

# SOCIAL SAFETY NET ASSESSMENT OF SENEGAL

## Targeting Performance of Social Transfers

### Terms of Reference

#### I. INTRODUCTION

This study is being commissioned as part of the "*Social safety net assessment of Senegal*" to be produced with support from the World Bank's Non Lending Technical Assistance to Senegal in the area of Social Protection. This assessment seeks to foster evidence-based decision-making in the social safety nets arena and ensure a quality jump in the effectiveness of existing and planned schemes. Its main objective is to develop recommendations on policies and technical and institutional platforms to develop safety net mechanisms to address the main risks and vulnerabilities in Senegal as a component of the country's economic growth and poverty reduction strategies.

The appropriate choice of targeting mechanisms is crucial in African developing countries because the needs are greater relative to the funding than anywhere else in the world. Therefore it is necessary to be able to concentrate the available resources to those that need them the most with effective targeting mechanisms. One of the key challenges is the difficulty in defining the target population when over 50 percent of the population is poor and the welfare differences between poor household at any point in time is small. Secondly, countries are often hindered by the lack of available and reliable data (household data and administrative data).

Targeting methods currently used in Senegal are little referenced and seem to be weak and costly in reaching out to the poor. Assessing the targeting performance of social transfers, pro-poor schemes, including in education and health, and public subsidies is thus needed in order to guide the country toward simple but efficient targeting methods. Indeed, there are several advantages to effective targeting such as the reduction of errors of exclusion by reaching out to the poor and vulnerable and having a greater impact on poverty; and the reduction of errors of inclusion and leakages, thereby increasing pro-poor expenditures.

The study will specifically focus on developing an effective national targeting mechanism in Senegal for social transfers as well as pro-poor education and health schemes. It will look into the possibility of an income-based approach to targeting (such as proxy means testing) to ensure resources such as income transfers, incentives for human capital investment, as well as in-kind transfers, are reaching the most vulnerable. This national targeting mechanism will also be important in Senegal for its disaster proneness and the need to help focus relief operations. Second, it will also review existing schemes and see what lessons can be learnt from the accuracy in targeting of ongoing programs (national programs, cash transfer for nutrition NETS, voucher program) and the lack of accuracy of others such as utilities subsidies. This review will use ongoing process evaluation as well as available household surveys. Finally, it will recommend possible alternatives for developing a harmonized targeting system which could be used for social safety nets, other pro-poor programs in the human capital sphere, as well as subsidies to enhance their efficiency. This targeting platform could also be an important addition to the Government operational system and benefit other

### 3. Options for the national targeting system

Although the PMT is the new instrument in the toolkit, Senegal has been experiencing various targeting attempts under different safety net and other pro-poor programs. This includes geographical and categorical targeting as well as community-based targeting methods which have proven effective in Senegal and other low income settings where local communities are able to better identify those who should and should not receive safety net support.

The study will analyze the feasibility of harmonizing targeting approaches in Senegal – both in terms of selection criteria and proxy means tests used as well as harmonizing beneficiary selection processes at the local level.

Particular attention will be given to the mix of targeting instruments, and the differences in the respective combinations of methods for urban and rural settings.

Under this component, the main tasks include an analysis of the targeting performance of social assistance programs (as declared by the households in ESPS 2011) and a comparison with simulation results (following granting rules) concerning households' access to these programs. This will provide an incidence analysis with the 2011 data of major safety nets and options for the harmonization and the consolidation via a national targeting system.

### 4. Government responses to shocks and targeting performance of subsidies

Because Senegal lacks effective and operational social safety nets, government used to respond to recent years crises by allocating price subsidies to people consuming certain first necessity products and services (food, water, electricity, etc.). However, these subsidies are costly to the budget, poorly targeted and probably ineffective. Hence, it is necessary to assess and rethink this practice while offering more effective and less costly alternatives that would better target the most necessitous people.

The main objective of this work is to analyze the consequences – intended or unintended – of possible adjustments of these subsidies on the welfare of different population groups, paying particular attention to the poor and vulnerable groups.

Using new household survey ESPS 2011 this analytical work will consist in updating previous analysis (based on ESPS 2005) and compare the results through time.

## III. DELIVERABLES

**Deliverables will consist in two technical reports:**

- Report on *issues and options for targeting social programs and transfers in Senegal* will include an update of the PMT formula using 2011 household survey data, a brief vulnerability assessment, and options for the national targeting system through the analysis of the targeting performance of social assistance programs. ✓
- Report on *government responses to shocks and targeting performance of subsidies* will update previous analytical works on the targeting performance of utilities subsidies and will also provide further analysis on the targeting of other price subsidies using both ESPS 2005 and ESPS 2011 for the aim of comparisons through time. ✓