Oxford Policy Management

Lesotho CGP: Targeting Assessment

Part One – Targeting Effectiveness

Luca Pellerano (Oxford Policy Management)

Evaluating the impact of cash transfer programs in SSA
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The Lesotho Child Grants Programme (CGP)

- Unconditional cash transfer
- Target Group
  - Poor households looking after orphans and vulnerable children
  - Child headed households
- Goal
  - Improve nutritional and health status and school enrolment among OVC
- Context
  - Half the population under poverty line
  - Third highest HIV prevalence in the world
  - One of the most unequal income distributions in SSA

Benefit level and coverage

- Maloti 360 per family per quarter
  - (1US$ = 7 Maloti)
  - The monthly equivalent of 13% of the average household consumption expenditure

- 9,915 Beneficiary Households
  - Caring for over 27,000 vulnerable children
  - Chosen from selected Community Councils in 5 Districts
  - Piloting in progressive phases

Targeting Process

- The objective if to select poor households with children 0-17

- The design is based on the combination of two common targeting methods:
  - Proxy Means Testing (PMT)
  - Community Targeting

Targeting Process

1. Ranking of households according to a PMT (consumption expenditure estimated on the basis of assets and demographic composition)
   - Households are assigned to one of 5 poverty levels (NISSA 1 to 5)
   - PMT model developed on 2002/03 HBS
   - Census data collected for all households prior to program roll-out (NISSA census)

2. Community Validation of poverty status by a local Village Assistance Committee (VAC)
   - Composition: Community Councilor, Village Chief and two community representatives
   - The VAC indicates who in the NISSA census list can be considered as poor

- Only households NISSA 1 or 2 AND validated by the VAC AND have at least one child 0-17 are enrolled in the CGP

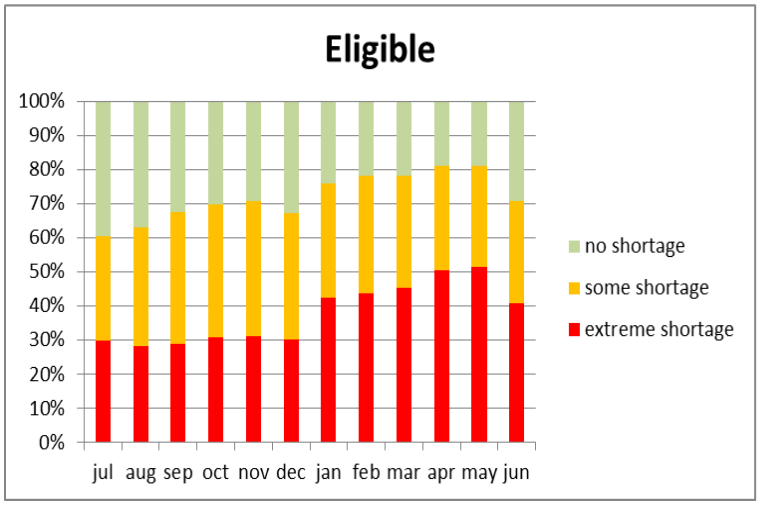
The Evaluation Design

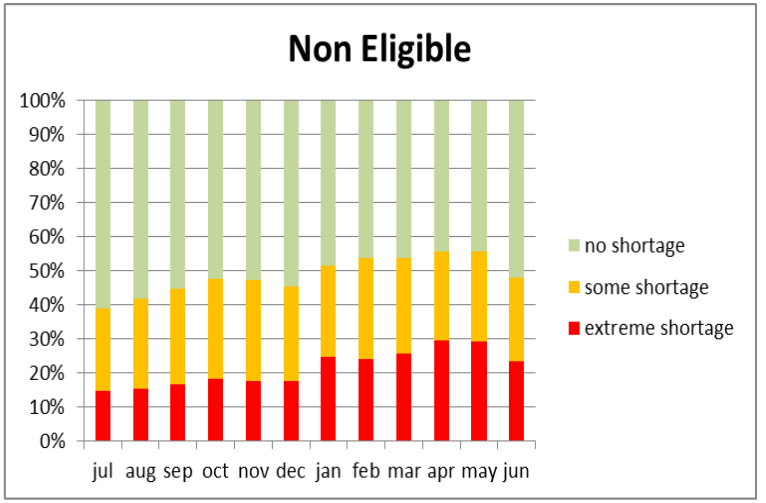
Treatment / control: / Beneficiary status:	**Treatment EDs**	**Control EDs**
Eligible for CGP	A TREATMENT GROUP *(Beneficiaries)*	B CONTROL GROUP *(Pseudo-beneficiaries)*
Not eligible for CGP	C *(Non-beneficiaries)*	D *(Pseudo-non-beneficiaries)*

- Perfect target mimicking in control EDs
- The sample for all groups was drawn from the NISSA census (included outcomes of PMT and validation lists)

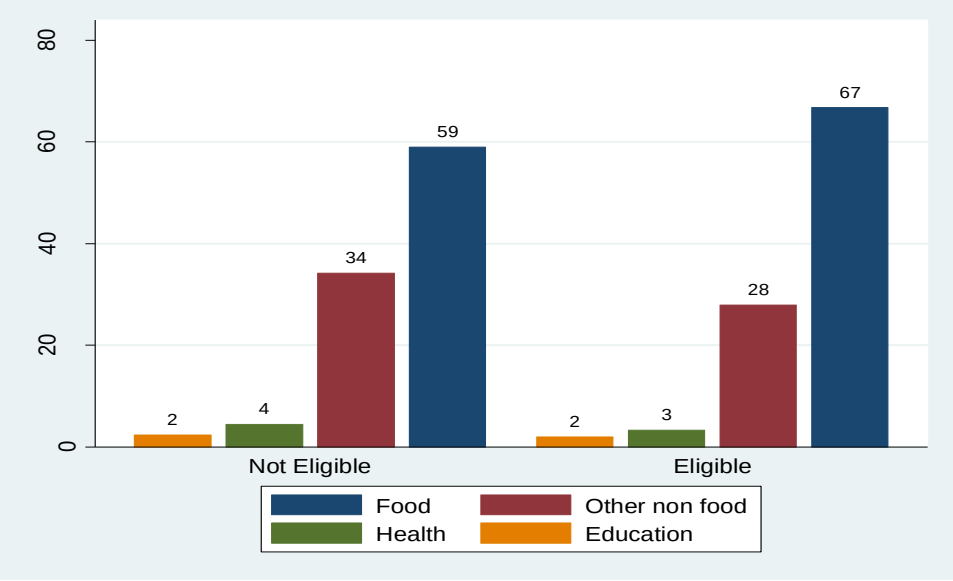
Context – Food Security

- Roughly 70% of households did not have enough food to meet their needs at least for 1 month in the last 12 months



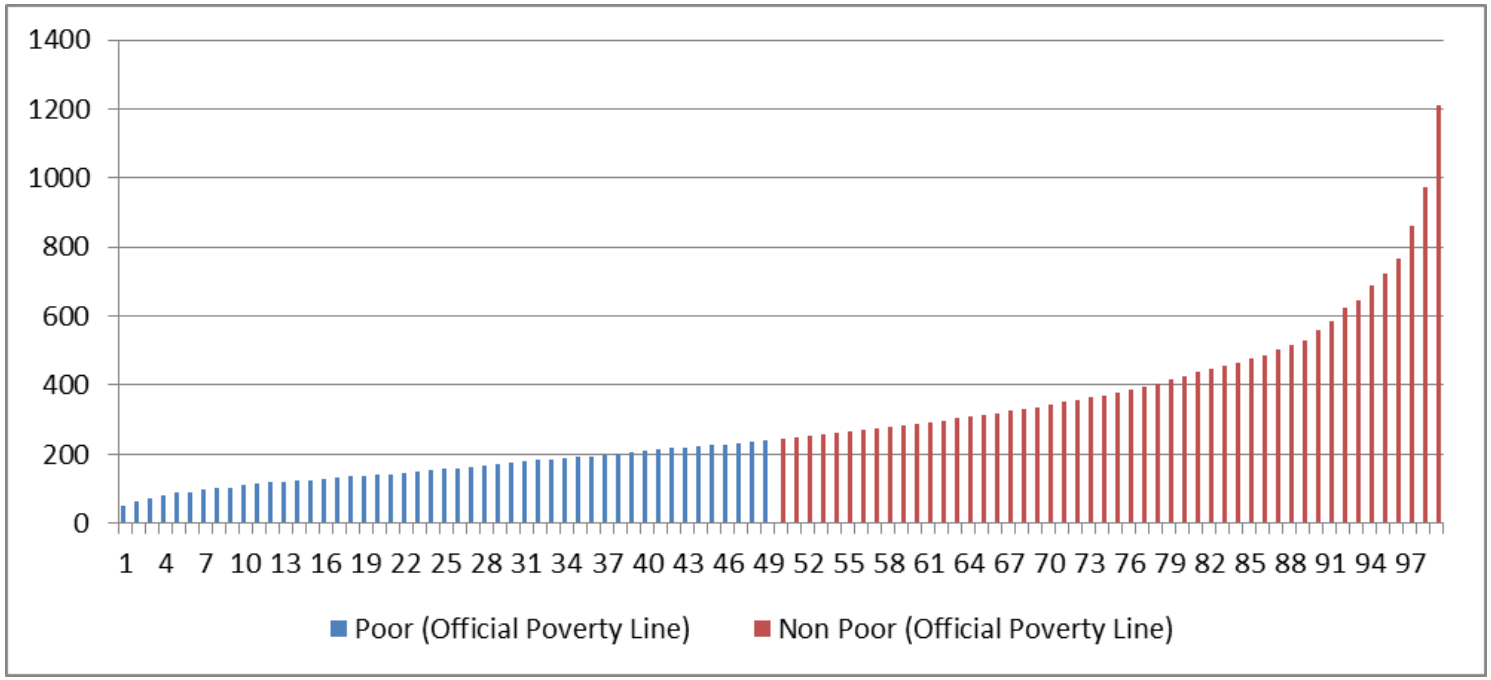


Context – Consumption Expenditure and Poverty



- On the basis of the targeting design the main reference for targeting analysis is consumption poverty

Poverty Targeting Challenges



- Resource constraint
  - High poverty rates (50%) - limited resources
  - PMT should select 30% of households
  - Uncertain outcome of validation
- Difficult to discriminate between poor and non-poor given relatively flat welfare distribution

Targeting Results

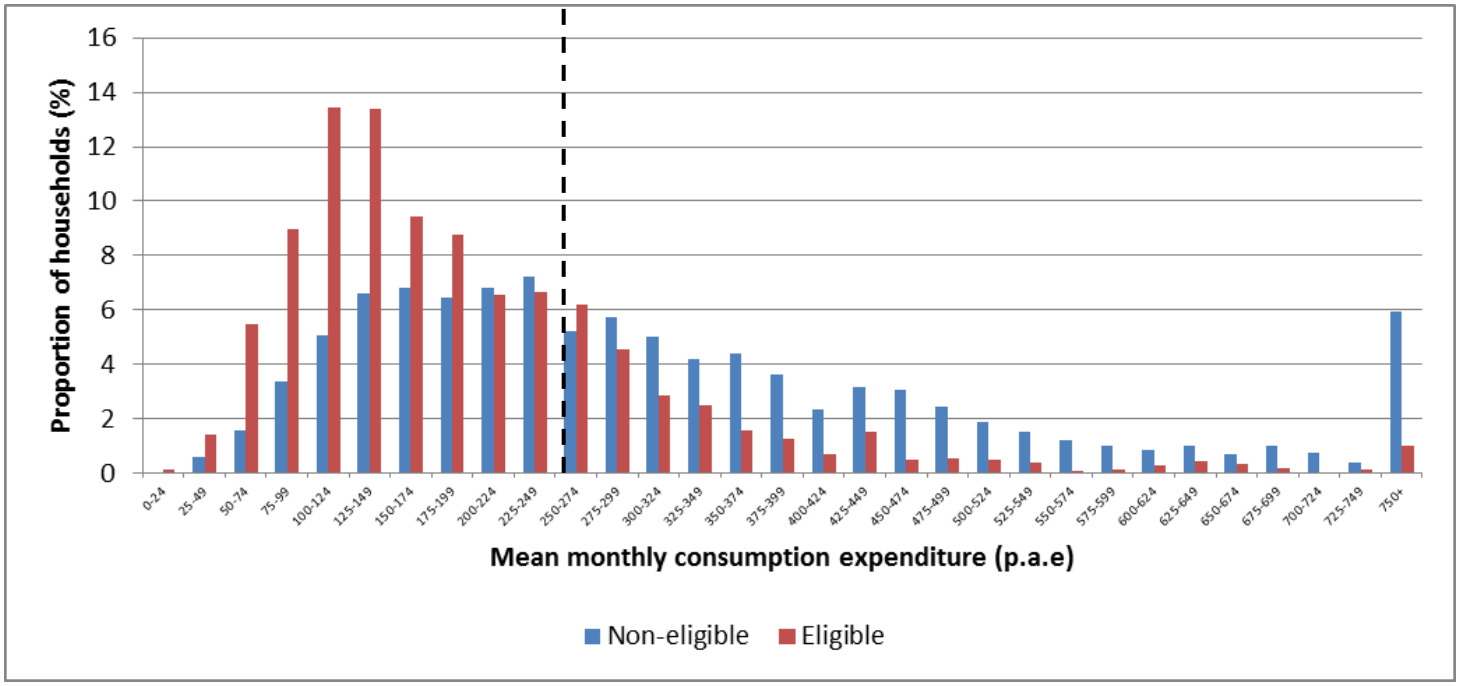
	Percent	Frequency
NISSA 1 and 2 Validated	22.1	4,553
NISSA 1 and 2 Non Validated	27.13	5,590
NISSA 3, 4 and 5	27.15	5,595
No children	22.8	4,697
Missing Information	0.83	170
Total	**100**	**20,605**

- Coverage is 22% of households, or 29% of households with children (in the 10 CCs where the Programme operates)
- In Phase 2 the CGP intended to target 10,000 (of whom 5,000 would be enrolled in treatment areas) but less then half were identified as eligible

Overall Targeting Effectiveness

- Are selected households poorer than non selected households?

	Selected	Non-selected	Overall
Mean monthly consumption expenditure per adult equivalent (Maloti)	205***	338	308
Proportion of households below poverty line (%)	74***	43	50



Contribution to Targeting Effectiveness

	Proportion of households	Mean monthly consumption expenditure (p.a.e.)	Poverty rate	CGH index	Marginal contribution to targeting efficiency
All households	100	308	50	1.00	
Households with children	78	292	53	1.06	0.06
a) Households with children that pass NISSA test (ONLY PMT)	58	239	65	1.30	0.24
b) Households with children that pass Comm. Validation (ONLY VALIDATION)	32	229	69	1.38	0.32
c) Selected households (children, pass NISSA test, validated)	22	205	74	1.48	0.42

- No significant geographical targeting (though national poverty estimates are outdated)
- Poor households are 48% more likely to have been selected for the programme under CGP targeting than they would have been under random or universal targeting
- The validation process appears to provide a bigger marginal contribution to the overall targeting effectiveness than the PMT (CGH index score of 1.38 versus 1.30), and the combination of methods further improves the targeting results.

International Benchmark

	Comparable CGH Index
All programs (1)	1.25
Cash transfer programs (1)	1.8
Targeting: Means testing (1)	1.55
Targeting: community assessment (1)	1.4
OVC-Kenya (2)	2.13
CGP-Lesotho (4)	**1.59**
PSA-Mozambique (2)	1.53
SCT-Malawi (2)	1.14

Sources:
(1) Coady et al. (2004);
(2) Authors' calculations on the basis of Handa et al. (2012);
(3) OPM (2011), denominator is 51%

- In order to compare the CGH index across programmes it is better to use a uniform poverty reference
  - The comparable CGH index reflects the proportion of the poorest 40% that are covered by the programme
  - Reflects targeting within the eligible demographic category after any geographical targeting

How can the CGP targeting effectiveness be improved?

- Design Constraints to Targeting Effectiveness – fine tuning of the design of PMT and validation mechanisms

- Process Constraints to Targeting Effectiveness – fine tuning of the design and implementation of targeting processes (especially at grassroots level)

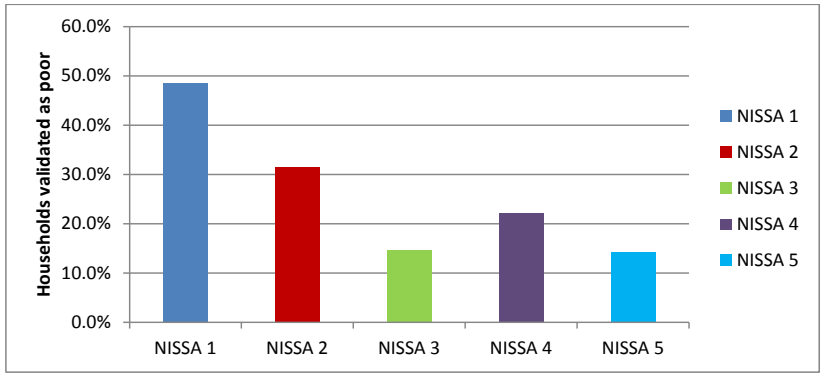
- The devil is in the details!

Design Constraints to Targeting Effectiveness

	NISSA PMT	Community Validation
Coverage (% of eligible households amongst households with children)	62	35

- The main difference between PMT and validation targeting is in terms of coverage
- Little overlap between PMT and Validation due to different coverage levels

Figure 1.1 Overlap between NISSA and validation: proportion validated as poor by the community



More on the PMT Design

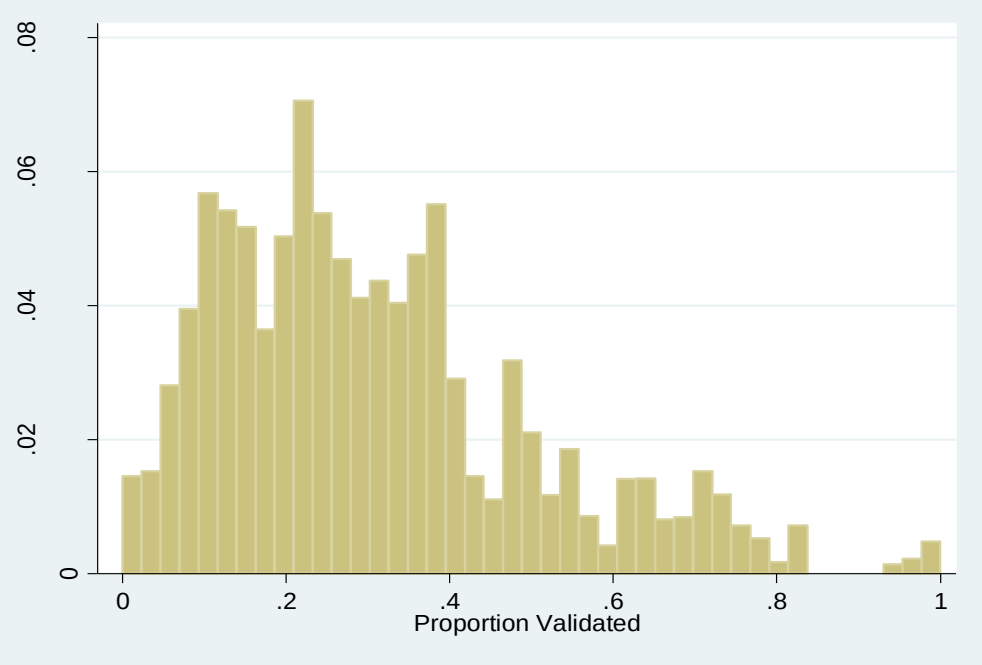
	Expected distribution - by design (percentage)	Actual distribution (percentage)	Actual distribution (frequency)
NISSA 1	15	35.5	7,304
NISSA 2	15	22.6	4,648
NISSA 3	20	5.3	1,084
NISSA 4	20	6.2	1,273
NISSA 5	30	30.4	6,248
Total	**100**	**100**	**20,557**

	NISSA Group				
	1	**2**	**3**	**4**	**5**
Mean monthly consumption expenditure per adult equivalent (Maloti)	227	281	323	344	406
Proportion of households below poverty line (%)	70	49	39	41	31

- Problems and limitations with the design of the PMT statistical model
  - The PMT models was estimated on nationally representative data, and is not designed to reflect local differences in the poverty profile.
  - The dataset uses for the estimation was outdated (HBS 2002/03) and the quality of the data was reported as poor
  - The dataset did not contain information about key assets or income flows
  - More specific technical concerns with the model specifications

More on Validation

- Absolute rather than relative ranking
- No control over the outcome of the targeting process (proportion validated as poor)



Conclusions

- The integration of PMT and community validation combines 3 policy objectives:
  - Making best use of available information (data and community level knowledge) to minimize inclusion errors
  - Establishing a uniform mechanism that can be used for a national targeting system
  - Creating a sense of ownership/ increase acceptability of the programme at local level (?)

- The Programme is pro-poor : eligible households are worse off in all main welfare dimensions

- Targeting effectiveness in line with international benchmark…

… but joint performance of the two methods could be better

Conclusions

- Some critical issues with the fine-tuning of the design of targeting mechanisms:
  - Weak performance of the PMT model
  - Non uniform coverage rate across methods
  - Little control over the final targeting outcome (coverage)

- Some critical issues with how the targeting process was implemented at grassroots level (more tomorrow)

Recommendations

- Engage stakeholders in a discussions to establish (ex-ante) an optimal CGP coverage level that is: a) consistent to Lesotho's poverty profile, b) fiscally affordable
  - from the perspective of a social protection system operating at national scale

- Revise the design of PMT and validation mechanisms to: a) permit the manipulation of final coverage; b) align the coverage levels of PMT and validation.
  - For validation this can be obtained by either introducing a predefined "quota" of poor to be identified in each community, or by undertaking a relative, rather than absolute poverty ranking.

- Undertake a revision of the current PMT model, design and cut-offs

- Undertake a case study of some "inclusion error" cases to find out what's going wrong

- Undertake a revision of the cost of the different elements of the targeting design and process, analyse the relative cost of the two targeting methods, in order to analyse the cost-effectiveness of the mixed targeting approach.

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Thank you