Targeting Performance in Three African Cash Transfer Programs

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Background

- Coady, Grosh & Hoddinott (CGH) (2004) <u>WBER</u>
  - 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 CGH 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

CGH and the Jabulani Football

- CGH has weaknesses
  - Does not account for distribution of benefits among target group, or degree of leakage, or effect on poverty (because size of program not considered)
  - Costs are ignored
- But does automatically account for inherent difficulty when target group is tiny
  - Program A: 60/40=1.5; Program B: 15/10=1.5
- Like Jabulani, all programs subject to same indicator

Data and Methods

- Compare 'wealth' of program participants with 'wealth' of all households nationwide (or all rural if program is rural only)

- Data on program participants come from baseline evaluation surveys

- National data comes from
  - Malawi Integrated Household Survey 2004-05
  - Kenya Integrated Household Budget Survey 2004-05
  - Mozambique MICS 2008

Data and Methods

- How do we calculate 'wealth'?
  - Income poverty versus vulnerability
- 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: Program households smaller, fewer young kids, older heads

	All Rural	Ultra Poor Only	SCT Households
Age of head (yrs)	43.21	45.07	62.20
Household size	4.57	6.09	4.07
# children 0-18	2.52	3.84	2.44
# children 0-5	0.95	1.37	0.37

Kenya: Older heads, fewer younger kids, smaller size relative to poor

	All	Poor Only	SCT Households
Age of head (yrs)	44.88	47.94	61.96
Household size	5.09	6.20	5.61
# children 0-17	2.53	3.35	3.33
# children 0-5	0.90	1.13	0.69

Mozambique: Older heads, fewer children, smaller households

	All Rural	Poor N/A	SCT Households
Age of head (yrs)	42.21		67.05
Household size	4.60		2.91
# children 0-17	2.47		1.06
# children 0-5	1.00		0.25

Malawi Distribution of Wealth Index

Fig. 1A: Synthetic Wealth Index by Sample
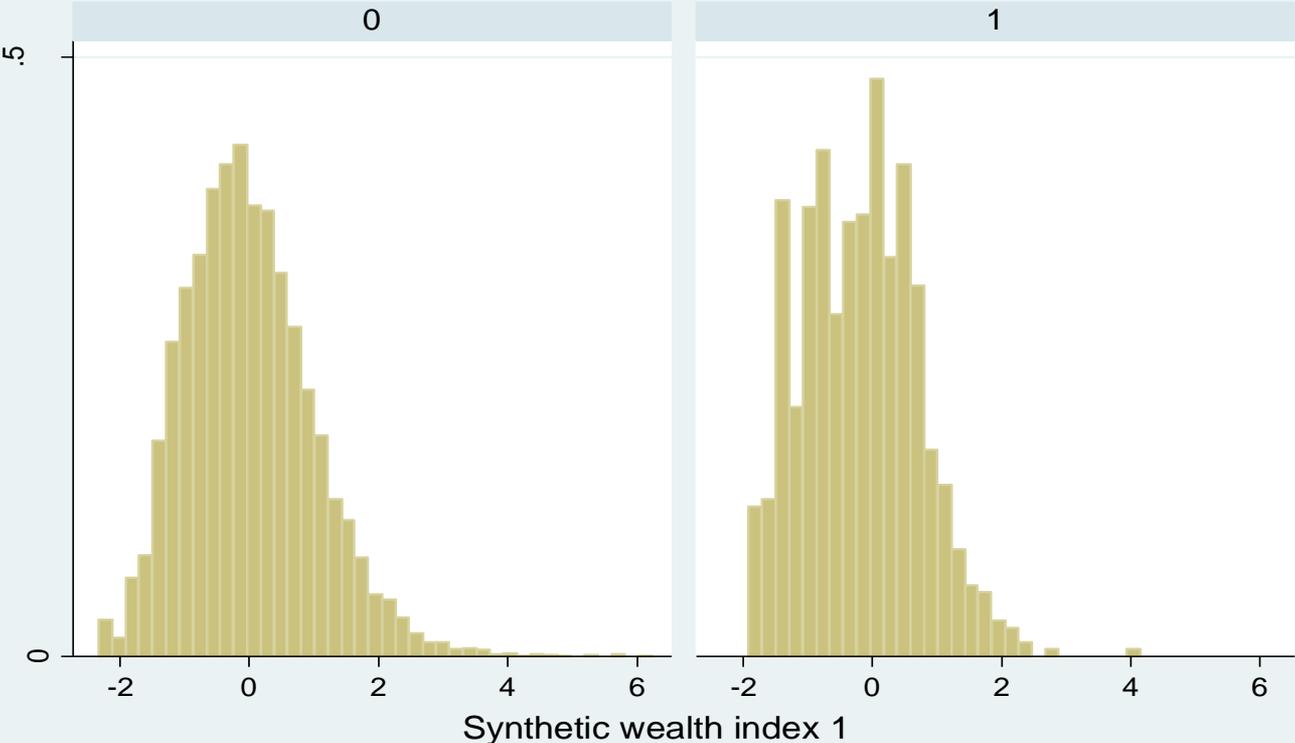
Graphs by 1=BU, 0=IHS

Kenya Distribution of Wealth Index

Fig. 2A: Kenya Synthetic Wealth Index by Sample

Scores for factor 1

Graphs by 1 if OPM survey, 0 if KIHBS
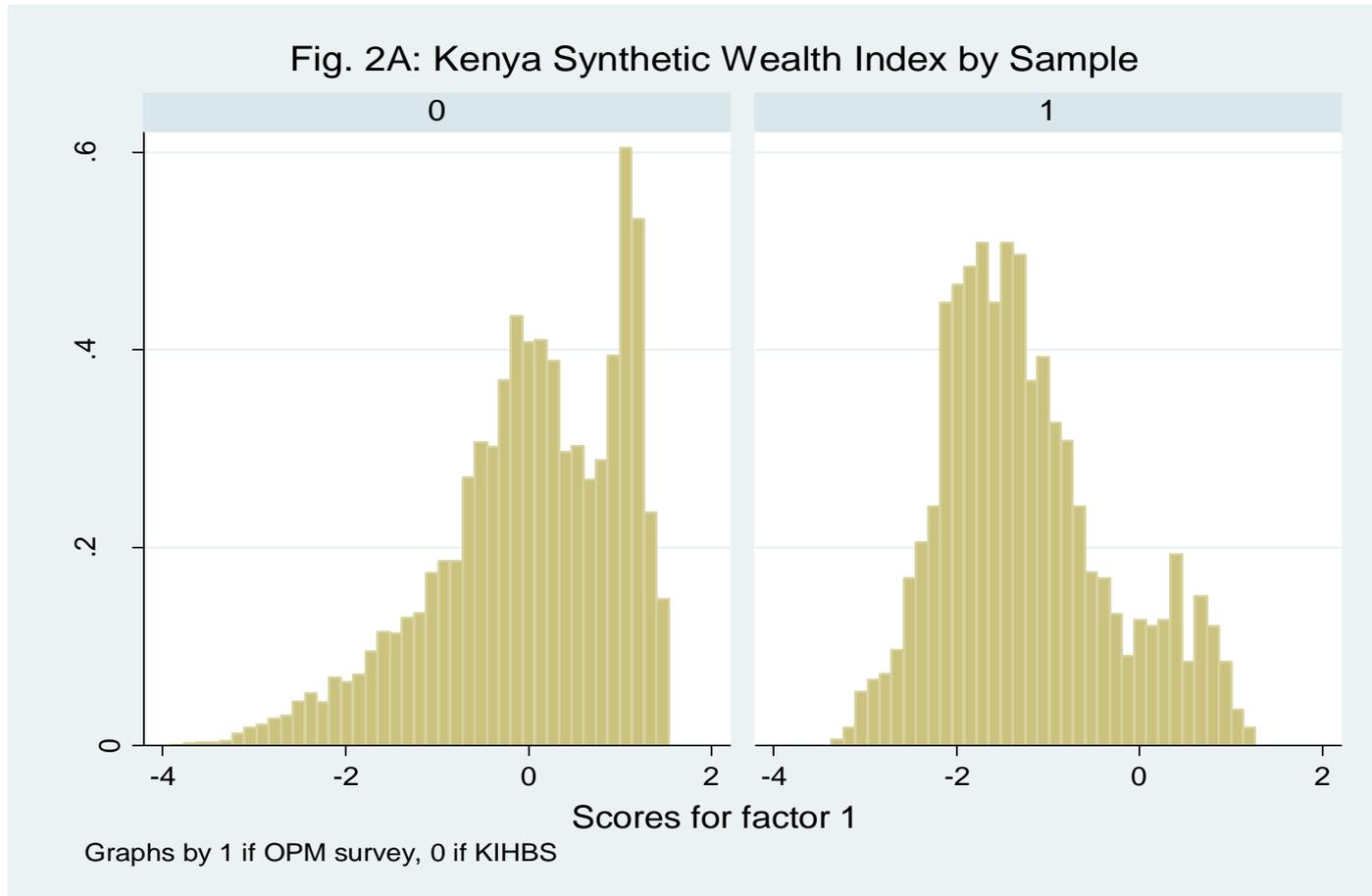
Mozambique Distribution of Wealth Index
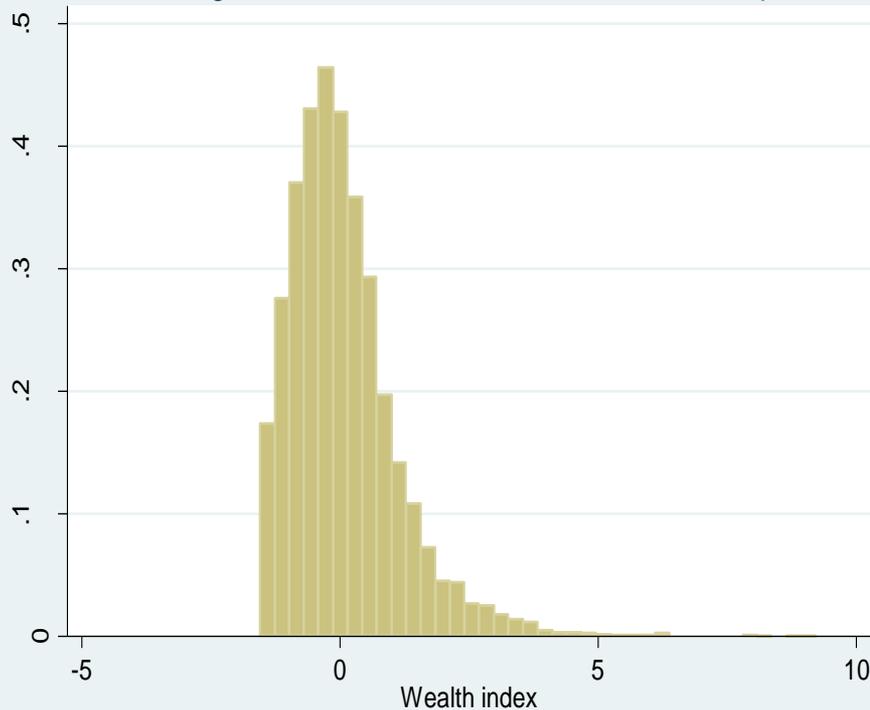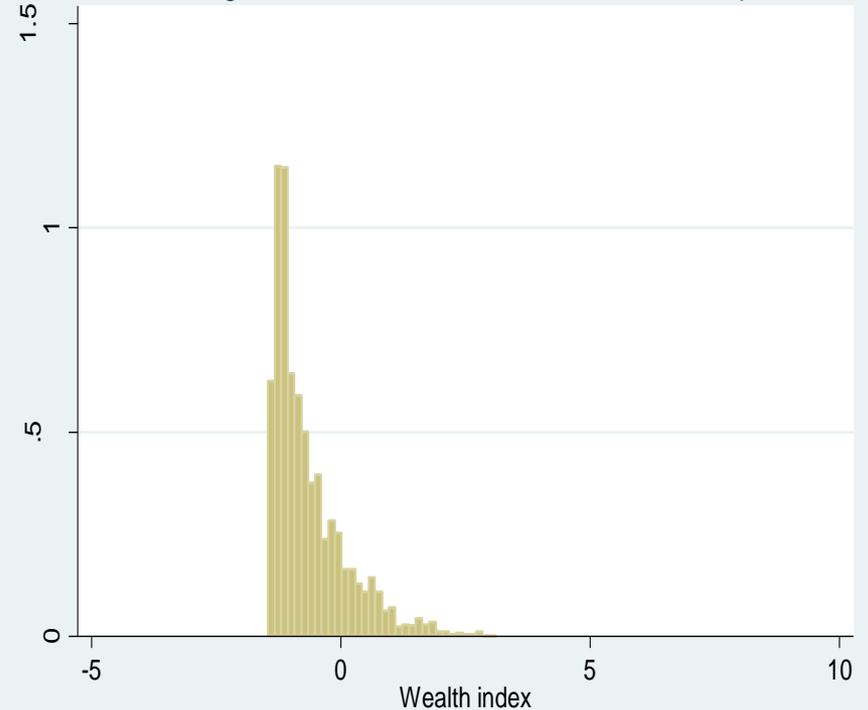
Results on Targeting Performance

	Compare to all households	Compare to demographically eligible households only
Kenya	3.68	2.72
Malawi	1.29	3.67
Mozambique	2.49	1.60

PSA provides 149 percent more benefits to target group compared to random targeting

Why this difference? Demographic criteria not very poverty focused. Additional benefit of CBT very strong

This column measures additional benefit of CBT alone, controlling for demographic targeting

THE TRANSFER PROJECT

Comparison with CGH Results

Median Score from CGH Study	
All Programs	1.25
CBT Only	1.40
Categorical Only	1.32
CCT Only	1.80
This Study	
Kenya	3.68
Malawi	1.29
Mozambique	2.49

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….