

Designing and Implementing Social Protection Systems

Chiang Mai, Thailand - 2019

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

Dr. Stephen Devereux
Chiang Mai, 2019

Targeting

Economic
Policy
Research
Institute



UNITED NATIONS
UNIVERSITY

SESSION OUTLINE

- 1) The targeting dilemma
- 2) The targeting problem
- 3) Targeting errors
- 4) Targeting mechanisms
- 5) Conclusion



The Targeting Dilemma

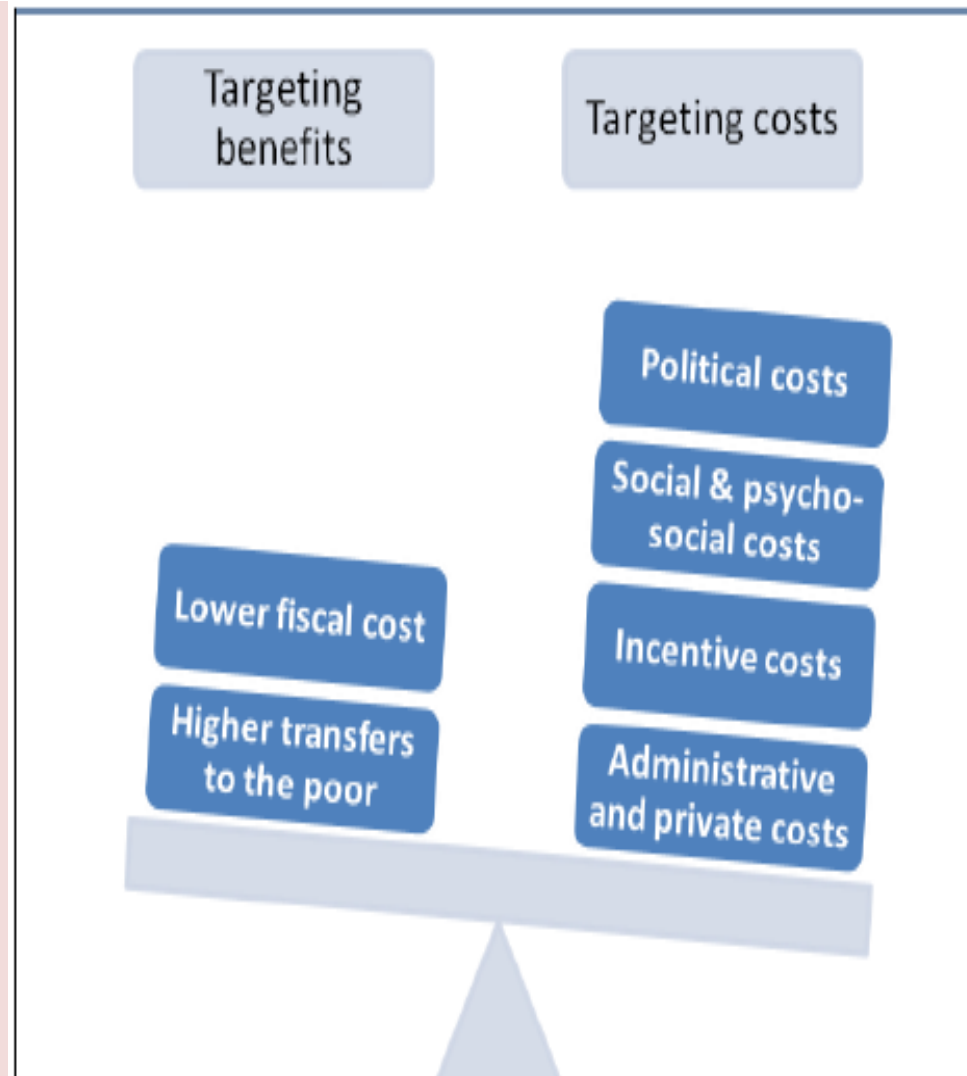
To target or not to target?

Why target?

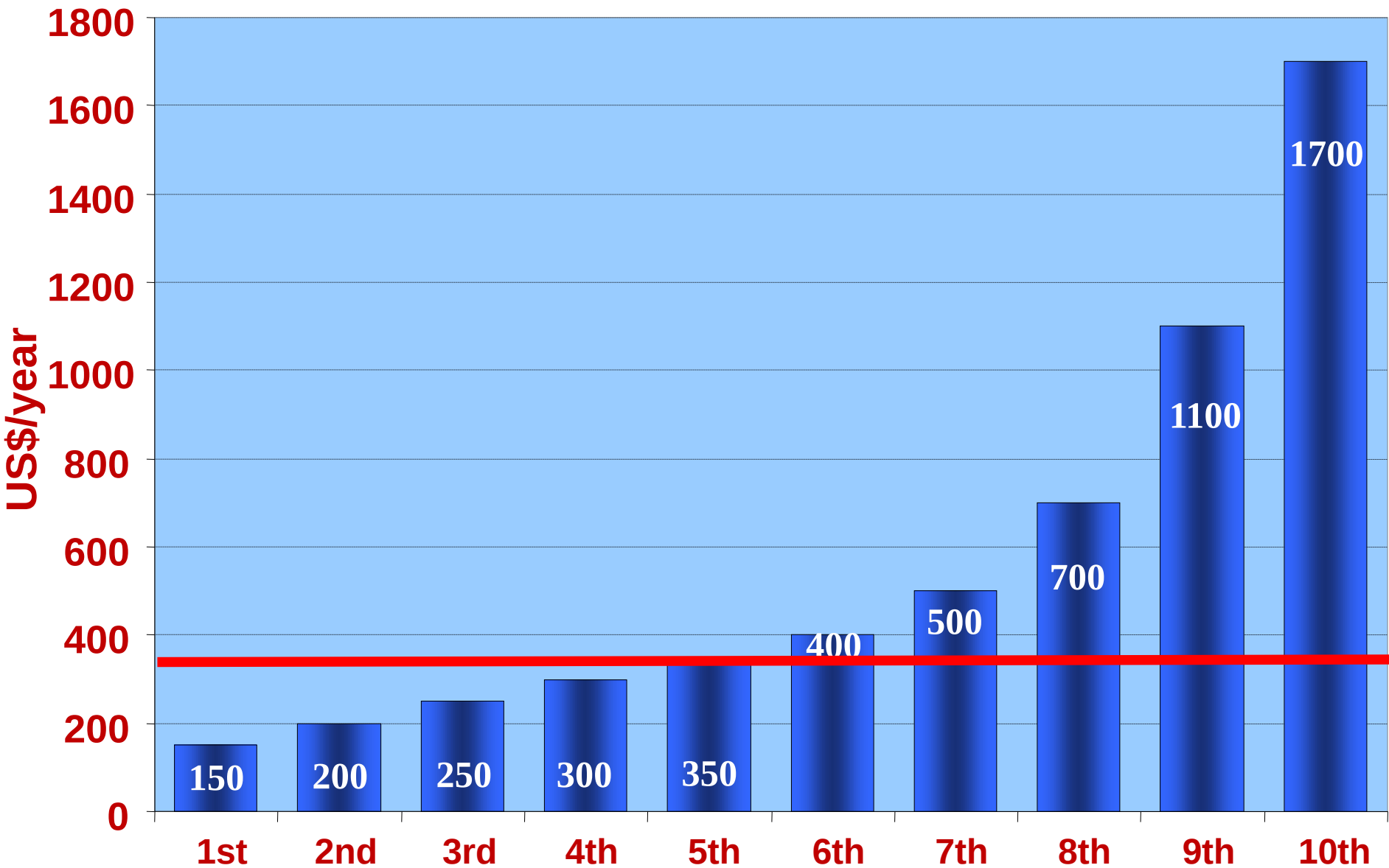
1. Equity argument:
pro-poor redistribution
2. Pragmatic argument:
budget constraints

Why not target?

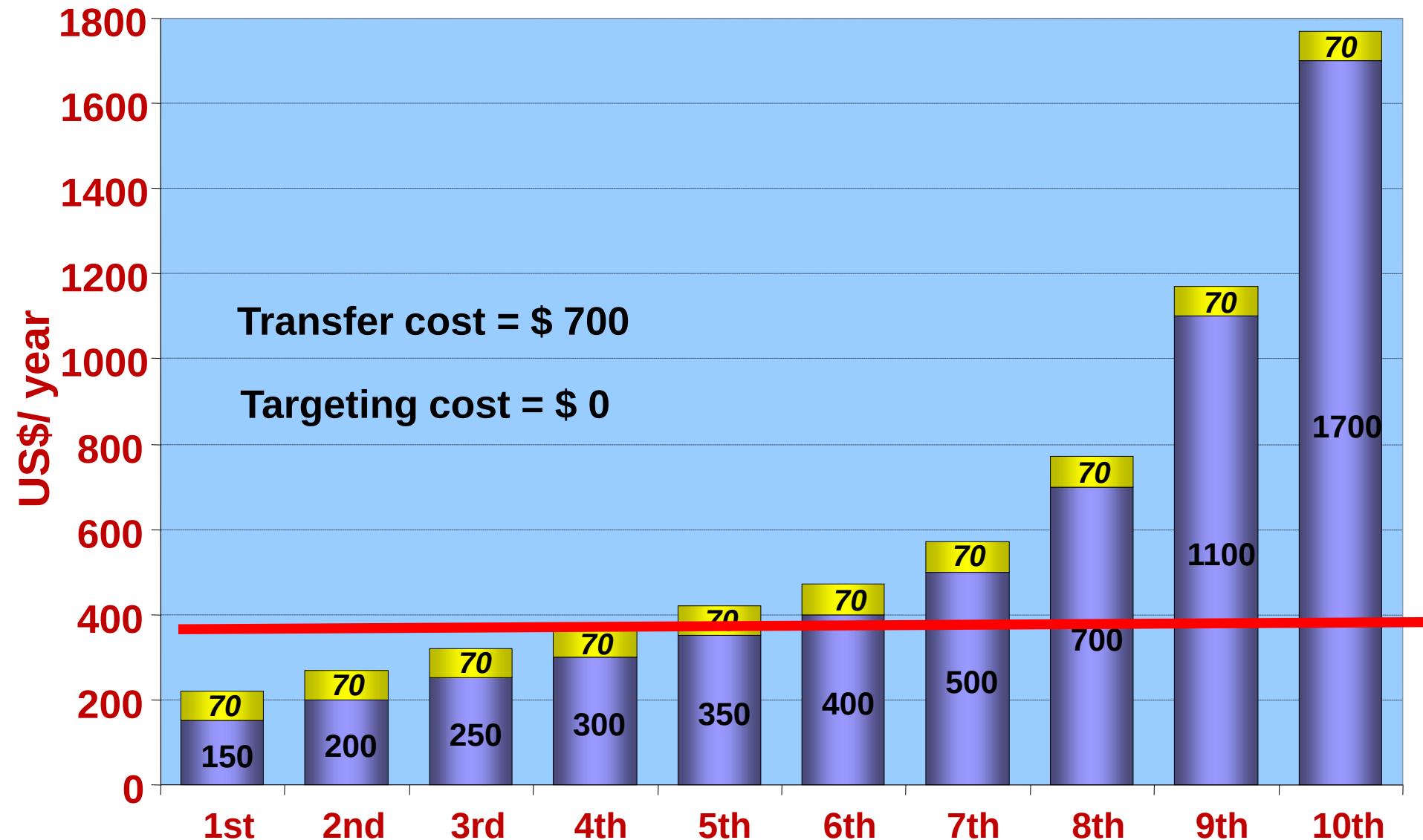
1. Administrative costs
2. Incentive costs
3. Political costs
4. Social costs



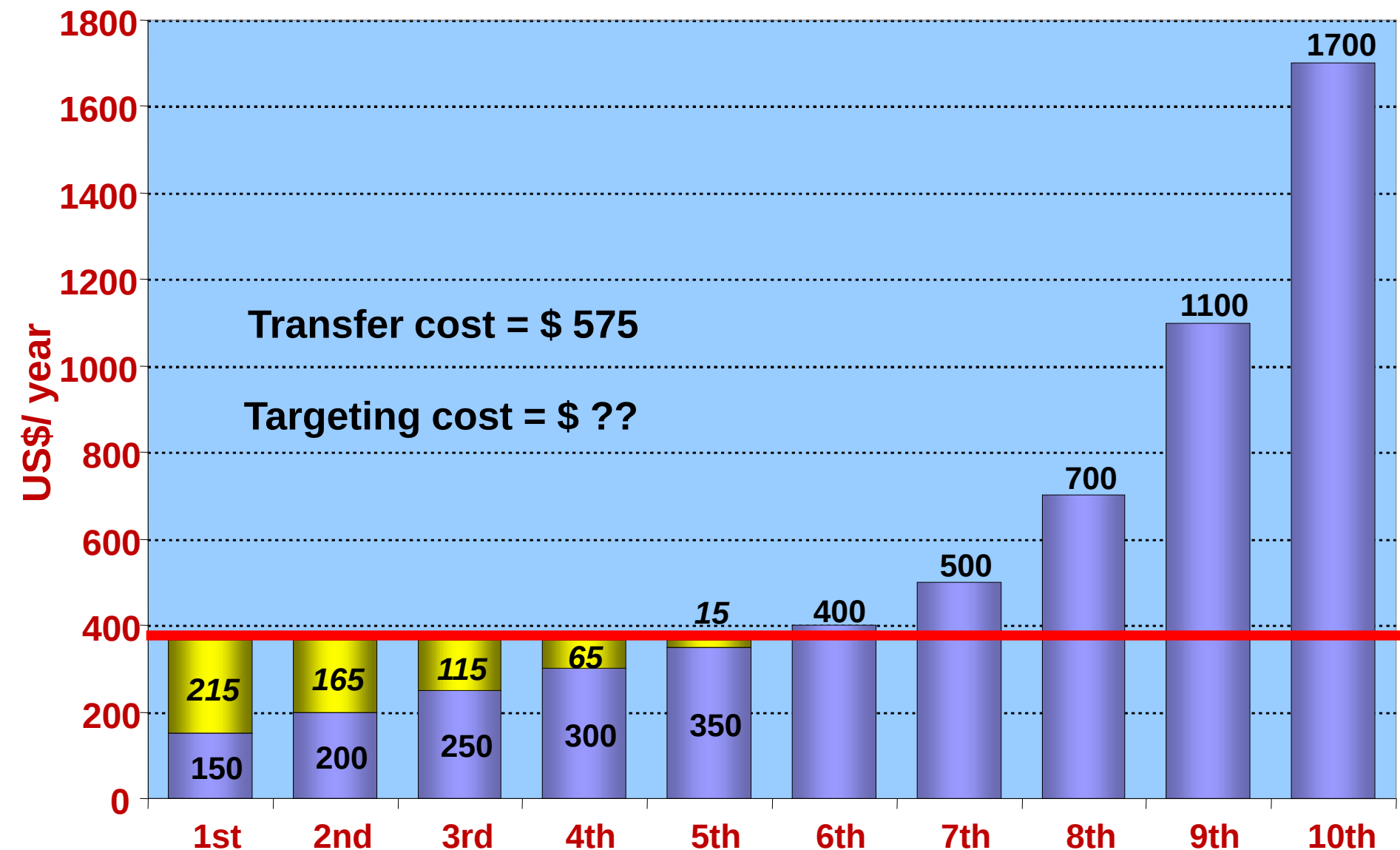
The Targeting Problem



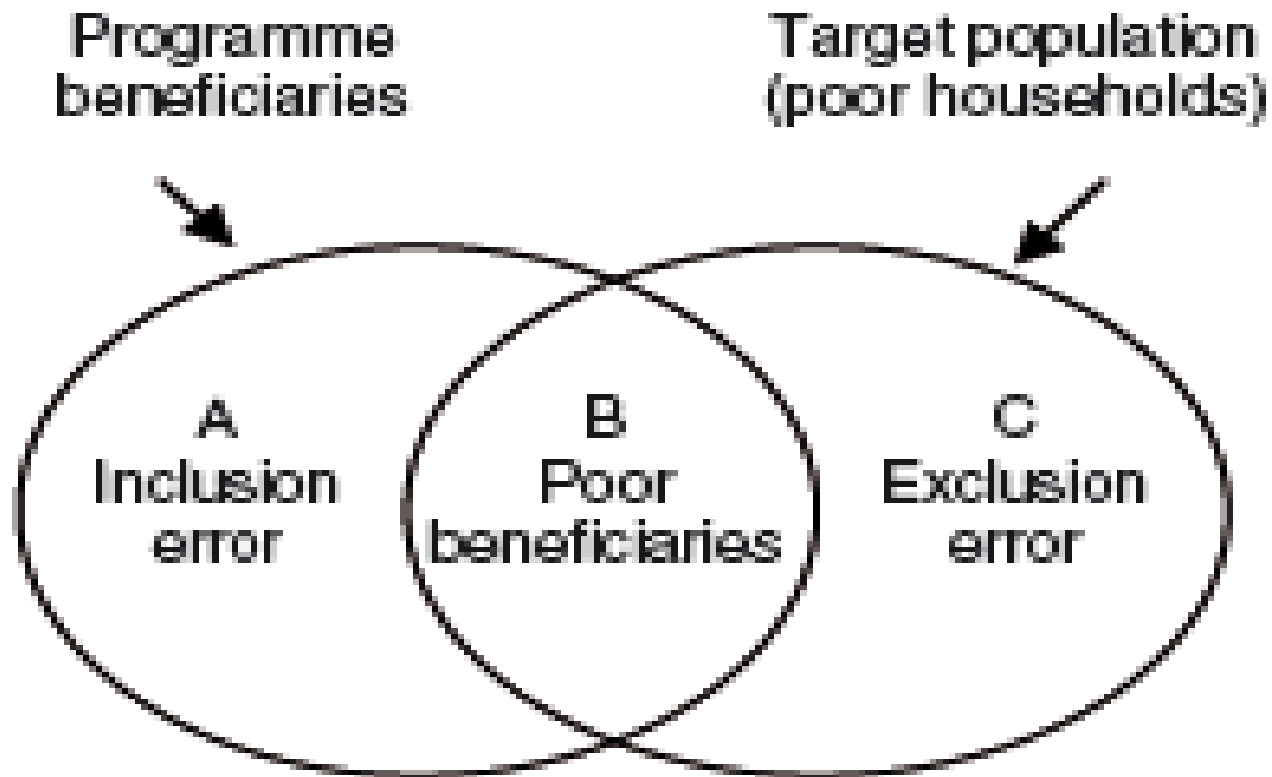
Universal transfers (Basic Income Grant)



Perfect targeting (by income poverty)



Targeting errors



Targeting Mechanisms

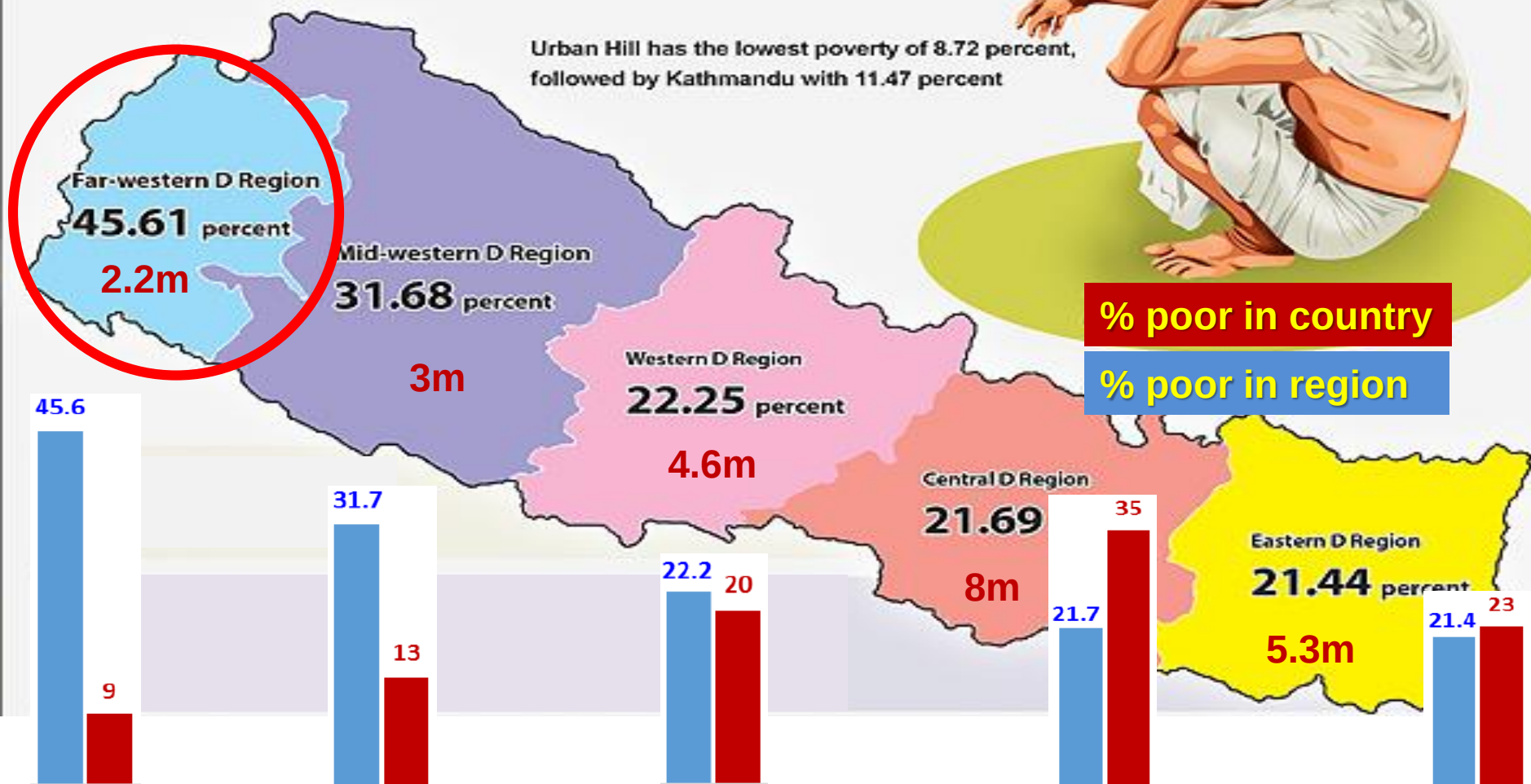
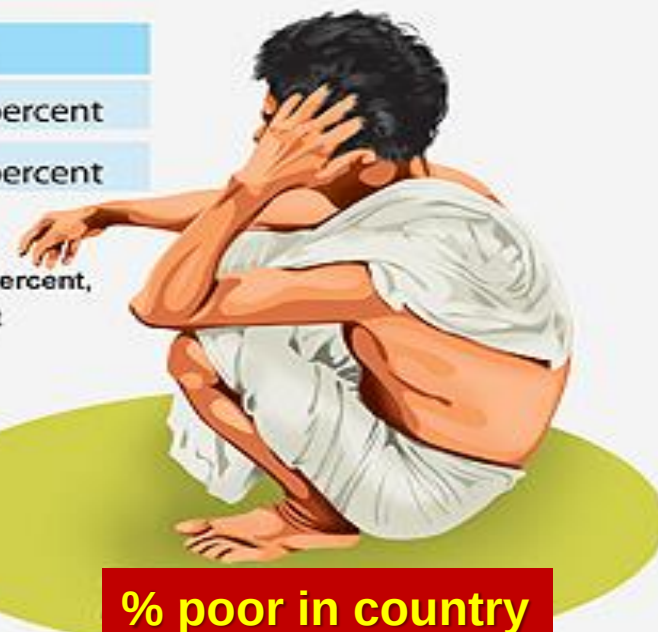
- **Geographic targeting**
 - **Categorical targeting**
 - **Proxy means test**
 - **Self-targeting**
 - **Community-based targeting**

Geographic targeting

PEOPLE LIVING BELOW POVERTY LINE	
2003-04	30.85 percent
2010-11	25.16 percent

POVERTY LEVEL	
Urban	15.46 percent
Rural	27.43 percent

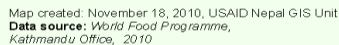
Urban Hill has the lowest poverty of 8.72 percent, followed by Kathmandu with 11.47 percent



% poor in country

% poor in region

USAID | NEPAL
FROM THE AMERICAN PEOPLE



Categorical targeting



Children



**Older
persons**



**Persons with
disability**

Proxy means test



Poverty Scorecard

Figure 1: A simple poverty scorecard for Bangladesh

Entity	Name	ID	Date (DD/MM/YY)
Member:	_____	_____	Joined: _____
Loan officer:	_____	_____	Today: _____
Branch:	_____	_____	Household size: _____

Indicator	Value	Points	Score
1. How many household members are 11-years-old or younger?	A. Four or more	0	
	B. Three	9	
	C. Two	12	
	D. One	19	
	E. None	31	
2. Does any household member work for a daily wage?	A. Yes	0	
	B. No	10	
3. What type of latrine does the household use?	A. Open field	0	
	B. Kacha latrine (temporary or permanent), pacca (pit or water seal), or sanitary	5	
4. How many rooms does the household occupy (excluding rooms used for business)?	A. One, two, or three	0	
	B. Four	7	
	C. Five or more	11	
5. What is the main construction material of the walls?	A. Mud brick, hemp/hay/ bamboo, or other	0	
	B. C.I. sheet/wood	2	
	C. Brick/cement	8	
6. What is the main construction material of the roof?	A. Tile/wood, hemp/hay/ bamboo, or other	0	
	B. C.I. sheet/wood	2	
	C. Cement	13	
7. What is the total cultivable agricultural land owned by the household?	A. None, or less than 0.5	0	
	B. More than 0.5 acres, but	4	
	C. More than 1 acre	6	
8. Does the household own a television?	A. No	0	
	B. Yes	7	
9. Does the household own a two-in-one cassette	A. No	0	
	B. Yes	5	
10. Does the household own a wristwatch?	A. No	0	
	B. Yes	4	

Self-targeting

Public works programmes



Ethical?
Efficient?
“Decent work”?

High access costs
(hard work +
long hours)

+

Low benefits
(below market wages
or food rations)

Community-based targeting

Village committees or participatory wealth ranking

+

**Local knowledge
Participatory
Democratic**

-

**Elite capture
Relative ranking
Local knowledge**



Conclusion

Targeting accuracy rises

- Universal coverage
- Geographic targeting
- Categorical targeting
- Self-targeting
- Community-based
- Proxy means test
- Means testing

Targeting cost rises

There is no perfect targeting mechanism – every approach requires a trade-off between accuracy and cost.

No method is good or bad – it depends on how well targeting is done.