Key Considerations in Addressing Fragmentation

Brazil, Egypt, Indonesia, Mexico and São Tomé E Príncipe
Country Examples

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I. Characterization of Fragmentation in SSNs

**Vertical**
- Different levels of government implementing independent programs.
- More common in countries with federal/decentralized systems where there is autonomy at the subnational level.

**Horizontal**
- Same level of government operating independently.
- Many different entities at the national level with different programs/actions.

Fragmentation is a common problem, it affects big countries and small countries alike but it takes different characteristics.
II. Country Graph

++ more improved VERTICAL coordination/integration

++ more improved HORIZONTAL coordination/integration

São Tome E Príncipe

Less improved HORIZONTAL coordination/integration

Egypt 2010

Less improved VERTICAL coordination/integration

Brazil

Indonesia

Mexico

Brazil 2002
Where is your country in terms of fragmentation?

1. **Vertical and horizontal coordination**

2. Horizontally coordinated and vertically fragmented

3. **Vertical and horizontal fragmentation**

4. Horizontally fragmented and vertically coordinated
III. Costs of Fragmentation in SSNs

Supply side (Government)
- Higher administrative costs
- Loss of economies of scale
- Duplication of efforts
- Leakages and inclusion/exclusion errors
- Lower impact of SSNs
- Increase of fraud and corruption (political/clientelistic use)

Demand side (Beneficiaries)
- Confusion
- Contradicting incentives
- Higher transaction costs
- Intermediation costs/benefits for some
- Decrease of trustworthiness towards government
IV. COUNTRY EXAMPLES:
Brazil, Egypt, Indonesia, Mexico, São Tomé E Príncipe
Brazil

- **Population**: 203 million
- **Poverty**: 9% (2012)
- **Extreme poverty**: 3.6% (2012)
- **Political organization**: 27 states and 5570 municipalities
- **Fragmentation**: Problems still exist in some areas
- **Strategies**:
  - Unique System of Social Assistance (SUAS)
  - Financial incentives
  - Single Registry
  - Terms of Agreement signed with all subnational governments
  - Special Secretariat to coordinate programs in the federal level.
Egypt

- **Population:** 84 million (2013)
- **Poverty:** 25.13% (2013)
- **Political organization:** 27 “governments” (state-level), 450 districts
- **Fragmentation:**
  - A number of Ministries and bodies implementing different programs
  - Some of them are very outdated and irresponsible programs
  - Most of them with universal coverage (public transportation – food subsidies – Gas subsidies) and the rich are benefiting more.
  - Very low attention given to issues of targeting (leakage, inclusion, exclusion problems)
- **Strategies:** (starting 2011/2012)
  - Introducing Subsidy reform, new and well targeted UCT & CCT
  - Expanding the use of better technology (smart cards,....)
  - Institutionalization of PW to be a permanent program rather than an emergency and temporary one
Egypt-A Closer Look

- **Vision:** no current national strategy for SSN/SP that sets the roadmap
- **Regulations:** many disturbing, and often conflicting, laws and regulations with little or no connection among them
- **Organisation and Service Delivery:** a huge number of stakeholders, social programs and service providers (Gov, NGO, etc) with no horizontal or vertical consolidation
- **Financing:** numerous financing sources (MOF, local level, NGOs, FBOs)
- **Payment Mechanisms:** (cash, smart cards, in-kind with a high admin cost)
- **Databases:** mostly outdated, paper-based, and isolated
- **Targeting:** mostly universal (in-kind), or with significant inclusion and exclusion errors
Indonesia

- **Population:** 238 million (2010 census)
- **Poverty:** 11.3% (nat pov line US$ 25.23) (2014).
- **Political organization:** 34 provinces; 502 districts/municipalities
- **Fragmentation:**
  - Horizontal: social spending at the central level is roughly 12 ministries, 22 programs, and 87 activities.
  - Vertical: budget autonomy at the sub-national level
- **Strategies:**
  - Poverty reduction team under the Vice President’s office (TNP2K w/Presidential Decree in 2010)
  - Unified Database (using 2011 social protection survey)
  - Proposed: stronger coordination role by local planning agency at the districts/municipalities level
Mexico

- **Population:** 112 million (2010 Census)
- **Poverty:** 45.5% (multidimensional) (CONEVAL, 2012)
- **Extreme Poverty:** 9.8% (multidimensional) (CONEVAL, 2012)
- **Political organization:** 31 states and 1 Federal District (DF) and 2461 municipalities.
- **Fragmentation:**
  - Horizontal → Mexico has 5,027 federal social programs/schemes operating at the different levels (CONEVAL, 2013).
  - Vertical → 3,127 social programs (278 federal and 2,849 state-level)
- **Strategies:** General Law for Social Development (2007) set the stage for more alignment, new coordination mechanisms and tools are being developed:
  - Fiscal Coordination Law for Social Infrastructure (FAIS)
  - Integrated Social Information System (SIS)
São Tomé e Príncipe

- **Population** (2012 census): 178,739
- **Poverty**: 66.2% (2012)
- **Extreme poverty**: 11.5%
- **Political organization**: 6 & 1 autonomous region
- **Fragmentation**:
  ✦ There is one program and several other isolated actions (including executed directly by partners)
- **Strategies**:
  ✅ In 2013, the Government defined and approved the Political and National Social Protection Strategy, supported by UNICEF.
  ✅ Currently: redefining the programs and creating tools, with World Bank support for its implementation.
Addressing fragmentation is a means to an end: improved synergy, better results, more impact. It can be done through coordination and/or integration.

**STARTPOINT** ➔ Why do you want to coordinate and/or integrate?

**OTHER CONSIDERATIONS...**

- SP strategy or roadmap
- Political decision/will
- Legal framework
- Evaluations, evidence-based policy making
- Generate administrative capacity at each level or sector
VI. Tools (that can be used) to Address Fragmentation

- Common Registry to identify potential beneficiaries
- Financial Incentives
- Specific high-level entity with enforcement power
- Monitoring and Evaluating System for transparency and accountability.
- Clear definition of roles and responsibilities within the legal framework

THIS IS NOT A DEFINITIVE LIST
Thank you.
Questions, comments?