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## Policy Brief

# Social Safety Nets in Tunisia: Do Benefits Reach the Poor and Vulnerable households at the Regional Level?

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### Teaser :

Tunisian social programs provide direct transfers and free or reduced rate access to public health care for families selected by local and regional commissions. In some areas, poor and vulnerable families are excluded from these programs whose places are occupied by other households. The center is often ill-informed about the performance of different regions in reaching the poor and about the exclusion and inclusion errors sources. This lack of information can severely limit the options for designing reforms that will improve targeting performance.

### In a nutshell :

- Two components of social safety nets in Tunisia: one covers more, and the other is more generous.
- The regional commissions often select households headed by women widowed and elderly as beneficiaries.
- At the regional level, some beneficiaries are not eligible, and the eligible are not beneficiaries.
- The inclusion of the non-poor and the exclusion of the poor at the regional level are due to disagreement between eligibility criteria and a person's poverty status.

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# 1 Introduction

In developing countries, the targeted social programs have begun in the 1980s to offset the effects of the Structural Adjustment Program on living conditions. It is defined as a process by which benefits are channeled to members of the priority groups that a program aims to serve based on available financial resources (Lavallee et al., 2010). Since more information is available at the local level about who is poor, some central governments delegate the task of choosing program beneficiaries to local and regional commissions while the center controls the allocation of funds and quotas to each region. Proponents of decentralized targeting claim that local authorities tend to be more accountable to the locals, and hence have an incentive to use the locally available information to improve the targeting performance. However, this has not always been reached because the determination of whether an applicant meets the eligibility criteria is sometimes based on the subjective judgment of the local social employees. Moreover, the eligibility criteria used in the beneficiary selection may disagree about a person's poverty status.

In Tunisia, the social safety nets are mainly based on a direct transfers scheme, known as the National Program of Assistance to Needy Families (PNAFN), and on a health access program that provides access to public medical institutions either free of charge (AMGI) or at a reduced rate (AMGII). Families selected by local and regional commissions are the beneficiaries of these programs.

According to the results found in previous studies (World Bank, 2015; Silva, Levin and Morgandi, 2013; Arfa and Elgazzar, 2013 and CRES and AFDB, 2017), half (48.9%) of the poor population and two-fifths (39.4%) of the population in extreme poverty do not benefit from any component of the PNAFN. By observing the distribution of the beneficiaries of the different programs according to the quintiles of expenditure, the authors of these studies pointed out that 37.2% of the PNAFN participants belong to the first quintile and 6.1% of the households which receive a direct aid are among the 20 percent of the most affluent. It is clear that in some areas, poor and vulnerable families are excluded from these programs whose places are occupied by other households. The centre is often poorly informed about the performance of different regions in reaching the poor and about the exclusion and inclusion errors sources. This lack of information can severely limit the options for designing reforms that will improve targeting performance. Using data drawn from the survey (2010) on the budget, consumption, and standard of living of Tunisian households, this policy brief analysis how well the social programs in Tunisia are performing in terms of their specific eligibility criteria and whether the social transfers are reaching the poor or not at the regional level?

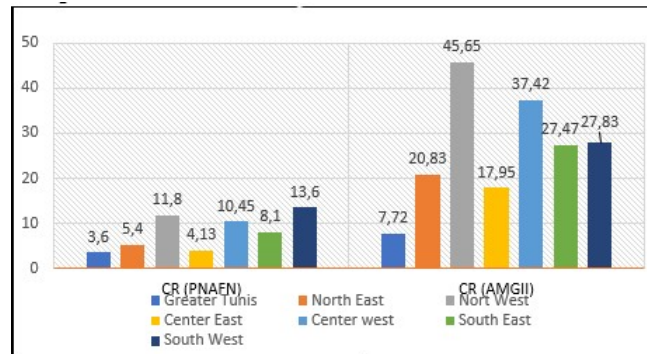
## 2 Decentralized selection process and Gender Profiles

The selection process of social programs beneficiaries generally flows as follows: The family claims for the cash transfer, declaring that their household income falls below the poverty threshold. Then, Social workers carry out an investigation into the household income, considering the additional socio-economic criteria.

The program benefits are awarded to families that meet a certain set of criteria: first, their income must fall below the poverty line as assessed by the Tunisian Institute of Statistics (INS). Second, some additional socio-economic conditions are considered, namely: household size; the number of household members with a disability and or chronic health condition; household living conditions, such as dwelling and assets; and the inability of the head of household to work due to a physical or mental impairment. However, Families are beneficiaries of the AMGII program if their annual incomes do not exceed the Interprofessional Guaranteed Minimum Wage (SMIG), estimated at 280 dinars in 2011, if their family size is less than two people, (1.5\* SMIG) if the family is comprised of three to five people, and (2\* SMIG) if the family is composed of more than five people. The circular setting of these criteria states that not all these criteria need to be met for the family to be eligible, leaving a discretionary margin to the social worker. Subsequently, a list of eligible families is drawn up and sent to local and regional commissions. The regional commissions prepare the final list of beneficiaries and excluded families, taking into consideration the regional budget allocated by the by the Ministry of Social Affairs (MSA).

The AMGII component covers a larger proportion of Tunisian households, while the PNAFN

Figure 1: : Programs Coverage Rates (CR) by Region in 2011



Source: Author's manipulation using administrative data

component is more generous. In 2011, 6.7% of Tunisian households benefited from PNAFN and 19.6% benefited from the AMGII. The design of these programs assumes that those benefiting from AMGII should not receive the benefits of PNAFN. The coverage rates of the two programs vary by region. As shown in Figure 1, the PNAFN covered 3.6% of families living in Greater Tunis,

5.43% of households living in the Northeast and covered 13.5%; 8.1%, 4.13%, 10.45% and 11.8% of households living respectively in South West, South East, Center East, Center West and North West of Tunisia. On the other hand, the AMGII program provides a higher coverage rate than the PNAFN. We find that AMGII covered 7.72% of households living in Greater Tunis and 20.83% of households in North East. For the North West, Center West, and South West, the AMGII coverage rate is estimated at 45.65%, 37.42%, and 27.83%, respectively. The variation observed between the coverage rates of both programs is mainly due to the quotas allocated by the MSA to each region, which the local commission must respect in the beneficiary's selection.

To get an idea about the characteristics of the households who received the PNAFN and the AMGII, we have classified in Table 1 the beneficiaries of the programs by sex of the household head, their poverty status, and their marital status. Table 1 shows that 53.83% of the households

Table 1: Profiling the Programs Beneficiaries in 2011

	PNAFN		AMGII	
	Female %	Male %	Female %	Male %
OVERALL	46.17	53.83	11.37	88.63
POOR	22.10	36.02	8.70	28.57
NO POOR	77.9	63.98	91.3	71.43
MEAN AGE	65	62	56	57
MEAN SIZE	4	5	4	5
MATRIAL STATUS				
Single	5.61	2.63	4.70	0.80
Married	2.11	89.01	10.31	97.16
Widow/er	82.98	6.64	73.03	2.01
Divorced	9.75	1.72	11.95	0.03

Source: Author's own calculation

receiving PNAFN benefits are headed by men, 36.02% of whom are identified as poor. However, 63.98% were not identified as poor. The average size of households headed by men is estimated by five people, the average age of heads of households in this group is equal to 62 years and the majority of heads of households are married (89.01%). Widowers represent 6.64% and the divorced represent only 1.72%.

Table 1 also shows that 46.17% of PNAFN beneficiary households are headed by women, of whom only 22.10% are considered poor and 77.90% are not poor. 82.98% of them are widows, elderly (The average age in this category is estimated at 65 years), and they run households with an average size of four people.

For the AMGII program, 11.37% of households with reduced-rate care cards are headed by women. 8.70% of this group are poor households, and their average size is estimated by four people. However, 91.3% of the female-headed households benefiting from AMGII are not poor. The average size is four persons and women heads of households have an average age of 56 years and most of them are widows (73.03%).

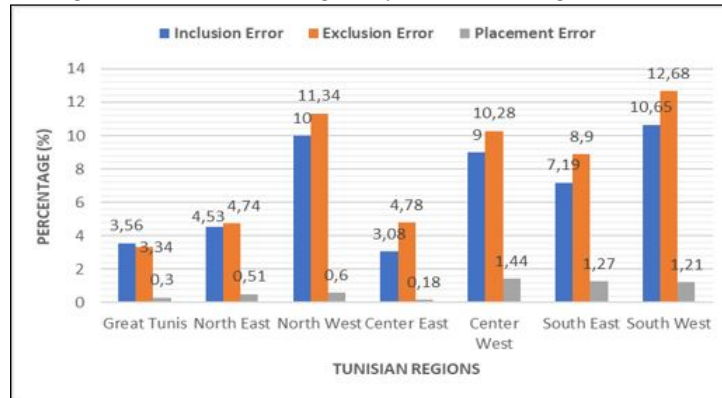
On the other hand, the beneficiaries of the AMGII whose head of household is male constitute 88.63% of the total number of beneficiaries whose majority are married (97.16%). 28.57% of this group are poor, however, the non-poor represent 71.43%. The average size is estimated by five people.

It is clear that the households headed by widowed and elderly women are selected by the regional commissions as beneficiaries. Moreover, regardless of the sex of household head, the non-poor beneficiaries represent significant proportions in both Tunisian social programs. Such finding leads us to dig deep in the factors drive this inclusion of these non-poor households by determining whether the beneficiaries meet the programs eligibility criteria or not at the regional level.

### 3 Beneficiaries are not eligible, and the eligible are not beneficiaries

Given that the program's beneficiary selection process is not easily identifiable at the regional level, a standardized synthetic score reflecting the standard of living of households is constructed using a set of non-monetary variables that cannot be manipulated and which are exclusively related to the eligibility criteria included in the circular of the Ministry of Social Affairs. Households are ranked in ascending order according to their standardized synthetic scores. For each region,

Figure 2: : PNAFN Eligibility Errors at Regional Level

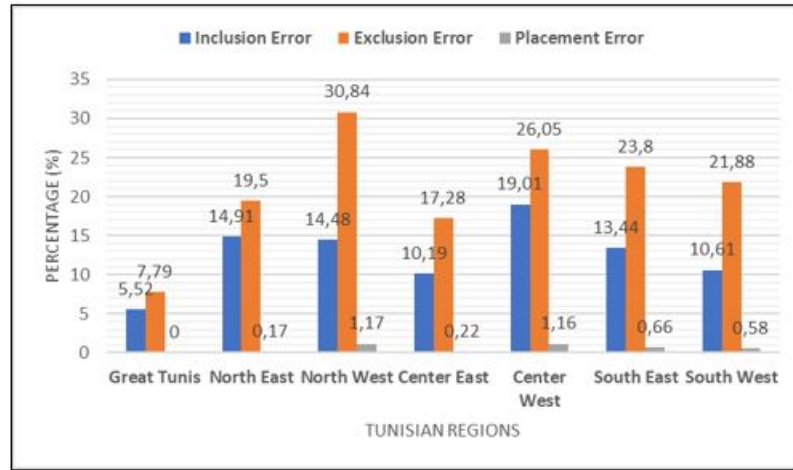


Source: Author's own calculation

households with scores lower than the regional coverage rate are considered as households meeting the PNAFN eligibility criteria, and those with scores between the PNAFN coverage rate and the AMGII coverage rate are considered as households eligible for AMGII. So, unselected households should not benefit from any program given the regional coverage rates used as the eligibility threshold. In each region, we were able to identify three errors for each program. As shown in Figure 2, the proportion of households participating in PNAFN who do not meet the eligibility

criteria but do receive social transfers from the PNAFN is an inclusion error by eligibility, this is estimated by 3.56% in Greater Tunis, and it is about 4.53% in the Northeast. However, this error is estimated at 10% in the North West, 9% in the West Center and 10.65% in the South West. 7.19% is the proportion of households participating in PNAFN in the South East who are not eligible for this program. The lowest proportion is estimated in the East Center (3.08%).

Figure 3: : AMGII Eligibility Errors at Regional Level



Source: Author's own calculation

Figure 2 above also shows the proportion of households that verify the eligibility criteria of PNAFN but do not receive the aid in the North East (4.74%). This proportion presents the exclusion error. The highest errors are estimated in the South West (12.68%) and in the North West (11.34%), and they fall to reach 4.78% in the East Center and 3.34% in the Greater Tunis. The third error is called a placement error in which households receive AMGII while they are normally eligible for the PNAFN. These proportions represent 0.51%, 0.6%, and 0.18% of households living respectively in the North East, North West, and Center East. The high levels are observed in West Center (1.44%), South East (1.27%), and in South West (1.21%).

Regional officials are not aware of this error and explain it by the limited coverage capacity of the program. They consider these proportions as PNAFN waiting lists. This argument may be reasonable if the beneficiaries do not include households that are not eligible for any program; this is not the case in any region.

Moving now to the AMGII Program, the inclusion and exclusion errors in this program are relatively more important compared to the PNAFN program. The inclusion errors by eligibility for AMGII is estimated at 5.52% in Greater Tunis, of which 0.3% of households in this region receive AMGII while they are normally eligible for the PNAFN. This observation is valid also in the other regions with different proportions. The proportions of beneficiaries who do not meet the eligibility criteria but do receive the AMGII benefits represent 14.91%, 14.48%, and 10.19% of households

living respectively in the North East, North West, and Center East. The high level is observed in Center West (19.01%).

The exclusion error reaches 31% in the North West and 26% in Central West. We also observe that there is a proportion of households in all regions of Tunisia except Greater Tunis, which have benefited from this error of exclusion of the AMGII since they have benefited from the PNAFN, which is a program more generous than the AMGII. These proportions present the placement error in the AMGII program, which is relatively small compared to the PNAFN placement error, but it constitutes a leak of PNAFN transfers. These errors mainly due to mistakes in identifying beneficiaries by local commissions since the circular setting of the eligibility criteria state that it is not necessary that all the criteria be met for the family to be eligible, leaving a discretionary margin to the social worker. Corruption, nepotism, political interference and limited systematic entry, and exit mechanisms may also help to explain these targeting errors by eligibility.

## 4 Disagreement between eligibility criteria and a person's poverty status at a regional level

Ravallion (2007) argues that better targeting is not seen as desirable in its own right, but rather as an instrument for reducing poverty. However, the criteria used in the beneficiary selection at the regional level may disagree about a person's poverty status.

In what follows, we calculate the proportion of a program's beneficiaries who meet the eligibility criteria and receive social transfers but who are not poor (inclusion error by poverty) and the proportion of households who do not meet the eligibility criteria and do not receive social transfers but are poor (exclusion error by poverty). The results presented in Table 2 show that the inclusion

Table 2: Targeting Errors by Poverty status at Regional Level in 2011

Regions	PNAFN		AMGII	
	Inclusion Error by Poverty	Exclusion Error by Poverty	Inclusion Error by Poverty	Exclusion Error by Poverty
Great Tunis	0,06%	6,21%	0,21%	6,20%
North East	0,00%	6,45%	2,63%	5,16%
North West	0,00%	16,41%	9,42%	7,91%
Center East	0,00%	4,76%	0,81%	2,67%
Center West	0,32%	23,11%	6,90%	9,78%
South East	0,00%	12,63%	2,97%	7,51%
South West	0,44%	13,61%	2,10%	8,06%

error by poverty for the PNAFN is nil in four regions of Tunisia. This error is estimated at 0.6% in Greater Tunis, and we find that 0.44% of households living in the South West and 0.32% of households living in Central West are households who do not meet the eligibility criteria of PNAFN



and receiving social transfers, but they are not poor.

Regarding the AMGII program, the inclusion error by poverty varies from one region to another, it is smallest in Great Tunis (0.21%) and in the Center East (0.81%), and it reaches its maximum in the North West (9.42%) and a little less in the Center West (6.9%). Also, we found that both social programs suffer from poverty exclusion errors. Officially identified poor households that are excluded from the PNAFN program and do not meet the eligibility criteria represent 23.11%, 16.41% and 13.61% respectively in the Center West, North West, and South West. In addition, we estimated that 9.78% of households living in the Center West are poor households that do not meet the AMGII eligibility criteria and therefore have not benefited from the program. 8.06%, 7.91%, and 2.67% are proportions that represent households living respectively in the South West, North West, and Center East regions, who are not eligible and do not benefit from the AMGII despite being officially identified as poor. These two errors are explained by the divergence between the identification of beneficiaries at the local level, which is carried out using a number of household characteristics as proxies or indicators of poverty, and the official identification of what defines the poor at the central level. Such disagreement will confound estimates of a program's poverty reduction effects.

## 5 Conclusion and Policy Recommendations

In this policy brief, we have assessed the social safety nets currently implemented in Tunisia in terms of their specific eligibility criteria and whether the social transfers are reaching the poor or not at the regional level.

The results obtained show that the targeting performance differs from one region to another, with some recording gains while others did not. There is clear evidence that, for both social programs, the official eligibility criteria are not always respected in the beneficiary selection. Using eligibility criteria, the highest inclusion errors in the PNAFN are estimated in the western regions of Tunisia, particularly, in the North West and Center West. The lowest proportion of households participating in this program, and who are not eligible for the PNAFN, is registered in the Center East. For AMGII, we have observed that there is a proportion of households benefiting from this program whereas it is normally eligible for the PNAFN. There is an urgent need to add this category of households to PNAFN beneficiaries whose places are occupied by other households that should be benefiting from AMGII or which should be excluded from both programs.

For AMGII, we observed that there is a proportion of households, in all regions of Tunisia except Greater Tunis, who have benefited from this error of exclusion of the AMGII since they have benefited from the PNAFN, which is a program more generous than the AMGII. Furthermore, we found no evidence that the non-poor are included in the cash transfers program in the four

regions. However, many poor households are still excluded from social programs coverage in all regions. An important implication that arises from this analysis is the decomposition of targeting indicators that allows the public decision-maker to understand the sources of the errors generated by the social programs at the regional level.

To improve the targeting effectiveness of these programs, it would be useful to link the information collected by social workers at the regional level to a central administrative system which will reduce errors due to the subjective evaluations of the local commissions in the selection of beneficiaries and on the basis of which the regional quotas will be allocated. So, it is time for Tunisia to rethink the official measure of poverty and introduce other non-monetary dimensions often used by social workers to identify households who are multidimensionally poor (Nasri and Belhadj, 2018).

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