

Effective targeting of cash transfer programmes in an African context: lessons learned from the on-going evaluation of two cash transfer programmes in Kenya

Abstract

In light of the widely documented success of cash transfer programmes in Latin America, donors and policy makers are exploring ways to introduce similar interventions to Sub-Saharan Africa. Especially in resource-constrained Africa, financial efficiency dictates that cash transfers are effectively targeted to those that are intended to benefit; from a poverty reduction perspective it is important that this coincides with effectively targeting the poorest households. However, two significant challenges to effective targeting are particularly acute in many African countries. First, the very high poverty rates observed in many African countries complicate determining a suitable target population for a cash transfer programme. In some countries, targeting everyone below the official poverty line could imply targeting well over half the country's population, which may be fiscally unsustainable. The challenge then becomes to determine which sub-set of the poor to target. Defining the „extreme poor“ and distinguishing them from the „poor“ in a reliable and socially and politically acceptable manner may not be straightforward. Second, designing effective and operationally feasible mechanisms to target a given population is technically complex and resource-intensive. The required technical and material capacity may not exist in the institutions responsible for the cash transfer programme, particularly given the traditional weakness of African social welfare ministries.

This paper presents two case studies of targeting challenges by analysing two cash transfer programmes that together form the basis of Kenya's social protection strategy. The Cash Transfer programme for Orphans and Vulnerable Children (CT-OVC) targets poor OVC households in 37 districts of Kenya, and currently provides regular cash transfers to over 25,000 households. Second, the Hunger Safety Net Programme (HSNP), currently in startup phase, pilots three targeting mechanisms to identify 60,000 „extreme poor/food insecure“ households in 13 districts of northern Kenya. Oxford Policy Management, a UK-based development consultancy company, is undertaking the evaluation of both the CT-OVC and HSNP, the latter in partnership with the Institute for Development Studies. Both evaluations will incorporate an analysis of targeting effectiveness (as well as impact and operational effectiveness). Both evaluations are underpinned by a household panel survey (with a quasiexperimental randomised control-treatment design), complemented by qualitative fieldwork.

We describe and analyse the multi-stage targeting process for the CT-OVC. Analyses of the programme's targeting effectiveness shows that it is having difficulties directing resources at the poorest OVC households, for two main reasons. First, the allocation of the numbers of recipients to be included in the programme *between* districts does not closely reflect the distribution of the number of poor OVC households. Second, the recipient selection process

within each district and location is not sufficiently effective at identifying the poorest OVC households. In the HSNP three alternative targeting mechanisms are being employed to allow a direct evaluation of relative targeting effectiveness: a community-based selection mechanism where communities themselves identify the poorest 50% of households to benefit from the programme; a social pension targeted at individuals aged 55 and over; and dependency-ratio approach. The paper presents first-hand challenges and solutions to effective design, implementation and randomised evaluation of targeting in the HSNP.