefits is that recipients who are able to work are involuntarily registered with the Turkish Employment Agency (ISKUR).

For example targeted groups for health assistance include women, families with financial difficulties, and poor people without social security. This is the largest programme and it has very high coverage. The government pays health insurance premiums for 9.5m people from low income groups (as set out in the table below). Eligibility is described on the basis of family income. A family member is regarded as poor if the family's income is less than one-third the minimum wage (<267 TL, 2013 price). If these criteria are met, the cost of the health needs of each member is covered by the government.

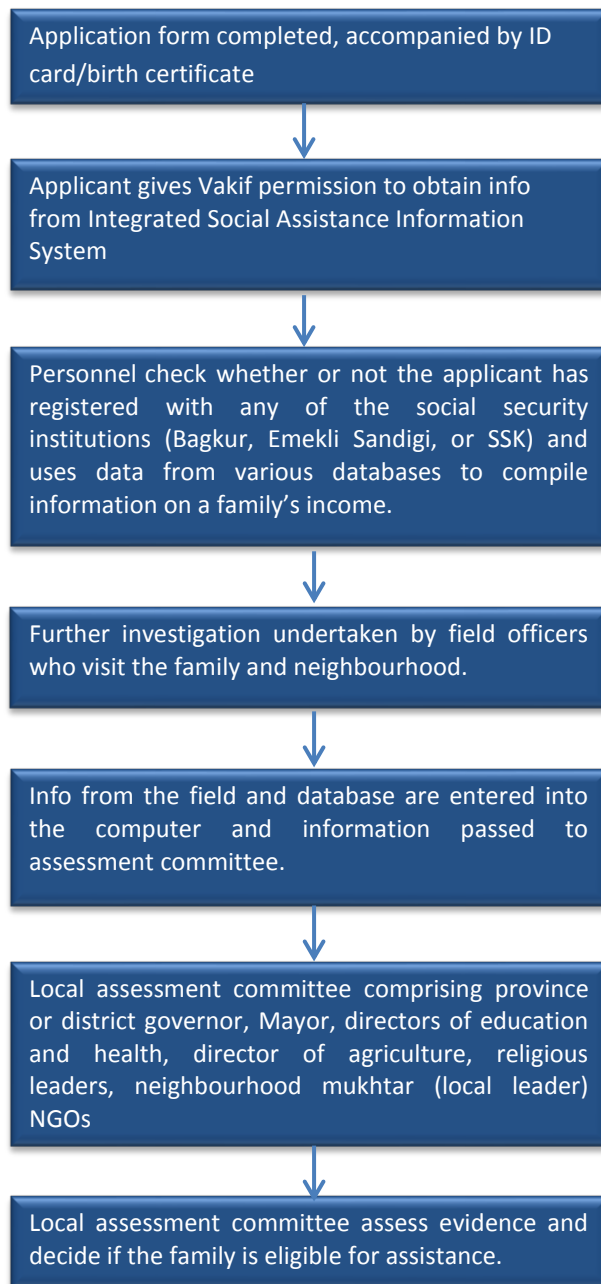
**Table 17: Health insurance premium by income groups**

<b>Income group</b>	<b>Families eligible for insurance premium</b>	<b>Contribution</b>
<b>G0</b>	Families with income less than one third of the minimum wage (0 - 267TL)	Do not pay Premiums – the government pays
<b>G1</b>	Families with income between one third of the minimum wage and the minimum wage (267 TL to 801 TL)	Pay a premium of 33 TL (12% of the minimum wage)
<b>G2</b>	Families with income falling between the minimum wage and twice the minimum wage (801 TL to 1, 773 TL)	Pay a premium of 102TL (12% of minimum wage)
<b>G3</b>	Families with income more than twice the minimum wage (>1, 773TL)	Pay a premium of 208TL (12% twice the minimum wage)

The current system uses verified means testing to determine eligibility. This uses a hybrid mechanism that combines central criteria and data with local knowledge. Field visits provide further assessment and family visits are used to countercheck information provided in applications. This is carried out by personnel of the Social Assistance and Solidarity Foundations (Vakif) located in each of Turkey's 26 provinces and 973 districts. Vakif serves as a bridge between the Ministry of Family and Social Policies and poor people. They assess applications for social assistance and provide cash and in kind assistance.

Assistance for most programmes however only lasts for three months they then would be reassessed to be qualified for further assistance. For programmes such as widow's support last for a year, but beneficiaries have to be recertified annually. Disabled and old people are not reassessed once classified as eligible. Those on health programmes, whose premiums are paid by the government are visited each year for reassessment. In some cases, where individuals' income varies over a year, beneficiaries have to apply monthly so that their benefits can be adjusted according to circumstance. 'If the system notes that the number of household members has changed due to births, deaths, marriages, divorces, and so forth, and is recorded in the public databases, the per-capita household income is revised automatically to reflect this, and appropriate premium levels are set' (World Bank, 2013:9).

## Application and Assessment process



Although the new system has been fairly successful in identifying the poor with very low leakage (5% -10%), it is expensive in terms of administrative and infrastructural costs. For example the government has spent 10 billion TL on new software alone. Secondly the system also requires administrative sophistication and capacity, which has been problematic at the local level and many personnel do not have the necessary skills to run the centralised programme. In addition, many families working in informal sectors are mostly excluded and

do not have access to social safety nets. The World Bank survey (2010b) provides evidence that shows many people in informal sectors are not covered by the Green Card programme or any public programme of social assistance. They conclude that ‘bringing such workers and their families under the umbrella of social protection would complement policies to increase formal employment’.

## **Recommendations for Middle Income Countries**

In middle income countries national strategies for social protection should include a framework for an overarching SSN system which would operationalize targeting mechanisms, state realistic goals for the programmes, define eligibility criteria, and build accountability mechanisms. More open public discussion on poverty issues and institutional shortcomings would help policy-making to be more inclusive. In the face of high youth unemployment, for example, unemployment benefit systems should be established.

- Electronic databases should be used to share information about beneficiaries between different SSN programmes.
- Making the packages of subsidised food items less appealing or slightly unpractical changes people's consumer behaviour so that more affluent people move to other products than subsidised food.
- Information campaigns about available SSNs should be launched to address the problem of rich people being able to name more SSNs than the poor.
- Many middle income countries do not use proxy means testing or follow them through appropriately..

## **Chapter 5: Countries in High Income Group**

High income COMCEC countries enjoy abundant natural resources. One consequence of oil wealth is generous support for public sector workers and it is typical in high income countries for the government to be the largest employer of nationals and for the public sector to be overstaffed (Al-Sheikh and Erbas, 2012). Oil wealth also supports welfare systems that are an institutionalised feature of the social contract between the state and its citizens. These programmes tend to be funded by the state and to be universal for citizens.

Many are similar to welfare policies found in the EU and provide vulnerable populations, such as the elderly and disabled with considerable support. Healthcare is free to the general public and offers some of the most sophisticated and specialised care in the world. Free education is also provided to all citizens between the ages of 6 and 15, with considerable investment in educational reforms and infrastructure.

According to the UNDP, the poverty rate is low in high income countries, ranging from 0.2 in Qatar to 0.6 percent of the UAE citizen (based on the multidimensional poverty index -the MPI 'head count'). An additional 2-4% are considered to be vulnerable to multiple deprivation. The intensity of deprivation for those classified as experiencing multidimensional poverty is similar to countries of much lower income – in the United Arab Emirates it was 35.3%. (Note these statistics are based on the population that has full citizenship. If migrants and migrant-workers were included poverty rates would be much higher. )

Qatar, UAE and Brunei-Darussalam are in very high human development categories. Saudi Arabia, Bahrain, Kuwait, Qatar and Oman are all rated as on the list of high human development index. However, this can mask inequalities on the basis of nationality and gender. Saudi Arabia has a very low rank on the Gender Inequality Index (GII) at 145 out of 148 countries and below countries of lower income. The Gender Inequality Index (GII) reflects gender-based inequalities in three dimensions – reproductive health, empowerment, and economic activity. Table 18 shows that in Saudi Arabia only 1% of parliamentary seats are held by women and female participation in the labour market is 17.7% compared to 74.1 for men. The 'performance of these countries relative to their level of development leaves scope for improvement' (World Bank 2012).

**Table 18: GII for 2012 relative to selected countries and groups**

GII Rank	GII value	GI per Capita PPP\$	Maternal mortality ratio	Adolescent fertility rate	Female seats in parliament (%)	Population with at least secondary education (%)		Labour force participation rate (%)	
						Female	Male	Female	Male
<b>United Arab Emirates (40)</b>	0.241	42,716	12	23.4	17.5	73.1	61.3	43.5	92.3
<b>Bahrain (45)</b>	0.258	19,154	20	14.8	18.8	74.4	80.4	39.4	87.3
<b>Qatar (117)</b>	0.546	87,478	7	15.5	0.1	70.1	62.1	51.8	95.2
<b>Saudi Arabia (145)</b>	0.682	22,616	24	22.1	0.1	50.3	57.9	17.7	74.1

Source: UNDP, 2013a

In general data on social safety nets and poverty is very poor in high income countries and there is no official data on poverty rates. A World Bank survey of high income countries in the Middle East and North Africa draws attention to 'inadequate targeting' which has resulted 'in significant leakages of SSNs benefits to the non-poor, siphoning off resources that could be used to decrease poverty and improve the distribution of welfare' (2012:X). The main leakage is in relation to price subsidies on food and fuel, which sees the non-poor benefitting that do not need this support. The impact in revenue terms is high in these countries, where fuel and food subsidies account for 7-10% of GDP. Reforms are being considered that replace universal price subsidies with more targeted initiatives, using categorical targeting. In UAE categorical targeting has been introduced for the payment of social assistance to specific groups, including widows, the disabled, the elderly, orphans, the families of prisoners and abandoned women. 67,102 people benefitted from these targeted programmes across UAE in 2011 at a cost Dh 658 million. Given its total population 4.1 million of which 80% are migrants and expatriates who do not qualify for social protection or SSNs support, the coverage through these safety nets is relatively high. However, the exclusion of migrants and foreign workers from access to most social protection and social safety nets in wealthy countries is a major and contentious policy issue and one that attracts a lot of attention (for example recent press coverage of migrant workers has drawn attention to the poor treatment of those injured on constructions sites for the football world cup in Qatar).

### **Case Study: Saudi Arabia**

The kingdom of Saudi Arabia enjoys abundant natural resources. Petroleum covers 80% of the country's budget revenues, 45% of GDP, and 90% of export earnings. The size of the population has soared from 6 million of the 1970s to the current 28 million. 47.8 % of the population is younger than 25 years of age. Encouraging growth of the private sector (in the telecommunications, natural gas exploration, power generation and petrochemical sectors) is intended to increase employment opportunities for young Saudis and diversification of the oil-dependent economy. The Saudi government has recently invested large sums in education and skills training to up-skill young Saudi people and reduce reliance on foreign

workers. Oil wealth has also allowed public sector workers to enjoy generous salaries and benefits, which skews preferences for government jobs as opposed to the private sector ((Sullivan, 2013; Al-Sheikh and Erbas, 2012). An initiative under 2011 Royal Decrees to increase public sector employment and compensations may in fact further exacerbate unemployment in the long run.

Unofficial estimates evaluate the number of Saudi citizens living below the poverty line of US\$17 to be somewhere between two and four million people. A culture of silence in the country discourages open discussion about poverty. In 2011, for instance, three Saudi bloggers were jailed for making a film about poverty (Sullivan, 2013). The veil of silence was lifted for the first time in the state media in 2002 when the-then-crown-prince Abdullah visited a slum in Riyadh, exposing many Saudis to poverty in their own country for the first time. Poverty is a particular problem in the case of "stateless" people. The UN has estimated that there are about 70,000 people born in Saudi Arabia who, regardless of their place of birth, have not been granted Saudi citizenship and are therefore "stateless" (Sullivan, 2013). Many are members of nomadic tribes. This 'legal limbo' can mean that they are excluded from public benefits that only apply to citizens. The government has committed to dramatically reducing poverty over the next 5 years through access to microfinance, job training and the creation of new jobs.

### **Social Safety Nets and Targeting Approaches in Saudi Arabia**

- **Typical SSN programmes** in Saudi Arabia: universal subsidies for citizens.
- **Providers:** government universal social protection..
- **Total SSN expenditure** (n.a.)

For most of Saudi Arabia's 28 million citizens, universal subsidies for petrol, electricity and water are regarded as rights in a country with such abundant oil wealth. Saudi Arabia spends almost 10 % of its GDP on fuel subsidies and another US\$13.3 billion on keeping down the price of electricity (Holmes *et al.* 2011). In addition, it has been estimated that Saudi Arabia spends about US\$20.2 billion on water subsidies every year (ibid), which,

despite the high costs of producing drinkable water is available to all, including non-nationals (Choudhury, 2004).

The Ministry of labour and social affairs provides some social safety nets targeted at particular groups. For example it distributes social assistance to the unemployed, widows and widowers, females who have no living family members to support them, orphans, the disabled and families of those serving custodial sentences. The state provides assistance on food and electricity bills for the poor, elderly, disabled and injured workers. These are non-contributory safety nets and recipients are identified using categorical targeting. A social insurance system that covers a range of support including marriage and death grants and disability pensions is subsidised, although some groups do not qualify (eg agricultural workers, fishermen or foreign workers). Saudi Arabia also has an aid programme for paralysed children living with their families, which provides a maximum annual allowance of SR 10,000 for each paralysed child. There is also an aid programme for persons with disabilities who are cared for by their own families, with a maximum of SR 10,000 per annum for severe cases and SR 6,000 for those who do not benefit from vocational rehabilitation programs (Silva, Levin and Morgandi, 2013, 23) .

In the absence of any income taxation, the Islamic alms system of Zakat is administered by the state and contributes a great share to the social spending of the county. Regulations concerning Zakat are focused around savings, investment and property, as well as livestock, traded goods, silver/gold, buried treasure, minerals and crops (Althnian, 2012, 1). The range of levy varies - the current rates of Zakat applied to the value of traded goods is 2.5%, while crops from irrigated land incur a Zakat rate of 5%, a 10% levy is applied non-irrigated land crops and 20% to found treasures (Althnian, 2012, 4). Althnian (2012) argues that there is scope to use Zakat to extend social protection by, for example, including undeveloped land in the Zakat system which could potentially lower land prices, help housing problems or, if the land owners decide to keep their land, increase inflow to the Zakat system (14). Many people in the member countries of the Islamic Development Bank prefer to pay and give Zakat by themselves directly to recipients or in-kind and not through governments. In addition, traditional family institutions and solidarity systems are used as far-spreading safety nets to protect relatives in case of financial hardship, illness or disability.

Limited official data about the poorest in Saudi Arabia impedes true evaluation of the targeting mechanism of the country's SSNs policies and target the country's policies. Generally speaking, universal energy subsidies are costly and divert funding away from pro-poor expenditure (IMF, 2013, Fattouh and El-Katiri, 2012). Even though universal subsidies have been argued to be inefficient and pro-rich, people in lower income quintiles will depend on them. Categorical targeting will tend to treat different groups needs as homogenous and will not reflect that the need of some is greater than others and therefore address relative poverty.

### **Case Study: Brunei-Darussalam**

Social protection has high coverage rates in Brunei. A large share of the labour force work in the military, civil service and police and benefit from mandatory schemes. Economic concentration in a few core sectors and industries also enables pension schemes to secure high levels of contribution compliance.

- **Typical SSN programmes** in Brunei-Darussalam: universal subsidies for citizens.
- **Providers:** Government universal social protection.
- **Total expenditure (n.a.)**

Untargeted subsidies on fuel have wide coverage across different income groups. The sustainability of universal subsidies, however, is questionable given the fiscal deficit of Brunei (Sainah, 2010, 152). There is serious leakage to non-residents, most notably through Malaysians entering the country to access cheap petrol. There have also been cases of smuggling fuel over the border to re-sell it at higher prices, with customs officers facing misappropriation charges for accepting bribes to turn a blind eye to these illegal activities.

Universal social protection schemes do not differentiate on the basis of people's needs. In Brunei, despite free education and health care, the lack of targeted SSNs means that the unemployed, single parents, orphans, widows/widowers, elderly persons without families, divorced, the abused or the disabled receive very little support in terms of food, shelter or other government support (Sainah, 2010, 149). In this sense, universal approaches result in

under-coverage as they do not respond to the specific needs of certain groups. Recently new plans have emerged to reach out to families, women and children through the application of targeted cash transfers (Jumat *et al.*, 2010). Families with less than BND150 per month and per household member would be entitled to apply for: (1) monthly Subsistence Allowance of BND65/month per child; (2) monthly Financial Assistance Allowance of BND200 for the head of the household; (3) additional educational allowance of BND60 for each child in school. A system for employment opportunities for disabled people is also under development (Jumat *et al.* 2010). Suharto (2009, 19) recommends that Brunei Darussalam enhance access to subsidised housing to lower income groups. Though the government is dedicated to the wellbeing of its citizens, the management of social protection is fragmented between various ministries (Sainah, 2010, 152).

### **Case Study: Oman**

Like other Gulf Cooperation Countries (GCC) Oman relies heavily on oil and gas export income. Oil was first discovered in the 1960s, since when income per capita has increased significantly reaching to US\$24, 65 per annum. Following accession to the WTO in 2000 and a GCC customer union agreement in 2003, a liberalisation programme has accelerated and foreign trade and investment has increased significantly. To ensure there is a labour force for the expanding economy, the government introduced a specific programme in the 1990s aimed at increasing the proportion of Omanis employed in the private sector. By prioritising nationals over foreigners, the 'Omanisation process' is aimed at reducing labour force dependency on expatriates. The total population of Oman is 3, 295 million, of which 1, 282 million are expats and 2, 013 million people are Omanis (statistical Year Book, 2012). 75% of the population live in urban areas and 25% in rural areas.

Unlike other GCCs, Oman's oil resources are finite and it is possible that it could be exhausted within 25 years. Consequently since 2010 the government has taken a number of measures to reduce dependence on oil income:

- a) Diversification: encouragement of investment in the non-oil sector such as tourism and agriculture

- b) Privatisation: promoting and supporting the private sector as a key player in the country's development.

Both of these programmes are aimed at creating jobs for the young and growing population. Oman's employment policy and steady economic growth, which has averaged 6% per annum between 2000 and 2012, has enabled the government to invest in social protection policies and to fund social safety net programmes for its citizen. The development strategy has made noteworthy progress in improving human development indices in income, education and life expectancy as shown in table 19. However table 19 also shows a low proportion of women participated in the labour market despite a number of policies and projects aimed at empowering women.

**Table 19: Oman's HDI trends**

Year	Life expectancy at birth	Expected years of schooling	Mean years of schooling	Female Seats in Parliament %	GNI per capita (2005 PPP\$)	HDI value	Labour force Participation rate%	
1980	60.8	3.4			9,404		Female	Male
1985	66	5.7			14,777			
1990	70.6	7.6			14,275			
1995	72.9	9.3			15,856			
2000	74	9.8			18,272			
2005	73.4	11.6			20,350			
2010	72.8	13.5	5.5		23,219	0.728		
2011	73	13.5	5.5		23,672	0.729		
2012	73.2	13.5	5.5	9.6	24,092	0.731	28.3	81.6

UNDP, 2013a

### Social Protection in Oman

SSNs and targeted programmes aimed at vulnerable families, known as Social Security Families, are key components of Oman's social protection strategy, as set out in Diagram 4 below. The Ministry of Social Development is responsible for policy and delivery of SSNs, the Ministry of Housing provides social housing and facilitates loans and land distribution; the Ministry of Man Power delivers labour laws, minimum wages (at different rates for

Omanis (325 OMR) and foreign workers (90 OMR<sup>4</sup>) and unemployment benefits (the unemployed receive 150 OMR per month).

The Ministry of Awqaf (endowment) and Religious Affairs collects all Zakat money from individuals. Zakat is collected from those who give through the deposit of funds into special bank accounts (UNDP, 2013a). The department then distributes Zakat money to support families in need, mainly targeting those families receiving social security as shown in table 20.

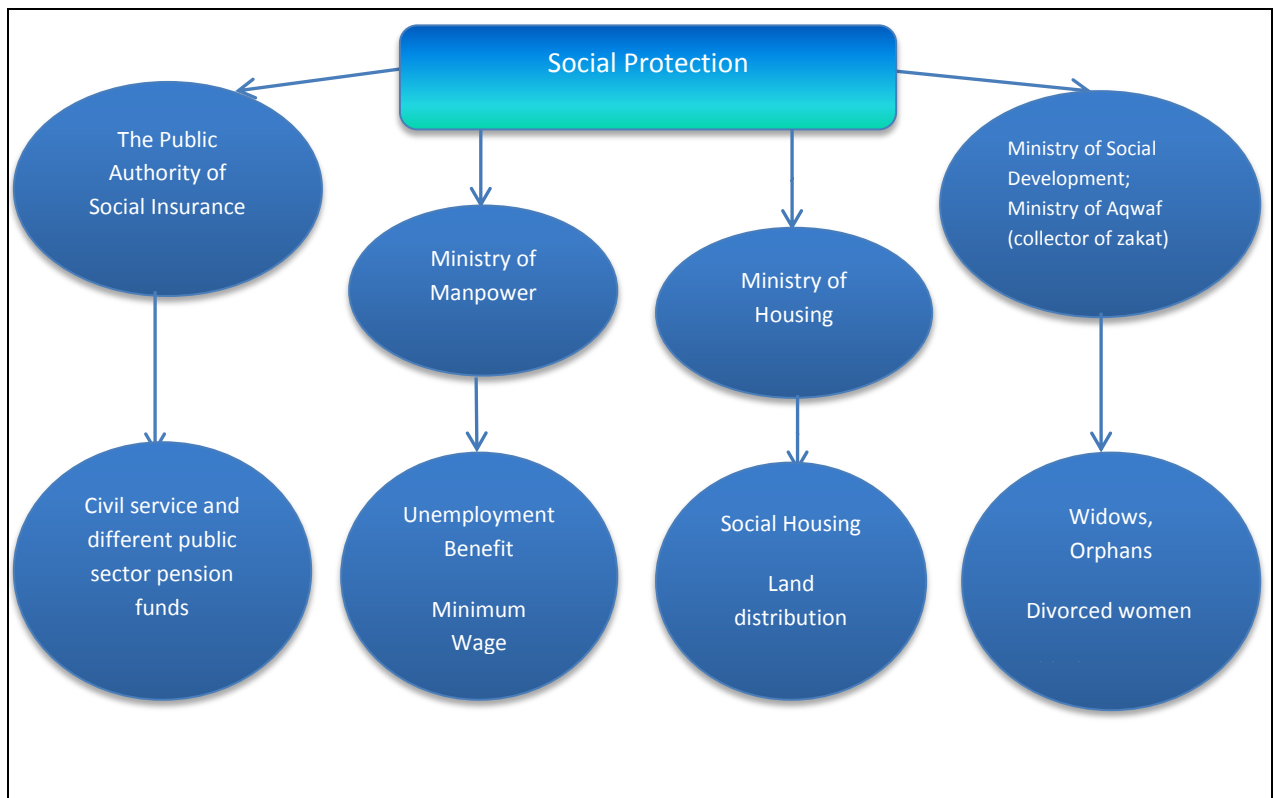
The social insurance system in Oman is similar to that of European countries. Omani citizens have access to medical care and modern hospitals, maternity benefits and child care and free primary and secondary education. There are a number of pension schemes for retired government employees including the Civil Service Employees Pension Fund; Ministry of Defence Pension Fund; Royal Oman Pension Fund: Diwan of Royal Court; Pension Fund; Royal Guard Pension Fund: Homeland Security Pension Fund; Royal Office Pension fund and the Sultan's Special Force Pension Fund. Since 2004 pension insurance protection has been extended to Omanis working for governments in the other countries of GCC. Omanis do not pay tax, but they do pay a 7% contribution of their salary to their pension fund with 14% paid by the government. Pensions and social insurance have been widened to include private sector employees. Additionally there are two large private pension funds for those working in the petroleum and petrochemical industries.

Migrants and foreign workers do not qualify for social protection support and are excluded from SSN programmes. Even though foreign workers are guaranteed a minimum monthly wage, they are nevertheless paid less than Omanis.

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<sup>4</sup> US\$1 = 2.59 in November 2013.

**Diagram 4: Social Protection in Oman**



### Social Safety Nets in Oman

Access to SSNs and social services is uneven in Oman. It is more likely that families in urban areas benefit more from services provided by the government than those living in rural areas. Poverty is not extreme in Oman, in that no-one is classified as suffering from income poverty below the international poverty line of \$1-2 a day. However, according to the UNDP Millennium Development Goals Report, 2.6% of Omanis suffer from multidimensional poverty and 6.4% are at risk of falling into it. Areas of concern are access to clean water for 30% of Omanis, and the fact that 12.7% do not have necessary calorie consumption. Moreover 5.7% of Omanis live in households with at least one child not enrolled in primary education (Human Development Report: Oman, 2012:90).

Table 20 shows types of SSNs and targeting mechanisms. The government’s social security programmes primarily target vulnerable families to reduce poverty. However the coverage of these programmes tends to be low. For example, the total number of social security beneficiaries was 50,751 in 2009 (Oman statistical year book, 2010). Some projects have

been successful with families receiving targeted support, for example children of Social Security Families are given computers, with free internet access. Additionally 1500 children annually receive scholarships to attend university; they also receive Eid and Hajj grants, emergency assistance and are exempt from fees when using public services. To encourage skills training so that young people are employable in the private sector, 120 OMR per month is transferred to young people who complete secondary school. This is conditional upon finding employment in the private sector, or they have to return the money.

Table 20 shows that various targeting methods are used including mean testing, categorical targeting and self-targeting. For example social housing is allocated to those with incomes of less than 500 OMR per month, which they have the right to own after 10 years residency. Several programmes also use local community assessment<sup>5</sup>, with tribal Sheikhs asked to provide information about individuals' eligibility and to endorse candidates' legitimacy on the basis that as community leaders they have detailed knowledge of community/tribe members' economic and social circumstances. Tribal Sheikhs are employed by the Ministry of Interior, and their function as community leaders is to Act as intermediaries between individuals in the community and public administrations.

For the programmes that it applies to, a Sheikh's recommendation determines whether a person qualifies for social assistance or not. This degree of patronage can lead to leakage and under-coverage of SSNs. Following the Arab Spring several protests in Oman in early 2011 drew attention to the misappropriation of national funding at high levels of government. The King ordered an increase in pensions and social security benefits to identified families by 100%, with no reductions when members found work. In addition the King created 50,000 jobs in the public sector and increased the number of student scholarships, and supported marriage allowance for young couples.

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<sup>5</sup> The number of Omani families who benefited from the housing assistance stood at 4,812 in 2012.

**Table 20: SSNs in Oman for Social Security Families (Social Protection Law 2004)**

<b>Social Security Family Programmes</b>	<b>Types of Assistance</b>	<b>Target</b>	<b>Objectives</b>
<b>Widowed Women</b>	Cash assistance to widows. 80 OMR per month for each child up to the age of 18; social housing; children receive scholarships to study at university in Oman or abroad.	Widowed Women Categorical targeting	Anti Poverty
<b>Orphans</b>	Access to Child Care Centres that provide all living, health, education & leisure facilities	Orphans Categorical Targeting	Anti Poverty
<b>The Elderly</b>	Allowances for elderly - Those over 60 receive 80 OMR per month.	People over 60 years who did not formally work in public or private sector. Means tested; supporting letter from a Sheikh.	Anti Poverty
<b>Disabled</b>	Various benefits	Disabled people – disability and means testing	Social Integration
<b>Housing</b>	Social Housing for the poorest and vulnerable people with an income of less than 500OMR	Families means tested on income per capita, supporting letter from a Sheikh	Social Integration
<b>Allowance for Marriage</b>	6000 OMR allowance for marriage to young men with incomes less than 500 OMR.	Young people with low incomes. Means tested and supporting letter from a Sheikh	Social integration
<b>Project support and conditional cash transfers</b>	Employability Training Projects for those who have completed secondary school; consumable materials and 120 OMR pocket money to attend courses.	Employment for Young people in private sector. Self targeting/self-nominating	Access to education
<b>Sanal Fund Programme to support Small business</b>	Training young women and men to manage small projects; assisting young people financially and technically to set up their own business through soft loans (10, 000 – 15,000 OMR).	Young people Self targeting/self-nominating A supporting letter from a Sheikh	Entrepreneurship culture
<b>Sanad Textile Training Programmes</b>	Training/support for women in textile industry (women’s clothes); soft loans of maximum 5, 000 OMR per project and up to 15, 000 OMR is paid to a woman setting up a business	Women Self targeting/self-nominating A supporting letter from a Sheikh	Entrepreneurship culture
<b>Sandal Fund for financing Livelihoods</b>	Support job seekers; provide loans up to 3000 OMR per person and 5000 OMR for a group of individuals – loans are interest free and repayable within 7 years; social security benefit paid for up to three years.	Social security families Self targeting	Livelihoods

There are some gaps in access to social protection in Oman, most notably in respect of women. There should be specific policies or programmes that focus on girls education and tackling low levels of literacy among women. In addition, over half of Oman’s workforce are migrant workers (with very high levels in the construction industry and domestic work), but

there is basically no social protection or SSNs that apply to foreign workers in times of vulnerability or hardship. Overall the legal provisions for the rights of migrant workers are inadequate - for example foreign workers can be deported when contracts end even if they have worked in the country for two years. If they resign from their jobs, but are not provided with documentation releasing them from their employment, they can also be deported. This puts them at risk of exploitation by employers.

## **Recommendations for High Income Countries**

Research on poverty incidence should be undertaken so that poverty issues can be addressed by appropriate policy design. Otherwise attempts to alleviate poverty will remain *ad hoc* and unfocused. In high income group the problem of Tackling Eligibility need to be addressed. The position of "paperless" people who were born in a country should be resolved and migrant workers' rights to social protection must be addressed, otherwise their poverty remains as an endless cycle.

- **Viability of universal subsidies:** Universal subsidies cover poorer people as well as the rich. However, as a poverty reduction strategy they suffer from leakage and high costs and are not likely to be financially sustainable in the long run.
- **Monitoring and Evaluation:** There is generally very little information about the effectiveness of SSNs in many high income countries. Abundant oil reserves have allowed them to continue accustomed practices without much scrutiny of whether they are optimal. Hence, more information should be gathered about outcomes and the effectiveness of targeting of SSNs in these countries. Even major global institutions like UNDP and the World Bank cannot access good data from these countries.

## Chapter 6: The Way Forward: Recommendations

This report demonstrates that a 'one size fits all' approach is not relevant to the design and implementation of social safety nets, but there are some generic recommendations that would improve how they function.

The COMCEC member countries adopt a range of social safety net programmes and targeting measures. One of the main inadequacies of social safety nets in all country income groups, but in particularly those of lower income, is fragmentation, lack of coordination and diffusion of responsibilities to different government ministries. The involvement of a multiplicity of agents in social safety nets risks duplication and low coverage.

The choice of targeting mechanism is often restricted by available data. In the most fragile countries, where poverty is pervasive, differentiation is complex, while in high income countries data on poverty can be sparse. Other countries, such as Turkey, have recently re-evaluated their data sources and established a unified registration system to improve targeting. Several countries, such as Senegal, are in the process of identifying the best targeting mechanisms for different programmes and target groups and what this means in terms of data sources.

Targeting the poorest of the poor (bottom 10% to 20%) has proved problematic in Africa, where 'all are poor'. There is a risk that targeting using specific criteria can result in a random selection of individuals that can depend where they sit in the life cycle. Categorical targeting in this situation can be more successful. Using community leaders and local elites in selecting recipients for SSNs is common in low income countries, but this can be prone to cronyism and abuse. This risk increases where the participation of local people in programme scoping and the setting of eligibility criteria is scarce.

Proxy means testing is practically non-existent in many countries. Instead, categorical targeting (using demographic profiles, such as "children", "women" or "elderly") has been the prevailing targeting method in the great majority of SSN programmes. In addition, the geographical allocation of SSNs benefits has been popular. However a study by the World Bank (2013j) found that the worst leakages take place in programmes using only geographical targeting. Discussion around "patching" leakages mainly focuses on avoiding only one type of testing (usually geographical or categorical on their own). Use of proxy means testing would help to identify the most-needy recipients appropriate to each programme. The World Bank notes that housing characteristics are often an excellent way of defining the well-being level of households for proxy means testing, but this could require

development of data systems. The current reality is that many poor countries do not have the capacity to apply this method and certainly not in a contexts dependent framework, which would make it most effective.

Generally there is very limited data on the effectiveness of SSNs. Monitoring and evaluation assessments have so far focused mostly on outputs (the number of reached households or the effectiveness of the delivering system) instead of impacts. Evidence exists of programme successes, for example that cash transfers under the right conditions are more nimble, flexible and quicker to leverage those food distributions, but these are not well shared.

Social safety nets, cash transfer improve the livelihoods of millions of people, but in so doing, they sometimes leave the root causes, such as structural inequality, unaddressed. The key challenge facing COMCEC countries is to ensure that tangible links exist between equity and the practical policy planning and implementation of social protection and social safety nets. As a framework this could establish long-term goals for both preventative and reactive SSNs.

## **Recommendations:**

Previous chapters identify issues with targeting mechanisms deployed by SSN programmes in the COMCEC member countries and provide recommendations for each of the different country income groups. Key recommendations are reflected here.

### **1. Building Institutional Capacity**

Building the capacity of state institutions and establishing an institutional framework that covers the design and implementation of social protection and SSNs effectively is essential. Consideration needs to be given to the establishment of one operational agency in charge of social protection programme delivery and monitoring to improve consistency in targeting methods and learn lessons as programmes develop. Capability assessments should be used to identify improvements in each country.

### **2. Identifying the Poor: Data Sources and Targeting Mechanisms**

There is a need for population and socio-economic data sets to be developed that are appropriate for each country's unique set of circumstances. This is particularly important in low income

countries where registration systems are not well-developed. A database of household characteristics would assist the uptake of proxy means tests, which can help to target beneficiaries. A gap analysis and scoping exercise would help to identify what is needed.

### **3. Identifying the Poor: Targeting Mechanisms:**

Development of data that supports targeting mechanisms that reflect the contextual needs of the country will ease choice of the most optimal combination. Clear scoping of the objectives and outcomes of each programme and the target beneficiaries is critical to selection of the right targeting mechanism. Use of proxy means testing alongside categorical or geographical targeting will help to target those most at need), although the risk of exclusion through PMT should be tested locally.

### **4. Monitoring and Evaluation: Understand what works**

Consistent monitoring and evaluation processes should operate during programme delivery. This should include a risk management approach to targeting failure and leakages. Networks should be established to enable sharing of good practice.

### **5. Holding governments to account:**

Where possible local people should be involved in the development of eligibility criteria. Evidence from Bangladesh however shows that empowering local women to hold authorities accountable can help reduce leakage. Leakage and under-coverage can be reduced when people are informed about their rights and entitlements.

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# APPENDIX

Table I: Human Development Index (2012)

Very high Human Development	Value	High Human Development	Value	Medium Human Development	Value	Low Human Development	Value
Brunei-Darussalam	0.855	4. Bahrain	0.796	18. Jordan	0.700	33. Bangladesh	0.515
2. Qatar	0.834	5. Kuwait	0.790	19. Turkmenistan	0.698	34. Pakistan	0.515
3. United Arab Emirates	0.818	6. Saudi Arabia	0.782	20. Maldives	0.688	35. Cameron	0.495
		7. Libya	0.769	21. Gabon	0.683	36. Nigeria	0.471
		8. Malaysia	0.769	22. Palestine	670	37. Senegal	0.470
		9. Kazakhstan	0.754	23. Egypt	0.662	38. Mauritania	0.467
		10. Albania	0.749	24. Uzbekistan	0.654	39. Togo	0.459
		11. Lebanon	0.745	25. Syrian	0.648	40. Yemen	0.458
		12. Iran	0.742	26. Suriname	0.648	41. Uganda	0.456
		13. Azerbaijan	0.734	27. Tajikistan	0.648	42. Djibouti	0.445
		14. Oman	0.731	28. Guyana	0.636	43. Gambia	0.439
		15. Turkey	0.722	29. Indonesia	0.629	44. Benin	0.436
		16. Algeria	0.713	30. Kyrgyz	0.662	45. Cote D'IVOIRE	0.432
		17. Tunisia	0.712	31. Morocco	0.591	46. Comoros	0.429
				32. Iraq	0.590	47. Sudan	0.414
						48. Afghanistan	0.374
						49. Guinea-Bissau	0.364
						50. Sierra Leone	0.359
						51. Guinea	0.355
						52. Mali	0.344
						53. Burkina – Faso	0.343
						54. Chad	0.340
						55. Mozambique	0.327
						56. Niger	0.304
						57. Somalia	n.a.

Source: Human Development Report 2013

**Table II: Conditional Cash Transfer Projects in COMCEC Member States**

Country	Project Name and Cost	Target Population	Targeting Methods	Coverage	Benefits	Payment methods.	Conditions	Monitoring Process
<b>Bangladesh</b>	Female Secondary Education  Budget: 2004, (\$40 million) of which 18% is administrative costs	Unmarried girls	Geographic. gender targeting	723,864 girls	Combined stipend and tuition subsidy: Tk 906 (20050 or nongovernment schools; Tk 847 for government schools	Direct deposit to a bank account in the girl's name, twice a year	Attends 75% of school days; Attains 45% of class-level test scores; Girls remain unmarried until passing the secondary school certificate examination	n/a
<b>Bangladesh</b>	Reaching Out-of-School Children  \$63 million	Children who have not had an opportunity to attend primary school in remote areas and dropouts from primary school	Geographic: children targeting	500,000 children	36 subdistricts: Tk 100 per month to children and approximately Tk 25,000 per year to community school; in 24 subdistricts: No stipend to children, but approximately Tk 55,000 per year to community school	Child's guardian, bank account, twice a year	75% attendance and 75% performance in examinations, as judged by school teacher; Students not meeting criteria are excluded from program (about 5%)	Third-party survey undertaken during the year covers 20% of institutions. Project office monitoring occurring on a monthly basis is also random.

<b>Burkina Faso</b>	<p>Orphans and Vulnerable children</p> <p>Budget: 1.4Million \$ (program and impact evaluation)</p>	<p>Poor households of orphans and vulnerable children of HIV/AIDS in villages of the region of Nahouri. The program in the Sanmatenga Province has not yet been launched.</p>	<p>Geographic targeting and proxy means testing</p>	<p>3,250 households</p>	<p>Children 0-6: 1000 FCFA/quarter or 4000 FCFA/year; Children 7-10: 2000 FCFA/quarter or 8000 FCFA/year; Children 11-15: 4000 FCFA/quarter or 16000 FCFA/year</p>	<p>In villages with conditional cash transfers, the payments are made as described below under "conditions". In villages with unconditional cash transfers, the payments are made without conditions. Mothers and Fathers. Through the village committee against HIV/AIDS. Quarterly, cash handed out at ceremonies at school; 3 instalments for 3 years lower secondary school.</p>	<p>Children from 0-6 years attend regularly a health centre. This is confirmed by a health care provider. At least 90% school attendance in a 3-month cycle</p>	<p>Beneficiaries receive forms/booklets on which their compliance with conditions is confirmed by health and education service providers; they will provide these forms to the local program office on a regular basis.</p>
<b>Indonesia</b>	<p>Jaring Pengamanan Sosial</p> <p>\$114 million for the first year (1998/99 academic year), \$350 million over 3 years Rp 1 trillion</p>	<p>6% of enrolled students at primary schools, 17% at junior secondary schools, and 10% at senior secondary schools</p>	<p>Geographic targeting to poorest districts, then community assessment by district committees to identify schools and by school committees to identify students</p>	<p>Between 1.2 and 1.6 million scholarships (1998/99 academic year) 14.9% (2001), 9.4% (2002), and 12.1% (2003) of poorest quintile; 39.3% to poorest quintile (2004)</p>	<p>Rp 10,000 a month for students in primary school; Rp 20,000 a month for junior secondary school; Minimum Rp 600,000; maximum Rp 2,200,000</p>	<p>Directly to mother (or woman who takes care of the children in the family); through local post offices; three times a year as long as eligible. Block grants to schools</p>	<p>Remain enrolled in school</p>	<p>n/a</p>

<b>Indonesia</b>	<b>KeluargaHarapan</b>	Poorest households	Proxy means testing	In 2007: 348 subdistricts in 49 districts, 7 provinces; includes 387,928 poorest households (target in 2007 is 500,000 poorest households)	Members automatically are eligible for both AskesKin(health insurance for the poor) and Bantuan OperasionalSekolah (school fee waiver and transportation assistance)	Children aged 0–6 visit health clinics to use health services as outlined in the Department of Health protocols.	Pregnant (and lactating) women attend health clinics to receive antenatal (and postnatal) examinations, according to the Department of Health protocols; Children aged 7–15 enrol and attend a minimum of 85% of school days; Children aged 15–18 years who have not completed 9 years of basic education enrol in an education program to complete the equivalent 9 years of basic education.	Still sporadic; management information system is under construction
<b>Nigeria</b>	Care of the POOR (COPE) – CCT	Female headed households, Aged parent headed households, Physically challenged people headed households (e.g. leprosy patients), The transient-poor headed households' e.g. seasonal farmers, VVF patients, HIV affected households	Community targeting with proxy means testing	3,000 households each in 12 pilot states by end 2009	A cash transfer (the Basic Income Guarantee or BIG) based on number of children per household: 1 child N1,500; 2-3 children N3,000; 4 or more children N5,000. A compulsory saving (PRAI) of N7,000 monthly in favour of the participants to be disbursed as a lump sum after a year for the establishment of viable microenterprises after undergoing training. Mothers & designated household member: Pregnancy grant: \$13 a month during pregnancy and a 2-month lactating period; Delivery at a health clinic: one-time payment of \$41	Mothers and designated household members: Bimonthly (education grant), monthly (pregnancy grant), and one time (institutional delivery grant)	Pregnant women within benefiting households must attend and show evidence of antenatal care: Beneficiaries must ensure enrolment of school age children in school up to basic education level (i.e. primary to junior secondary education). At least 80% monthly school attendance is necessary to access transfer; Trainable member of the benefiting households must attend training in life and vocational skills, basic health and sanitation as available to the community	Beneficiaries receive forms on which their compliance with conditions is confirmed by health and education service providers; they provide these forms to the local program office on a regular basis

<b>Turkey</b>	<p>Social Risk Mitigation Project</p> <p>Budget: \$360 million (0.14% of GNP; May 2006)</p>	<p>Poor families with children aged 0-6 or in primary or secondary school, and pregnant mothers (poorest 6% of the population)</p>	<p>Proxy means testing</p>	<p>855,906 households; that is, about 2.5 million beneficiaries or 2.8% of population (end 2006)</p>	<p>Education grant per month: primary--\$13 per boy, \$16 per girl; secondary--\$23 per boy, \$30 per girl; Health grant: \$13 a month per child aged 0-6, over 12 months; Girls in grades 7 and 9: \$40 per year; Girls in grade 8: \$40 per year, plus achievement bonus of \$5 conditional on performing well in an external examination addition to health grant, mothers are informed/trained about child care, nutrition, and other relevant medical information at the health clinics when they bring their children for regular medical examination. Services for adults: the local initiative component of the SRMP, and other project supports of the Directorate General, allow for support to needy citizens (or parents of CCT beneficiaries) for employability training, temporary employment, or income-generating projects.</p>	<p>Mother or father (randomly divided between beneficiary school areas): Cash provided at school parent-teacher meetings; looking at mobile ATM cards option: 3 times a year: beginning of the school year and end of each semester as long as eligible</p>	<p>Health grant and pregnancy grant: visit the clinic regularly, according to the table given by the Ministry of Health; School attendance of at least 80% of the total education days each month; Not to repeat the same grade more than once</p>	<p>Local social assistance offices send follow-up forms to the schools and health clinics that CCT beneficiaries attend; offices receive completed forms in return. Local offices enter the data in web-based software; payment amounts for each beneficiary are calculated automatically on the basis of that data.</p>
<b>Yemen</b>	<p>Basic Education Development Project</p> <p>n/a</p>	<p>Girls in grades 4-9 in all basic schools which satisfies school selection criteria in one governorate; Girls in grades 4-9 in randomly selected rural schools which satisfies selection criteria in second governorate (for impact evaluation)</p>	<p>Geographic targeting</p>	<p>215 school catchment areas in one governorate and 67 areas in the second governorate</p>	<p>Girls in grades 4-5: \$35 per year; Girls in grade 6: \$35 per year, plus achievement bonus of \$5; Additional payment upon successful completion of a grade level; passing score on achievement test</p>	<p>n/a</p>	<p>Child attends 80% of all classes in a 2-month period</p>	<p>Through regular attendance records collected from schools by a dedicated group of personnel hired for monitoring; also random spot-checks in place</p>