

Designing and Implementing Social Protection Systems

A course for policy-makers, government officials and practitioners around the world

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Designing Social Protection Systems



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Overview of key design issues

- ▣ How are social protection programmes organised within government?
- ▣ Targeting
 - Mechanisms
 - Errors
 - Cost-benefit
- ▣ Instrument modality
 - Conditions?
 - Cash or in kind?

Where in government?

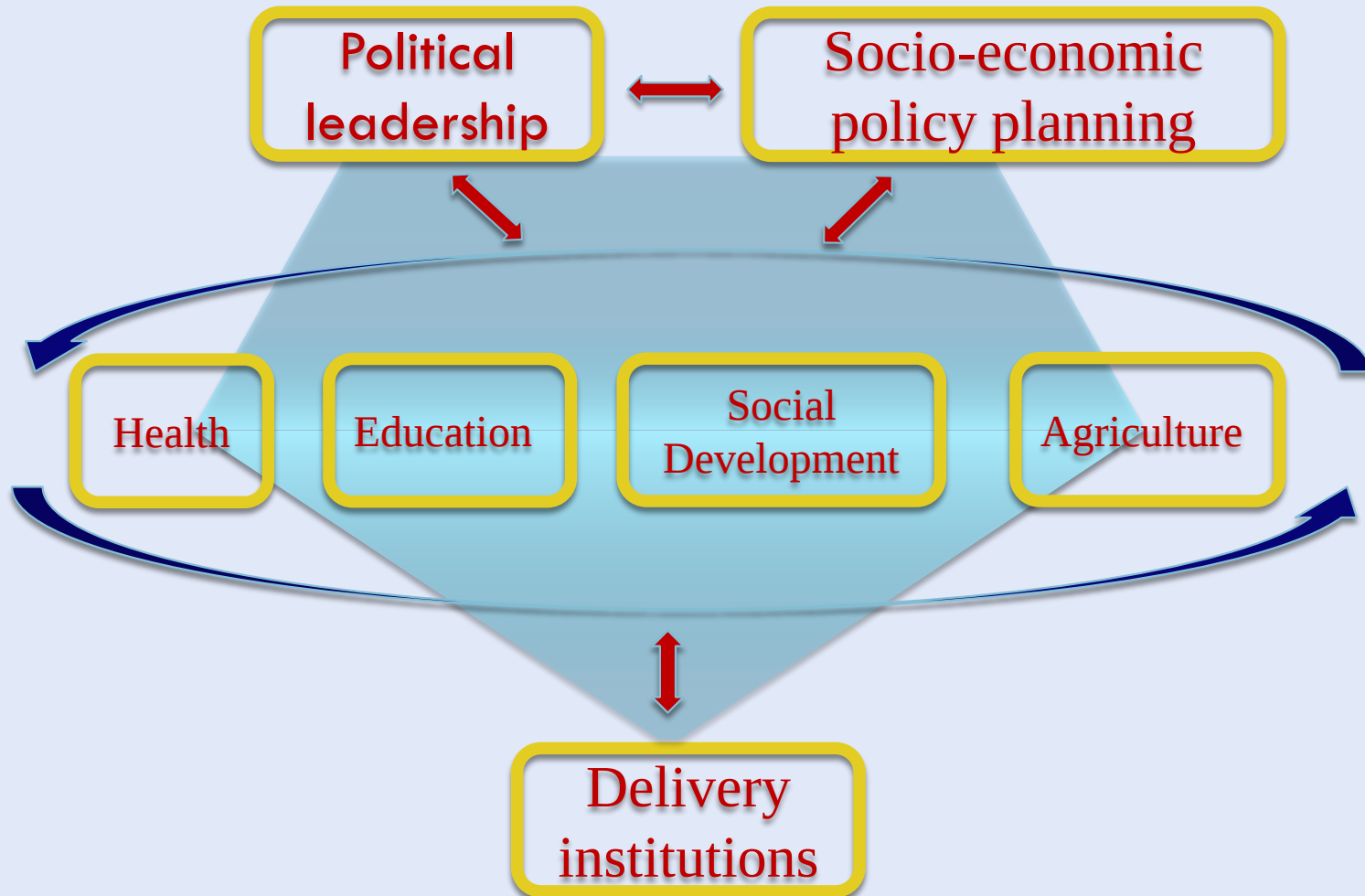
The programme approach

Examples from Indonesia,
Nepal, South Africa and
Latin American
countries



Where in government?

The systems approach



Targeting

- Administrative procedures employed to direct transfers to the poor
- Types of targeting
 - Individual assessment
 - Verified means tests
 - Unverified means tests
 - Proxy means tests
 - Categorical targeting
 - Vulnerable groups
 - Geographical targeting
 - Community-based targeting

Evaluating targeting: the two types of error

Success/Error Evaluation Matrix		Are the households poor?	
		Yes	No
Are the households targeted?	Yes	SUCCESS	INCLUSION ERROR
	No	EXCLUSION ERROR	SUCCESS

As systems scale up, approaches to targeting tend to transition to more universal approaches

- ❑ South Africa's CSG's 10-fold growth
- ❑ More universal pensions in Thailand, Mexico, India
- ❑ Nepal's universal child grant
- ❑ Nigeria's universal girl grants in Sokoto and Niger States
- ❑ Exploration of universal basic income in Europe, India, Namibia, South Africa (the Editor-in-Chief of Business Day, South Africa's premier business newspaper, last week called for a Basic Income Grant)
- ❑ Pilots and programmes with geographical and categorical targeting increasingly compete with community-based and means-tested systems
- ❑ Driving universalism: rights and pragmatic approaches
- ❑ ***This trend towards universalism builds a foundation for rights-based social protection floors in developing countries.***

The practical choice today

- “Heavy” (strict) targeting
 - Proxy means testing
 - Community based targeting
 - Combinations of both and additional combinations
- “Light” (more universal) targeting
 - Geographical targeting
 - Categorical targeting
 - “Universal” for categorically targeted groups
(sometimes within sub-national geographic areas)

“Heavy” targeting and “light” targeting can:

- Yield comparable measures of targeting performance
 - Inclusion error
 - Exclusion error
- Fit within the same fiscal budgets
- But with very different total costs—particularly when considering the hidden ones
- And they scale up to very different kinds of social protection systems.
- More universal approaches contribute more effectively to developmental impact—particularly for small-scale farmers for whom exclusion erodes risk management benefits.

Targeting
benefits

**Universal approaches can
provide the most cost-effective
and developmental delivery**

Lower fiscal cost

Higher transfers
to the poor

Targeting costs

Exclusion error (40%+)

Political costs

Social & psycho-
social costs

Incentive costs

Administrative
and private costs

Perceptions of social protection

“Universal social protection is the most effective way to ensure benefits reach all of the poor and vulnerable.”

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A: strongly agree

B: agree

C: somewhat agree

D: somewhat disagree

E: disagree

F: strongly disagree

A

B

C

D

E

F

Perceptions of social protection

- “National social protection systems can successfully build highly effective targeting mechanisms that reach all of the poor and vulnerable with very little inclusion and exclusion error.”

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A: strongly agree

D: somewhat disagree

B: agree

E: disagree

C: somewhat agree

F: strongly disagree

A

B

C

D

E

F

Short exercise

- ▣ What flavor of error do you want?
 - Means testing: dishonesty
 - Proxy means testing: obscure unfairness
 - Categorical targeting: design
 - Community based targeting: corruption

Short exercise

- ▣ What flavor of error do you want?
 - dishonesty
 - obscure unfairness
 - design
 - corruption

Perceptions of social protection

What flavor of targeting error do you prefer?

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A: dishonesty

D: corruption

B: obscure unfairness

E: no error: universalism

C: design

F: no opinion on this

A

B

C

D

E

F

Social protection programmes can include any of five possible elements

Element:	Unconditional	Conditional
Benefits (poverty reduction)	Yes	Yes
Improved service delivery	Maybe	Maybe
Developmental awareness	Maybe	Maybe
Monitoring	Maybe	Maybe
Penalties	No	Yes

Instrument modality

□ Why cash?

- Inexpensive to deliver
- Makes markets work for the poor (and avoids distorting markets)
- Contributes to developmental impact

□ Why in kind?

- When markets fail, direct delivery works best (at least for a while)
- In-kind delivery enforces policy dictates (in the absence of markets)
- In-kind delivery can change intra-household allocations (and equity)

Perceptions of social protection

“Social assistance should be provided to poor households “in kind” (direct transfers of food or other necessities) to minimize the risk that households misuse the cash.”

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A: strongly agree

B: agree

C: somewhat agree

D: somewhat disagree

E: disagree

F: strongly disagree

A

B

C

D

E

F

Conclusions

Design for developmental impact

Balance the political and the technical

Build and strengthen national capacity

**Learn from global lessons of experience – but
ground social protection within the nation's social
and policy context**