Testing Methods to Target Poverty

The Rapid Social Response is supporting an evidence-based approach to Nepal’s increased social safety net funding. A pilot project will test alternative methods of targeting cash transfers to the poor, with a goal of providing more equitable and effective delivery of services.

**Rationale**

Compared to countries of similar wealth and development, Nepal is advanced in its safety net programs. Nepal has expanded its social safety nets gradually since 1995 and increased spending substantially in recent years. Yet questions remain about whether the government’s commitment is matched by a capacity to deliver. Targeting of beneficiaries is mainly by category—old age, single women, belonging to historically excluded social group, etc.—and geography, which can be susceptible to leakage of funds to the non-poor while leaving a considerable number of the poor uncovered. In addition, management of social safety nets is spread across several government ministries, and implementation at the local level is not well-coordinated, which poses many planning and administrative challenges.

The limited available evidence suggests that better targeting of social safety net programs could make them more effective in reaching the poor. And strengthening the relationships between the ministries and local government could create synergies in use of data and the management of beneficiaries, while allowing agencies to focus on their respective strengths.

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<th>Population, total</th>
<th>29,959,364</th>
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<td>Poverty headcount ratio at $2 a day (PPP) (% of population)</td>
<td>57</td>
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**Rapid Social Response Funding**

US $2.18 million

**Timeline**

March 2011–September 2012

**Partners**

Ministry of Local Development, Ministry of Education, United Nations Capital Development Fund
Response

RSR is supporting a pilot project to test alternative methods of targeting social safety nets, while helping local governments to deliver cash benefits more efficiently and to move towards improved planning and budgeting processes.

The pilot, launched in two districts, will support the districts in updating and computerizing existing household registers. The pilot is trying to find a targeting mechanism that can be used for other social safety net programs that seek to aid the poor and vulnerable. The targeting approach developed by the project uses both proxy-means testing and a multi-deprivation index; the pilot will test both methods and analyze their performance—as well as the current categorical targeting—and make recommendations.

The pilot seeks to put in place a system of electronic cash transfers to enable beneficiaries to receive their cash from independent payment providers—which could be banks, the postal service, telecommunications services, etc. Shifting to a private sector payment service provider has potential to increase the security of payments while giving beneficiaries greater access to financial services. The pilot will also establish a mechanism for redress that is accessible to all, including a process for people to appeal decisions and file complaints about the delivery of services.

Evaluation of the pilot is expected to generate findings on policy, implementation, and management of Nepal’s social safety net program that will be disseminated to stakeholders in government and the donor community. The evidence from the pilot will inform the national dialogue and guide policy and programs to move toward a safety net system that is more efficient and inclusive.

Accomplishments to Date

- Reviewed cash-transfer programs to inform design and preparation of pilot
- Progressed toward developing MIS, evaluation, and payment methods
- Finalized targeting methods, with plans for evaluation and data collection nearly complete
- Progressed toward procuring service providers and preparing communication to launch with the registration process