

# Targeting Performance in Three African Cash Transfer Programs

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# Background

- Coady, Grosh & Hoddinott (CGH) (2004) WBBER
  - Assess targeting performance in 122 programs across 48 developing countries
  - Use common indicator in order to compare different methods and programs
  - Community based targeting (**CBT**) and **African** programs are under-represented in their sample

# Objectives

- Assess targeting performance in three African SCTs which use CBT methods
  - Kenya CT-OVC
  - Malawi SCT
  - Mozambique PSA
- Use CGH approach in order to compare performance regionally and internationally

# The Method

- Compare actual performance with neutral, random or universal targeting
- Suppose target group is poorest 20 percent
  - Neutral targeting would provide 20 percent of benefits to poorest 20 percent of population
    - hence neither progressive nor regressive, but neutral
  - Indicator: (share of benefits to target group)/(target group)
    - $(20)/(20) = 1$  is perfectly neutral
    - $(30)/(20) = 1.5$ ; 50 percent more benefits go to target group relative to neutral or random targeting

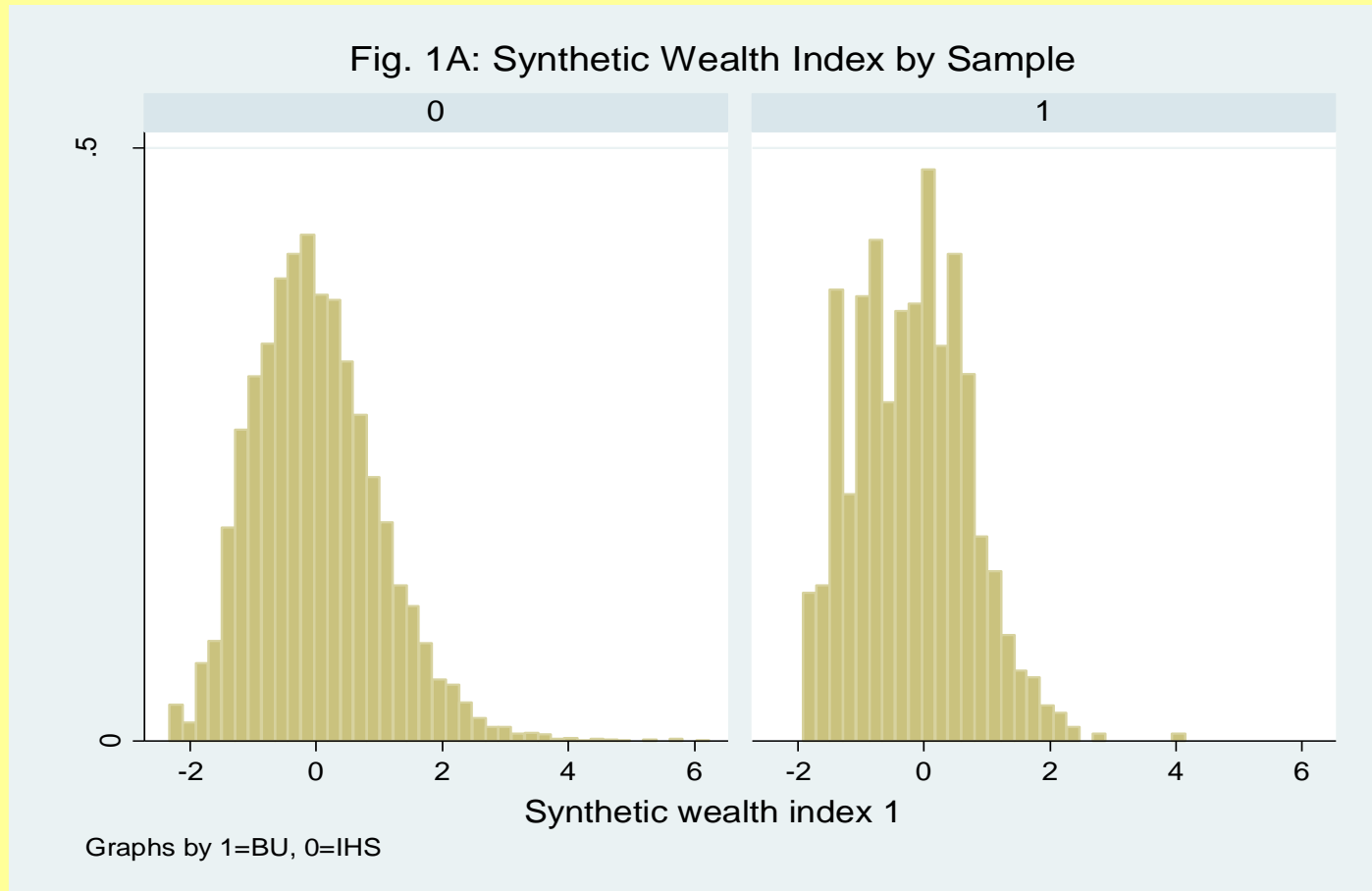
# Data and Methods

- Compare 'wealth' of program participants with 'wealth' of all households nationwide
- Data on program participants come from baseline evaluation surveys
- National data comes from
  - Malawi Integrated Household Survey 2004-05
  - Kenya Integrated Household Budget Survey 2005-06
  - Mozambique MICS 2008

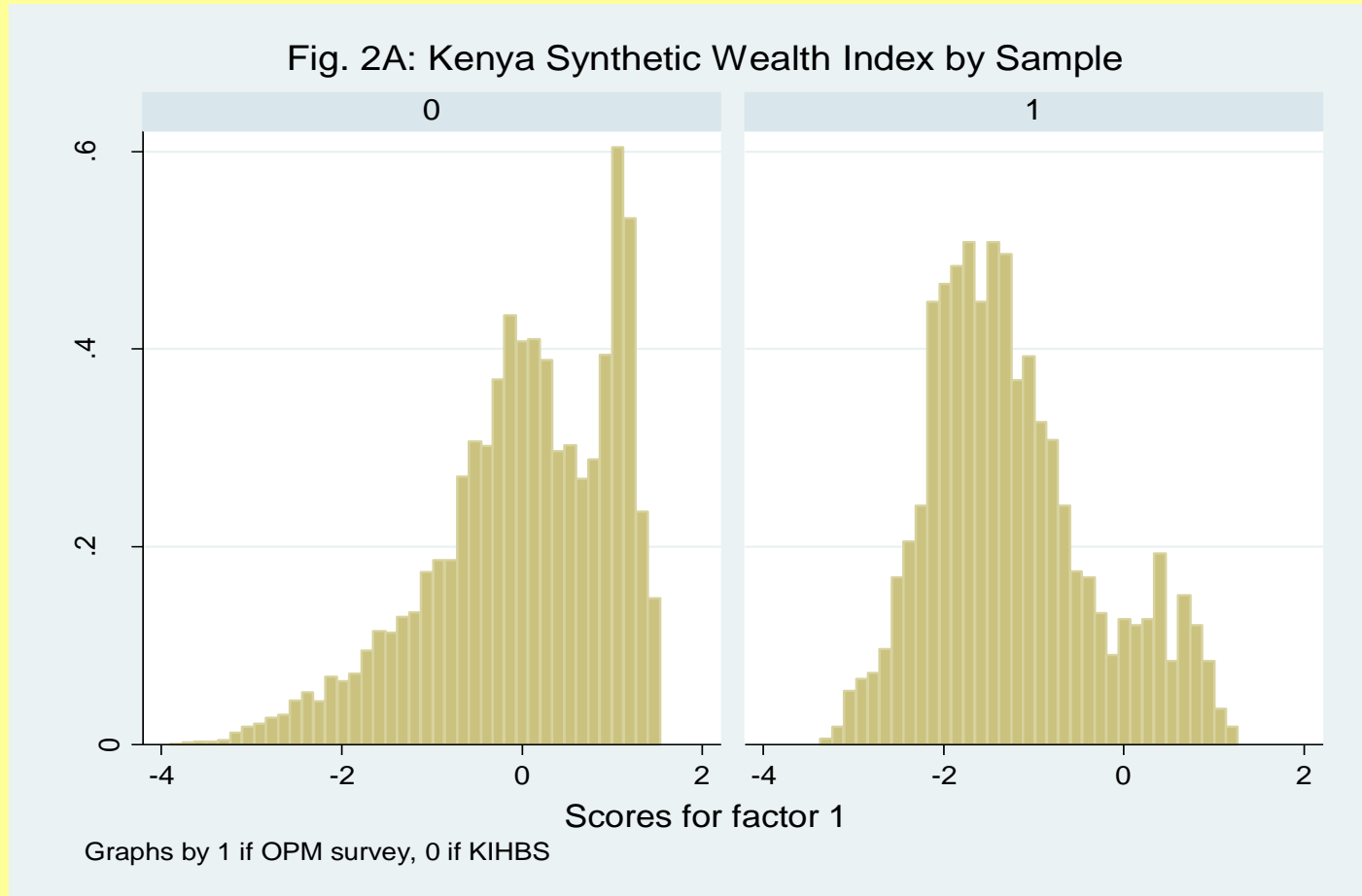
# Data and Methods

- How do we calculate 'wealth'?
- Use composite wealth index based on assets, demographics and household amenities
  - Similar to wealth index used in DHS and MICS
  - Choose variables that are in both evaluation survey and national survey
  - Estimate index weights from national survey, use weights to predict index for program households

# Malawi Distribution of Wealth Index



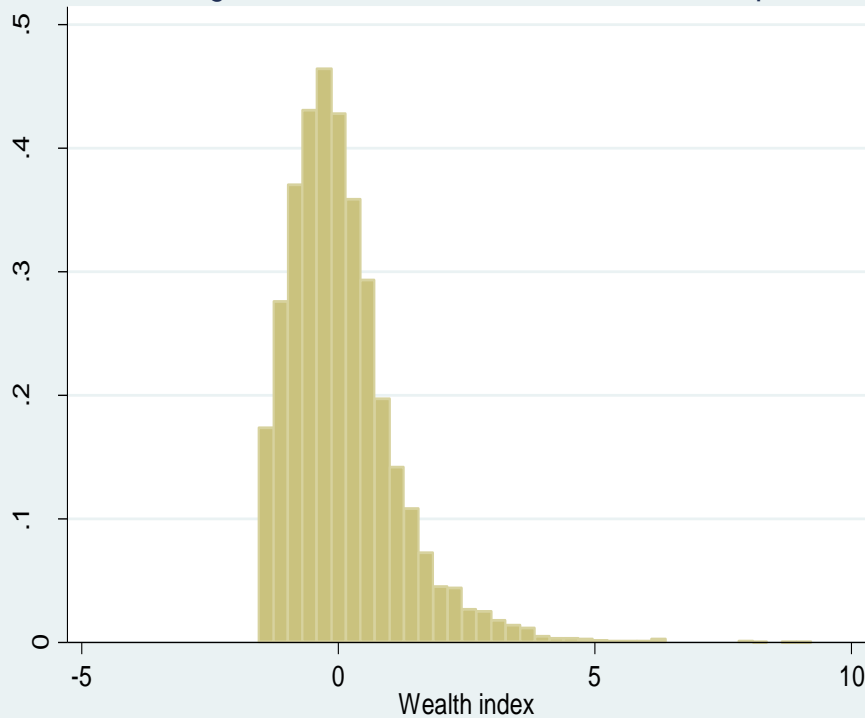
# Kenya Distribution of Wealth Index



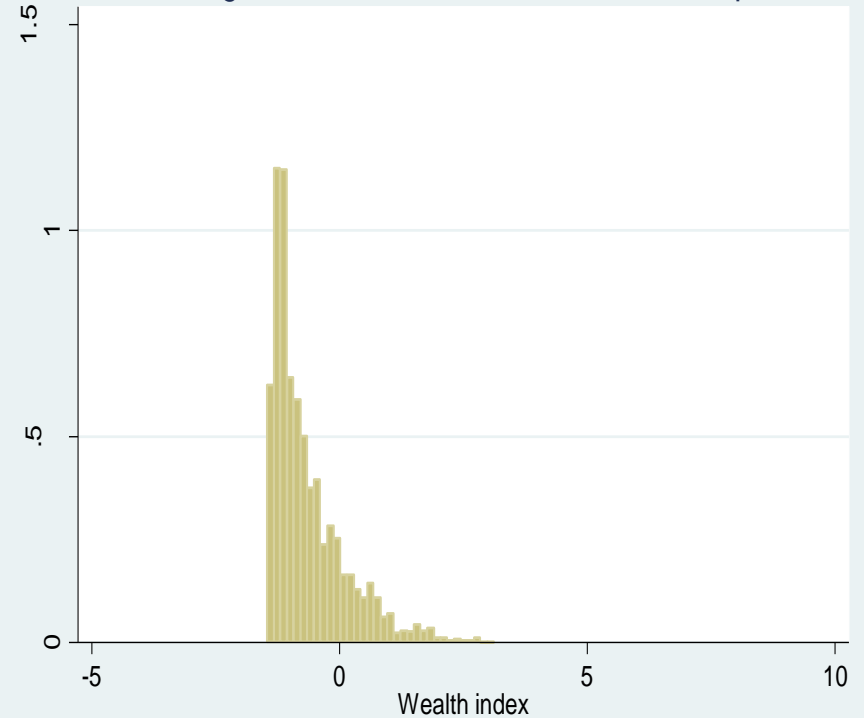


# Mozambique Distribution of Wealth Index

Histogram of wealth index - MICS rural sample



Histogram of wealth index - PSA rural sample



## Results on Targeting Performance and Comparison with CGH Results

<u>CGH Study</u>	<u>All Programs</u>	<u>CT Programs Only</u>
Mean score	1.22	1.80
<u>This Study</u>	<u>Full Sample</u>	<u>Eligible Sample Only</u>
Kenya	3.68	2.72
Malawi	1.29	3.67
Mozambique	2.13	1.73

PSA provides 113 percent more benefits to target group compared to random targeting

Why this difference? Wealth index 'weights' are very different in full sample (young kids, younger heads strongly predict poverty in full sample)

Restrict comparison to demographically eligible households in national sample (appropriate if we believe in eligibility criteria)

# Conclusions

- CGH note that choice of targeting method not as important as **good implementation** of whichever method selected
- Results of this study indicate very positive performance of CBT in SCT programs in Africa
  - Thus we establish that CBT **can be implemented successfully** in Africa
  - Is CBT better than proxy means test or something else? Depends on implementation....