Chapter 7

Programme design

The objective of this chapter is to discuss the major policy issues affecting the design of a social transfer programme. The main questions addressed include:

- What institution should manage the programme?
- How are payments made to the recipients?
- Under what circumstances do beneficiaries exit the programme?
- What steps must be taken in the design phase to ensure effective monitoring and evaluation?

Overview

The design of a social transfer programme requires decisions on management, payment arrangements, exit policies and the foundation for monitoring and evaluation. In addition, the question of targeting is a major design issue, which is addressed in the next chapter. Management decisions involve identifying the agency, ministry or department responsible for the administration of the programme, as well as making arrangements to organise and supervise implementation. Beneficiary selection depends on the social and political choices discussed in chapter 2, as well as the technical design of targeting and conditionalities. The type of benefit chosen may vary by method of distribution and other logistics. Exit policies range from life-long, rights-based models (e.g. social pensions) to ambitious programmes aimed at lifting people out of poverty (e.g. targeted child allowance). Effective monitoring, evaluation and impact assessment requires careful planning and preparations that precede the distribution of the first transfer.

Programme management

Positioning the programme in the appropriate institution

One of the first questions that must be addressed upon adoption of the identified programme is who, at an institutional level, will manage the design, implementation and ongoing operation of the social transfers. Countries adopt a diverse range of models, with responsible institutions including the relevant social development ministry or the ministry responsible for finance. Alternatively, a separate agency may be used which reports to a committee of related ministries. Each model has advantages and disadvantages, and the design of the appropriate management structure involves trading off key ingredients of successful programme management. In particular, the best arrangement will involve leadership with the following characteristics:

- a sincere and durable political commitment to social protection
- the political influence to secure resources and defend the programme's priority
- the institutional capacity to deliver an administration-intensive programme

Frequently, the managing institution has only one or two of these critical ingredients. Ministries of Finance have abundant authority and often some of the best institutional capacity in government, but the working culture in finance is often at odds with the priorities of social transfers. Ministries of social development (welfare) are often more politically committed but may lack political influence and adequate resources to deliver the transfers. Failure in the early stages compounds start-up problems and may lead to management reorganisations that further delay delivery.

The simpler the social transfer programme is, the less complicated the management process will be. Lesotho's universal non-contributory social pension, for example, can be effectively managed by the Commissioner of Pensions. There is no means test or targeting mechanism to administer – the process is primarily one of registration and cash delivery. Broadly targeted but unconditional programmes can likewise be managed in a straightforward manner – but a greater investment in bureaucratic resources is required to effectively apply the targeting mechanism. During South Africa's first ten years of democracy, provincial governments played the central role in the management and implementation of the country's comprehensive system of social grants. Problems with fiduciary risk and management inefficiency led to a shift of responsibility to a national social security agency with substantial expected savings and efficiencies. The centralisation of responsibility ensured more uniform protection of people's right to social security.

Box 7.1 provides further information about South Africa's Social Security Agency.

Box 7.1: South Africa's Social Security Agency

South Africa's social security priority in the first ten years of democracy was the de-racialising of existing social grants. The government's initial strategy tasked provinces with the challenge of managing implementation, administering grant applications and making payments. With independently elected provincial governments overseeing this process, priorities and policies varied geographically and the national government did not have the control necessary to ensure efficient and equitable delivery. A government committee's review of the existing social security system and other evaluations identified a number of problems associated with provincial administration. Estimates of fraudulent grants reached R1.5 billion (on a base of R35 billion – approximately 4%). In addition, excessive delays in approving grant applications and difficulties in accessing payment once approved undermined the effectiveness of the system. The decentralised private payment contracting system weakened opportunities to take advantage of economies of scale and government negotiating power. Further, the decentralised systems undermined effective management information.

Legislation in 2004, the South African Social Security Agency Act, established a national government agency to implement the system of social grants. This agency – the South African Social Security Agency (SASSA) – has a national office and the provincial structures are currently under development. While the national Department for Social Development remains accountable for social security, the agency has become the implementing provider, managing and administering grant delivery, while the department acts as the assuror. As assuror, the Department's main focus is to develop and implement policies, norms and standards, and to monitor and evaluate the impact and quality of the Agency's service delivery. The agency's plan is to work in co-operation with civil society structures (including non-governmental, community-based and faith-based organisations), organised labour, the private sector and other role players. This is consistent with the vision articulated in South Africa's White Paper on Social Development:

> "Government will facilitate the development of an inclusive and effective partnership with all the role-players in civil society… The resources and the unique characteristics of each of the partners will be harnessed to maximum effect. Underpinning the partnership is the recognition of the role of organisations of civil society as essentially developmental and as strengthening democracy."

A high priority is the development of an effective national information management system and other essential infrastructure in order to improve effective delivery. The Department of Social Development projects that the resulting reduction in fraud, together with the pooling of buying power to contract for the grant payments, could save a billion rand per year. The most important benefits are two-fold: improved delivery to social grant recipients, and a reduced administrative burden for provinces to enable them to focus on delivering social services. This has been accomplished: as of 2010, the Agency has been able to create an effective organisation using a four-tiered system with a head office of operations, regional operations, district operations and local office operations. Together, this system allows the Agency to effectively deliver aid to 13 million of the country's poorest.

SOURCES: Samson et al. (2006), SASSA (2010).

Other countries have undergone similar reassignments of responsibility. Bangladesh's Widowed and Deserted Women Scheme was originally managed by the Ministry of Social Welfare, but responsibility shifted in 2003 to the Ministry of Women and Children Affairs.[1] Similarly, the Ministry of Labour recently assumed management of Namibia's social pensions from the Ministry of Health and Social Services. In other countries, responsibility is shared, with a division between oversight and implementation duties. In India, for example, the Ministry of Labour supervises pensions and the National Family Benefit Scheme administers the grants.[2]

Institutional arrangements for conditional transfers are more complex. For example, public works programmes in Ethiopia have a steering committee in every district that provides a multi-agency co-ordination structure, with representatives from appropriate departments and agencies. Responsibility for each local project is flexibly assigned to the most relevant organisation, depending on the nature of the project – for example, to the Office of Agriculture, the Rural Road Office or the Water Desk. The programme places a special emphasis on capacity building, with regular assessments and human resource development initiatives.[3] Specific issues with management arrangements for public works are discussed in greater detail in chapter 10.

An operationally and financially independent agency implements Mexico's Oportunidades conditional cash transfer programme. The unit reports to the Ministry of Social Assistance, with responsibility shared by the Ministry of Education and the Ministry of Health. In Colombia, an executing office implements the programme and reports to the Office of the President, while in Paraguay the programme falls under the Ministry of Education. The Ministry of Labour and Social Security coordinates Jamaica's programme, with compliance responsibility shared by the Ministry of Education and the Health and Planning Institute.[4] More detail on management arrangements for conditional cash transfers is provided in chapter 9.

Organisational fit[5]

When identifying the appropriate institution responsible for the social transfer programme, a key consideration is the question of organisational "fit". Does the mission of implementing a social transfer programme fit with the ethos and internal culture of the identified institution?[6] For example, if the Ministry of Finance expresses strong concerns about dependency and sees its mission as enforcing fiscal discipline, will it sincerely commit itself to investing substantial resources in rights-based social protection? Box 7.2 provides an example of the importance of organisational fit.

Before Lesotho's universal social pension was implemented in 2004, the Commissioner of Pensions shouldered responsibility for managing government pensions. The roll-out of social pensions involved a similar mission to the distribution of the public pensions – both were rights-based and operations-intensive. The simplicity of the programme also contributed to its placement within an existing institution that provided a good organisational fit.

Politics across organisations can also affect the appropriate choice of an implementing agency. Locating the managing agency within the Office of the Presidency can potentially elevate its influence and ability to overcome bureaucratic obstacles while positioning the President to realise maximum political benefits from the programme's impact.[7] Effective social transfers are a product of good governance and in turn support better governance – politicians

Box 7.2: Indonesia's labour-intensive public works programme and the issue of organisational fit

In the face of Indonesia's economic crisis of the late 1990s, the government tasked the Ministry of Public Works with responsibility for a labour-intensive employment programme in mid-1998. As the crisis unfolded, the ministry repeatedly failed to roll out an effective programme. It became apparent that the required mission contradicted the ethos and culture of the organisation.

The public works ministry was organised to mobilise staff and contractors in order to deliver high-quality projects. The ethos of the organisation revolved around the pride of building the product. To subordinate this to the objective of employing low-wage unskilled labour clashed with the organisational culture. Planners feared that low wages aimed at self-targeting would fail to attract the skilled labour required for high-quality delivery. Labour-intensity conflicted with the engineering mentality prevalent in the organisation.

The economic crisis had nearly ended when a revised programme was implemented. In the face of ongoing disagreements about the appropriate design elements, the government phased out the programme.

SOURCE: Pritchett (2005), page 30.

need incentives to implement good policies and deserve the electoral rewards that result. Begrudging the positive impact on the careers of the political champions of social transfers who have the vision to comprehend this simply undermines the democratic process. Nevertheless, it is important to ensure the implementation of social transfers does not become unduly politicised.

Centralisation and decentralisation

An important dimension of management arrangements is the degree to which the programme will be managed in a centralized or decentralized manner. The trade-offs are substantial, and vary with country context. The appropriate degree of decentralisation depends in part on the existing level of decentralisation of spending, finance, administration and political structures. It also depends on the capacity of central government – strong government structures in Latin America mean that programmes tend to be highly centralised, but this may not be possible in parts of Africa, for example, where central government is weak and decentralised government is more democratic and linked into local political structures. Chile and Brazil both centralised the design of targeting rules and procedures and maintain a centralised database. Colombia has worked with a more decentralised system but aims to establish a central database. Costa Rica and Mexico have both implemented far more centralised systems.

Decentralisation of the design process allows greater involvement of local authorities in the formulation of social policy, enabling the system to reflect local preferences and circumstances. Centralisation can provide greater transparency and support a variety of efficiencies and economies – based on common monitoring and evaluation, software and survey instruments.[8] Box 7.3 outlines an example of the distribution of responsibilities across federal, state (or provincial) and local levels for a targeted programme.

Box 7.3: An example of division of responsibility across federal, state and local levels

First, the federal government determines whether targeting is desirable and designs the targeting system if applicable. If the targeting mechanism involves proxy means testing, this will include a questionnaire, weightings for the appropriate variables and a manual of operation and procedures.

Second, municipalities collect the data for the initial registration process – either using an on-demand approach or with a census-type survey – depending on policies established at a national level, and following the rules and procedures established in step 1 above. It is important that the process include appropriate financial provisions and technical assistance as required so that municipalities can effectively collect the required information.

Third, the state or provincial governments check the information and provide any required validation and reporting on irregularities, compiling a state or provincial level database that will be consolidated into the federal system.

Fourth, the federal government checks the databases provided by the states or provinces, and verifies this against any available federal databases – for example, tax registries, financial and property records – in order to construct a Single Registry. This is then encrypted for security and privacy purposes and transmitted to state or provincial and local governments for use in implementing the programme. The Single Registry can be shared with federal agencies and research institutions (with appropriate provisions to protect privacy) for regular evaluations.

Fifth, the federal government conducts random audits and quality control reviews in fulfillment of its federal oversight responsibilities for local data collection.

SOURCE: Castañeda et al. (2005), page 30.

It is important to recognise that centralisation at a national level does not rule out effective community participation. Many centralised administrations bypass state- or provincial-level administrations but nevertheless incorporate a vital role for community-level organisations. For example, beneficiaries of Mexico's centrally-administered Progresa (now Oportunidades) programme elected a local promotora (community promoter) to serve as a liaison between beneficiaries and programme officials. The promotora's role included informing participants of their responsibilities and rights, arranging meetings with beneficiaries and facilitating lines of communication with programme officials. Similarly, in the RPS programme in Nicaragua and PRAF in Honduras, the central government works directly at the community level with beneficiary households. In Brazil, however, with a more decentralised political structure, large municipalities have greater direct control over the programme. In Bangladesh's Food For Education programme, community structures have greater flexibility regarding the determination of eligibility.[9]

When determining the degree of decentralisation of social transfer programme management and implementation, financing is a fundamental issue to consider. For example, Brazil's Bolsa Escola was not only implemented at a local level; the required financing was also raised from municipalities. This approach to decentralisation poses the risk, however, that areas with the greatest need for social protection (due to high poverty rates) have the least capacity to afford them (due to low tax revenue).[10]

There is some evidence that suggests that decentralisation, when it

Box 7.4: Distributing responsibilities across federal and local levels

A model for balanced decentralisation

National (federal) level:
- Policy design, planning and finance
- Impact assessment

Local level:
- Implementation
- Monitoring and evaluation

enhances the participation of municipalities, can promote programme success.[11] In these circumstances, the national government can provide grants that help to equalise (or even make progressive) the fiscal burden. This is particularly important for conditional cash transfer programmes, which must improve the quality of health and education services delivered. It may be useful for local levels of government to pay a share of the costs in order to maintain participatory ownership.[12]

One strategy for balancing the advantages and disadvantages is to assign responsibilities based on relative strengths. The national (federal) level can take advantage of economies of scale in policy design and planning, and address externalities by mobilising finance. A national approach to policy design is more efficient and provides for more uniform standards of delivery, protecting marginalised groups from local elites. Central government responsibility for finance ensures equity across richer and poorer regions and reduces the risk of a "race to the bottom".[13]

Local governments can take advantage of their capacity to better mobilise local information. This gives them an edge with implementation responsibilities, since they will better reflect local needs and priorities. Shorter-run monitoring and evaluation is tied to implementation at a decentralised level, while the national level assesses the longer term impact. This strategy is sketched in Box 7.4.

Payment arrangements

Payment arrangements involve designing mechanisms to ensure regular delivery of the most appropriate resource to the recipient within the household who will most effectively allocate it to the social protection objectives. Effective payment arrangements depend on a sufficient benefit level to achieve meaningful poverty reduction. Issues relating to the determination of the appropriate benefit levels are discussed in chapter 11. Regularity and reliability maximise the value of the payment by providing greater security, supporting long term developmental choices. Payment arrangements also involve deciding whom to pay, and in what form – cash or in kind benefits – to make the payment. This section discusses key concerns in addressing these issues.

Benefit regularity and duration

Regular and reliable payments provide recipients with the security and choice that provide the greatest flexibility and developmental impact, maximising benefits and value to the beneficiaries.[14] Regularity facilitates more effective planning.[15] Late or irregular payments can foster a reliance on informal credit, often at high interest rates, which erodes benefits and can create debt traps.[16] Unconditional programmes usually target individuals in vulnerable groups – often, social transfers are the only regular sources of income for these beneficiaries. The regularity of payments provides a critical element of the social protection delivered by the transfers.

The appropriate duration of the social transfer depends on the circumstances of the beneficiary. Social protection implies that the duration of the transfer extends as long as the underlying condition that justifies the cash transfer. The appropriate duration of a social pension is for a lifetime; for a disability grant, the duration of the disability. The implementation of a social transfer programme can change the power dynamics and dependency relationships within a community. Temporary social transfer programmes may operate just long enough to disrupt the established relationships that enable the poor to cope, but not long enough to achieve longer-term developmental objectives. The most effective social transfer programmes will endure as long as the conditions of poverty they address. Section 5 addresses some of these issues in the context of programme exit, and chapters 4 and 5 discuss the importance of regularity and duration with respect to specific types of conditional programmes.

Who should receive the social transfer?

Much analysis by economists and social policy researchers assumes that it does not matter which beneficiary in the household is paid the transfers. However, a substantial body of evidence documents the importance of paying attention to who receives grants within the household. Should the social transfer be paid to a caregiver, a head-of-household or directly to the targeted individuals? Does the gender of the recipient matter for social outcomes?

While some research has shown that the gender of the grant recipient does not affect the distribution of resources within the household,[17] increasingly more refined studies are finding significant differences when women receive the transfers. In South Africa, households that receive social grants spend more on education and food than households with comparable living standards but a different composition of income.[18] Children, particularly girls, in households with grandmothers (and other female caregivers) receiving social pensions are more likely be healthier and to attend school than if a male receives the grant.[19]

Evidence for conditional cash transfer programmes in Brazil, Honduras, Mexico and Nicaragua documents how increasing cash resources to women leads to greater improvements in the well-being of children, largely due to mothers' preferences for investing in children: "children thrive with empowered mothers."[20] In Brazil, while school enrolments for both boys and girls has improved significantly with the extension and increase of the social pension, the impact has been more significant for girls. Analysis suggests a more striking gender disparity: when the pensioner is a male, school enrolment for boys increases more, while when a female receives the pension, enrolment for girls rises more.[21]

Requirements that beneficiaries be adults may seem like a logical condition for ensuring prudent utilisation of the social transfer. However, the HIV/AIDS pandemic has created a wave of child-headed households struggling with chronic destitution. Existing institutions in many countries are unable to cope – and the presumption of institutional arrangements for orphans is giving way to a recognition that grants can assist community-supported child-headed households. In cases where orphans are living with adults, administrative requirements that compel the new caregiver to reapply every time the child relocates to a different household (as is the case with South Africa's Child Support Grant) deprive the most vulnerable of critical resources.

When is cash not the best option?

International experience demonstrates that cash (or in some cases electronic money) is in most instances the best way to deliver social transfers, as long as markets are functioning normally and essential commodities are available. Cash is usually less expensive to transfer than physical commodities, and programme designers can take advantage of electronic transactions that reduce both costs and opportunities for corruption. Physical control over food is more expensive and more difficult to audit, so corruption and leakage problems tend to be greater. In Bangladesh's Food-for- Education Programme, teachers were required to physically distribute the food commodities, distracting them from pedagogical responsibilities.[22] The multiple levels of physical transfer required for food distribution increase the opportunities for misappropriation. The switch from food to cash in Ethiopia was associated with a decline in corruption, theft and wastage.[23]

Poor households have better information about what they need than policy-makers, and cash payments harness that information more effectively than in-kind transfers. Cash provides a greater degree of flexibility, enabling the household to allocate the resources to the most critical needs. In Bangladesh, for instance, households receiving commodities through the Food-for-Education programme often sold the goods at below-market prices in order to raise needed cash.[24] Policy researchers frequently encounter active secondary markets in the commodities provided through in-kind transfer programmes, documenting the deadweight losses caused by providing poor households with goods that do not meet their most basic needs.

In-kind delivery of food also destabilises local markets, particularly when the transfers are international donations. Frequently, local economies can provide food and other necessities, but the poor simply lack the income necessary to access these resources. Providing cash stimulates local economies and provides a multiplier impact with broader benefits. Providing food directly, however, can serve as a form of predatory competition that undermines local supply channels.

However, under some circumstances, when food is not readily available in the local market, cash might not be the best option. If a country faces severe market failures, due for example to conflict, drought, or some other disruption of the market, in particular with respect to food, in-kind transfers may be preferable.[25] Particularly under circumstances of hyperinflation and food shortages, direct delivery of food may provide more reliable social protection.[26] In addition, in some limited circumstances, food may be more gender-equitable, as women may have greater control over its distribution.[27] Paying half the programme wage in food in Lesotho and Zambia succeeded in attracting more women than men.[28] It is not clear whether this demonstrates the benefits of in-kind payments, the stigmatisation of food as a means of payment, or gender bias in other programmes (which often attract only a small percentage of women). In Malawi, for instance, men dominate the Social Action Fund's cash-for-work programme, while women predominate in the World Food Programme's Food-for-Work initiative.[29] In general, the circumstances under which in-kind delivery of food is superior to cash are conditions which require reform more far-reaching than what social transfers alone can deliver.

In most cases, the benefits of cash over food are compelling. The preference for food is often a symptom of greater socio-economic problems or market failures that need to be addressed as part of a broader social protection or economic development programme.

How can exit policies improve the developmental impact of social transfers?

Social transfer strategies require mechanisms that identify whether and how participants exit the programme. In some cases – such as with a universal social pension – this is simply a recognition that beneficiaries will participate for life. In cases of targeted programmes, exit policies may involve involuntary termination of benefits because an individual or household no longer conforms to the eligibility criteria. The consequences of involuntary termination can undermine the social protection provided by the transfer programme. In other cases, the participant may attain an independent means of livelihood and no longer need the social transfer – and exit the programme voluntarily.

Some programmes impose "hard" exit policies – time limits on the receipt of benefits, programmed reductions in benefit levels over time, or formulas that reduce benefits as households increase their earned income. Practical issues complicate the imposition of "hard" exit policies – enforcement is often difficult,

Box 7.5: Key lessons on payment arrangements

Payment arrangement	Key lessons
Regularity and duration	• Beneficiaries depend critically on regular payments. • The duration of the programme should endure as long as the conditions of poverty.
Who receives the benefit?	• Women caregivers on average allocate resources in a more developmental manner. • Providing transfers directly to child-headed households may complement community support.
Cash versus in-kind	• Cash is the preferred vehicle for social transfers: it is cost-effective, provides developmental choice and supports local economies. • Under conditions of severe market failure, direct food transfers may be necessary.

and equitable and efficient implementation policies require an information base that is often unattainable.[30] Arbitrary exit policies can undermine the social protection objectives of transfer programmes. Incentive-distorting mechanisms, such as income-based formulas, can create poverty traps by reducing the benefits from engaging in productive activities. Box 7.6 discusses the perverse incentives that can arise from a "hard" exit strategy – the linking of successful anti-retroviral treatment to the loss of a disability grant.

Increasingly, social protection strategies aim to address the possibility that household reliance on social transfers is not permanent, and that developmental social security may be able to provide a ladder out of poverty and chronic food insecurity, improving livelihoods independently of the social protection system. Programmes that aspire to include these strategies include Mexico's Oportunidades (previously Progresa), the Ethiopian Productive Safety Net Programme, Afghanistan's Livelihoods and Social Protection Public Investment Programme, Malawi's Joint Integrated Safety Net Programme and Ecuador's social protection strategy.[31]

Few programmes have yet formulated developmental exit strategies; these require the realisation of successful long-term impacts that depend on the cumulative impact of sufficiently high transfer levels that address immediate poverty while allowing accumulation and productive investment. This developmental impact often requires supplemental interventions outside of the social protection sphere, such as agricultural extension, micro-credit, infrastructure investment, human capital services and other productive inputs. Direct support to households which exit social transfer schemes – including eligibility for other developmental programmes – is rare, but greater attention to this design feature may improve the long-term social protection impact.[32]

Zambia's Kalomo cash pilot scheme recognises the low likelihood that many of the poorest households in one of the world's poorest countries will improve their livelihoods to such an extent that they would no longer benefit from a social transfer programme. However, over the medium term,

Box 7.6: Anti-retroviral treatment as an exit strategy for the disability grant

South Africa's social protection system provides about 10 million social transfers per month through several programmes targeting vulnerable groups, and the disability grant has been one of its fastest-growing components, increasing from about 600,000 grants in 2000 to almost 1.3 million in 2004 before stabilising at just over 1.4 million in 2007/08. With one of the world's highest rates of HIV infection, the disability grant provides one of the government's most important coping mechanisms for the half a million South Africans who develop AIDS each year. Unemployment is the main driver of poverty and inequality in South Africa, and the country's dual crisis of unemployment and AIDS largely explains the dramatic increase in disability grants over the past five years.

Anti-retroviral (ARV) treatment provides a peculiar exit strategy for reducing the number of disability grant beneficiaries. Government policy regarding eligibility for the grant increasingly restricts payment to those in the final stages of the illness – usually when a patient's CD4 cell count drops below 200 cells per millilitre of blood. ARV treatment restores the beneficiary's immune system and increases the CD4 cell count, leading to an improvement in health and exit from the disability grant programme. As South Africa extends access to ARVs throughout the country, increasing numbers of people will benefit from treatment but lose their disability grants. In 2010, the number of disability grants paid actually started to fall, at a rate of -1.68 percent during the first quarter, as more people lose their eligibility through restored health compared to those who become eligible.

This exit strategy can lead to perverse incentives. A member of the National Association of People with Aids (NAPWA) reported that some HIV-positive people would start 'neglecting themselves' in order to 'qualify for government grants to put bread on the table'. Evidence indicates that some AIDS-sick patients are refusing ARV treatment – at least temporarily – in order to reduce their CD4 cell counts and re-qualify for the disability grant. A recent AIDS Consortium meeting in South Africa confirmed that patients were refusing treatment "because they are scared that their CD4 count will improve and they will lose the grant". The medical model of disability in this case fails to recognise the social reality of crushing poverty – and undermines its own effectiveness, since ARV medication taken with an empty stomach leads to adverse side effects, and malnutrition undermines the ARVs' health benefits.

SOURCES: Nattrass (2006); Buhlungu et al. (2007), page 186.

children attending school acquire human capital and at some point will enter the labour market free from poverty. Successful social protection breaks the intergenerational transmission of deprivation – although a decade or two may be required. More immediately, working adults join households, or incapacitated adults recover and are able to find employment. While certain individuals or households may voluntarily exit as household circumstances improve, the programme will have a purpose as long as there are destitute people in the country.

The Ethiopian Productive Safety Net Programme more explicitly aims to raise people up the ladder of productivity, while recognising that people with disabilities, widow-headed and orphan-headed households and other most vulnerable groups may require permanent social protection. For those who can participate in income-generating activities, the safety net aims to promote the kind of asset accumulation that reduces vulnerability. Predictable transfers and access to economic opportunities – such as improved technologies and farming practices, loans for livestock, beekeeping, off-farm income-generation skills, and household micro-ponds for rainwater harvesting – are central to this objective of permanently lifting participants out of poverty.[33] Chapter 5 discusses additional exit strategies particularly relevant to public works.

Design issues for monitoring and evaluation

The political sustainability of social transfer programmes often depends on how the impacts are monitored and evaluated. Programmes with demonstrable positive impacts are frequently scaled up and even replicated in other countries. Rigorously proving a positive impact, however, is often difficult – particularly when monitoring and evaluation provisions are not incorporated into the design phase of the programme. Once households begin to receive social transfers, it is difficult to determine whether any measurable improvements in well-being are due to the benefits, or whether they are the result of other policies, changes in the economy, or external forces. More fundamentally, improvements cannot be measured unless the initial circumstances of the beneficiary households have been documented. This section outlines some of the key considerations for the design phase that will support effective monitoring and evaluation. Chapter 15 provides a more detailed exposition of these issues.

It is important to design monitoring and evaluation frameworks before social transfer programmes are implemented. This allows for the collection of baseline data as well as application of more sophisticated evaluation techniques. Evidence of impact assessment is best achieved by selecting a control group who do not receive benefits and a treatment group (households and individuals) who do, from the pre-implementation phase through to programme maturity.

The starting point for quantifying programme impacts is a baseline survey of the target population prior to the delivery of social transfers. Usually, the primary instrument for collecting baseline information is a household survey with questions that capture information about household income, expenditure, education, employment, health and nutrition measures and other dimensions of welfare. In addition, a community questionnaire may efficiently provide information about relevant factors affecting an entire area. Surveys should cover the actual beneficiaries, the control group and the broader communities.

It is difficult to measure the impact of potentially important but unobservable factors that may affect whether some households participate in the programme while others do not. In order to address this problem, social policy analysts are often attracted to a design methodology that incorporates a randomising process that determines whether a household participates in the programme (the "treatment group") or is denied the social transfer but nevertheless included in the study (the "control group"). Randomly assigning households into treatment and control groups, combined with the collection

Box 7.7: Randomised experiments and Nicaragua's Red de Protección

Nicaragua's Red de Protección Social (RPS) provides social transfers aimed at reducing current and future poverty in rural households. The transfers are conditional on school attendance and preventive health-care visits. In implementing the programme, the designers randomly selected the communities who would benefit, while randomly selecting other similar communities to not participate in the programme but rather serve as a comparison group in order to more effectively evaluate the impact of the conditionalities.

The programme's design involved a combination of geographic targeting and proxy means testing. Nicaragua's 1995 National Population and Housing Census provided the basis for the construction of a "marginality index" reflecting proxies for poverty – household size, illiteracy, access to safe water and sanitation. The index indicated the intensity of poverty of rural areas (comarcas); with the highest priority comarcas (group 1) associated with a score between 85 and 100, and the second highest priority comarcas (group 2) with scores between 70 and 85. The programme selected the 42 comarcas falling into these two highest priority groups. Once these poorest and next poorest groups of communities were identified, 21 comarcas were randomly selected to receive benefits (the "treatment group"), and the other 21 were relegated to the "control group".

A 2004 impact evaluation of the RPS explored the ethical issues surrounding randomised experiments and social protection:

> "Including a control was ethical because the effectiveness of the intervention was unknown. In addition, there was not sufficient capacity to implement the intervention everywhere" (page 12).

However, the evaluation went on to point out,

> "There are important ethical concerns about withholding treatment from the control group of an intervention known to have positive effects. In RPS, the randomized design was justified as it had not been shown to have positive effects and because of the infeasibility, given the fixed budget, of extending the program to all potential beneficiaries in a short period of time. In this case, random selection would appear to be as fair as any other arbitrary criterion for selecting the first set of beneficiaries" (page 17).

SOURCE: Maluccio and Flores (2004).

of baseline and follow-up data, allows sophisticated, statistical estimation that improves the measurement of programme impact.[34]

However, the process of constructing a control group may involve denying people their rights to social protection, which raises important ethical issues.[35] Box 7.7 discusses some of these issues in the context of Nicaragua's Red de Protección Social programme.

Random experiments of this type can also produce practical problems. Changes in the operation of the social transfer programme due to the requirements of the random experiment can lead to "*randomisation bias*". This bias makes it difficult to draw conclusions about the impact of a full-scale non-experimental programme.[36] For example, if some participants are told – as in the case of Mexico's Progresa – that the selection process is a lottery, then risk-averse individuals may be less likely to participate.[37] The concept of a lottery may be useful in explaining the apparent randomness of selection, but if the poorest are least able to afford risk, the "randomisation bias" may tend to exclude those who need the programme the most.

"*Contamination bias*" occurs when members of the control group are able to access other programmes that provide social transfers. In this case, the comparison of the treatment group to the control group does not reflect the pure impact of the social transfer programme, but rather the impact of the evaluated social transfer relative to other alternatives.[38] However, preserving the control group from "contamination bias" is tantamount to denying them their rights to social protection, and raises critical ethical issues.

"Quasi-experimental" methods use non-random techniques to evaluate a programme's impact without the need for a pre-selected control group. These methodologies are appropriate when ethical issues preclude an experimental design, or when the evaluation process begins after the social transfer programme has been implemented. The "quasi-experimental" methodology employs econometric techniques to construct a "control" group that possesses as closely as possible the same observable characteristics as the programme beneficiaries. It is also possible to apply this technique prior to the implementation of the programme, better supporting the collection of baseline information on both the "treatment" and the "control"groups. Chapter 15 discusses these methodologies in greater detail.

Endnotes

1 Centre for Policy Dialogue (2004), page 81.

2 Social Security Administration and International Social Security Administration (2004), page 75.

3 Sandford (2005), page 10.

4 Ayala (2005), page 64.

5 This section draws heavily from the fundamental ideas in Pritchett (2005), pages 29-31.

6 Pritchett (2005), page 29.

7 Pritchett (2005), page 31.

8 Castañeda et al (2005), pages 28–29.

9 Morley and Coady (2003), page 3.

10 Sedlacek et al., (2000), page 4.

11 Ayala Consulting (2003), page 33.

12 Sedlacek et al., (2000), pages 19-20.

13 Pritchett (2005), page 27.

14 Devereux (2002b), page 29.

15 Jenden (2002), page 4.

16 Gorman (2004), page 43.

17 See Case and Deaton (1998), for example, which finds that "a rand is a rand" for the South African social pension, regardless of who in the household receives it. The impact on the composition of household expenditure does not significantly change.

18 For example, see Maitra and Ray (2003), Samson et al. (2004).

19 For example, see Duflo (2000), Samson et al. (2004).

20 Inter-American Development Bank (2003), page 8.

21 Carvalho (2000), cited in Barrientos and DeJong (2004), pages 15–16.

22 Tietjen (2003), page 9.

23 Wilding and Ayalew (2001).

24 Tietjen (2003), page 9.

25 DFID (2005), page 9.

26 McCord (2005c), pages 50-51.

27 Harvey (2005).

28 Subbarao (2003), Subbarao et al. (1997).

29 Devereux (2002a), page 7.

30 See Lindert (2005) for further elaboration on these issues.

31 Gentilini (2005), page 22.

32 Lindert (2005).

33 Shepherd et al. (2005), page 42.

34 Rawlings and Rubio (2003), pages 8-9.

35 Maluccio and Flores (2004), page 17.

36 Behrman and Todd (1999), page 2.

37 Adato et al. (2000), page 19.

38 Behrman and Todd (1999), page 3.