Mechanisms to avoid inclusion and exclusion errors in cash transfer Interventions

Introduction:

Targeting is one of the fundamental features of cash transfer programmes directed at reducing poverty. The poor are identified based on each programme's eligibility criteria and particular additional limitations, such as resource constraints. Further, efforts to include the poor in such programmes depend on the effectiveness of the process of identification of beneficiaries. Inclusion and exclusion errors often take place, with eligible beneficiaries disqualified to receive benefits and ineligible persons incorrectly covered as beneficiaries. Those errors are reflected in numerous issues in the performance of programmes, such as budget limitations.

In 2006, the Malawi Social Cash Transfer Scheme (SCTS) was launched as a pilot programme aimed at poverty alleviation and socioeconomic development. It targeted ultra-poor households with labour constraints to receive conditional cash transfers under the specified eligibility criteria. Salient features of the scheme introduced a process of identification of beneficiaries based on community participation and a decentralised process of selection of applicants. During its pilot phase, the scheme presented error rates under global averages and impressive impacts, despite challenges.

Background:

The Malawi SCTS pilot programme targeted ultra-poor households with extremely limited labour resources in the Mchinji District. The scheme objectives combined efforts in reduction of poverty, hunger and starvation, improvement of child health and nutrition status, and increase in school enrolment and attendance. Cash transfer amounts depend on the size of the household size and weather children are in primary or secondary school.

One of the first points of contention was the process of identifying and selecting beneficiaries under the particularly challenging socioeconomic context of Malawi. Since it was one of the poorest countries in the world at the time, targeting was a task on its own. In addition, infrastructure was limited, with no system of registration in place, and administrative capacity was limited, including human resources and IT.

Details of the Intervention:

The identification and selection of households under SCTS relies on a carefully designed community-based participatory process. It comprises of a multi-stage process involving government officials and community level members. The process starts with a community meeting to spread awareness of the scheme and elect local representatives to form the Community Social Support Committee (CSSC). Election of community members follows rules to assure gender and geographic equality, with division of candidates based on geographic zones and half men/half women available posts for the Committee; and avoid elite capture, with village heads prohibited to be elected.

These representatives have central roles in the identification of potential beneficiary households. This includes holding a second community meeting to generate a list of the poorest households in the Village Cluster (VC). First criteria for identification follows measures of poverty, defined as the lowest expenditure quintile. Indicators include the consumption of one meal per day, risk of starvation, beggary for livelihood, absence of assets and inability to buy non-food essential items. Second criteria follows household labour constraints, defined by the dependency ratio of members – less than one able-bodied member aged 19–64 per three dependents.

Then, a survey takes place to produce additional data among these households. In this process, the Committee verifies the eligibility of households, ranks them based on their individual needs, and lists the poorest 10 percent in the VC. An additional effort of the scheme was the involvement of extension workers in the verification process. This was an effective step due to the selection of workers from outside the community or extended families, but well known among community members. As a result, they were able to be more impartial than community members.

Further, two other community meetings take place. First to review this list and present a final version to the District Assembly (DA) office for approval, and later to announce the final list of beneficiaries. In case the list contradicts national guidelines, it is the role of the district to mediate the issue. Finally, a member of the Secretariat participates in a community meeting to raise awareness on the objectives of the scheme, and payment procedures and amounts. This process intends to assure accountability and transparency in the identification and selection of beneficiaries and avoid inclusion and exclusion errors.

Impact:

The steps taken to combat targeting errors under the Malawi SCTS pilot showed effective results. In its first year of implementation, the programme has reached 2,442 households totalling 7,480 children, of whom 6,013 were orphans. This was considered such a success that the pilot received support to scale up for another five years. The achievements in targeting largely owed to the use of community-based processes. With measures to avoid elite capture and addition of verification steps to the process, inclusion and exclusion errors were avoided in the inception of the scheme. The contribution of other targeting instruments in this process was also key, such as the use of demographic eligibility criteria to focus on the households who are extremely poor.

It is important to note that inclusion and exclusion errors in the Malawi SCTS increased after the pilot. Although figures are under or in line with global averages, it stemmed away from the success of the pilot. Evidence suggests that special attention needs to be given to the demands of time and resources when scaling up cash transfer programmes, aiming at keeping high quality community-based targeting. In addition, the need for constant revision of the parameters used in the calculation of benefits was highlighted. This is because these parameters are particularly variable and affect targeting and further errors directly.

Source: Davis, B., Handa, S., Hypher, N., Rossi, N. W., Winters, P., & Yablonski, J. (Eds.). (2016). From evidence to action: the story of cash transfers and impact evaluation in sub Saharan Africa. Oxford University Press.