

Lebanese Republic
Ministry of Social Affairs

National Poverty Targeting Program

NPTP

July 25, 2013

ESOISP II - INTRODUCTION

The Second Emergency Social Protection Implementation Support Project (ESPISP II) was designed to provide implementation support and capacity building to the National Social Security Fund (NSSF), MOL, the Ministry of Public Health (MOPH), MOSA, MEHE, and PCM, in order to maintain progress and continuity of social sector reforms started under the Paris III program.

It is building on the achievements of the first ESPISP, and the Education Development Project (EDP), both of which have been implemented and already closed.

The ESPISP II grant which is financed using the US\$ 6 million accrued interest income from the \$70 million Trust Fund for Lebanon that was pledged by the World Bank in September 2006 to support:

- The implementation of the national roll-out of a new targeting mechanism for social safety nets, the National Poverty Targeting Program (NPTP), which will enable the Government of Lebanon (GOL) to **better target its safety nets**, including subsidies, to the poor and vulnerable thereby improving the efficiency, effectiveness and poverty impact of those subsidies;
- The grant is part of the broader program of reforms presented to the international community by the GOL at Paris III on January 25, 2007 including a Social Action Plan (SAP) as an integral part of its fiscal and economic reform program and which builds on the Government's efforts to launch a reform program even prior to the July 2006 hostilities. The social reform program is comprehensive, ranging from expanding the coverage of the social insurance system (pensions and health insurance) to the population outside the formal sector through reforms in the NSSF, to strengthening the poverty focus of the social safety net programs and public health services, and improving the quality of public education. Its objective is to help the poor and vulnerable cope with social and economic difficulties and strengthen the ability of the middle-class segments

of the population to better manage negative shocks, while at the same time ensuring an improvement in health and education related indicators. An equally important objective of the social sector reforms is to build “citizenship” among the Lebanese people. By providing non-confessional based services (either through reformed and expanded social insurance schemes, or through targeted safety net interventions using an objective mechanisms), and providing them directly to the citizens, the GOL can advance towards the goal of creating unity among the diverse Lebanese confessional and political groups.

- The grant is operating under emergency procedures, as stipulated in the TFL. The Government is responsible for the execution of the proposed project.
- The Canadian CIDA (2 Million Canadian Dollars equivalent of 1.5 Million US Dollars and
- The Italian Ministry of Foreign Affairs is providing additional needed financing of 500,000 Euro equivalent of 650,000 US Dollars (Rate 1 euro = 1.3 US \$) for the proposed project, specifically to support the national roll-out of the NPTP.

PROJECT SUMMARY

The project consists of four components:

1. Modernization of the Social Insurance System
2. Rationalizing Public Sector Health Expenditures
- 3. National Poverty Targeting Program for Social Safety Nets**
4. Education Sector Performance and Quality Enhancement

Overview

The Government of Lebanon (GOL) has received a grant from the World Bank, CIDA and IMFA to finance the Emergency Social Protection Implementation Support Project (ESPISPII). The overall objective of the project is to accelerate and improve the quality of the implementation of the package of social sector reforms presented by Lebanon at the Paris III donor conference in the areas of social insurance, safety nets, and health expenditures. The establishment of the National Poverty Targeting Program (NPTP) to be used by GOL in the delivery of social assistance and social services, aimed at improving living standards of the population, and in particular of the poor and vulnerable. Through the social sector component, a national roll-out of the NPTP has been implemented based on lessons learned from NPTP pilot phase (2008-2009); fully automated program and live national database of the needy population were established. The national database enables objective assessment of the households' welfare and their ranking and the Government is using it to target its safety nets and other interventions aimed at supporting the needy households.

This Project was implemented through four sub-components:

- (i) The establishment of the national database of poor and vulnerable population;
- (ii) Preparation and implementation of public information campaign;
- (iii) Capacity building for monitoring and evidence based policy making; and
- (iv) Technical support for management of the implementation of the NPTP national roll-out.

Focusing limited intervention resources (28.2 million US\$ for year 2012-2013) on the most needy is expected to improve efficiency and effectiveness of government programs and thus increase their poverty reduction and social inclusion impact. The last statistical report shows that eight percent of the Lebanese citizens are living below the Low Poverty Line (LPL) where 28 % are living below the High Poverty Line (HPL). Implementation of targeting will result in a national database of poor and vulnerable households in Lebanon, which will serve as a key source of information for targeting of various government transfers to Lebanese citizens in need (for instance a protocol of cooperation was signed between MOSA and other ministries and government service providers).

NPTP Implementation

The NPTP was launched on November 17, 2011 at 98 Social Development Centers (SDC), where applying for services requests a set of norms and procedures defined at NPTP central level and operated at the Regional SDC to gather the necessary information to calculate the welfare index of HHs and subsequently defines beneficiaries.

A Proxy Means Testing method (PMT) method defines a metric (PMT formula) to rank households by their welfare based on a fairly easy-to-observe set of measurable characteristics reported by households and observe by Social inspectors (health and education, quality of household's dwelling, ownership of durable goods, demographic structure, occupations of adult members, ...). The information provided by the applicant is usually partially verified either by Social Inspector (an official collector of information on a visit to the residence) or by having the applicant brings written verification of some of the information to the program office and later by validation the provided data against other governmental databases).

Accordingly, households are ranked from the poorest to the least poor based on a total household score. Eligibility is determined by comparing the household's score against a predetermined cut-off or Lower poverty line (LPL) and Higher Poverty Line (HPL).

Once the ranking is established, the database can be used to target different types of social assistance to the neediest and most venerable households. Under this methodology both household welfare and the PMT formula are periodically re-assessed (Basically every two years). The PMT method introduces transparency and objectivity into the eligibility testing and assistance award process.

The **expected outputs** of the NPTP Targeting Program for Social Safety Nets using the PMT are the following:

- A credible, accurate and automated live database on Poor and Vulnerable Population, enabling an objective assessment of the households' welfare and their ranking established and fully operational, enabling the government to use it to target its social safety net programs aimed at improving living standards of the population.
- Regular monitoring surveys of the effectiveness of the targeting mechanism will be conducted, including revision of the PMT method to ensure its efficient and effective performance.
- Administrative structure and capacity to manage the generated database and regularly update the targeting method in place.

The NPTP has several features worth noting:

- *The team:* The government appointed a team of national experts to develop a targeting mechanism, examining wide experiences in social and IT.
- *Targeting method:* A "proxy means test" (complementing data on income with information of possession of durables, quality of the

dwelling, education level of the household, and so on) was selected because of the high informality of the Lebanese economy. It combines both objective (measurable) variables and subjective assessment of the household situation by social workers.

- *Administrative arrangements:* The application process has two stages.
 - 1) First, households register at regional Social Development Center (SDC) and give their consent to further collection of information. (Application Form)
 - 2) In the second phase, a Social Inspector(s) visits the household to collect the additional information (socio economics) using scanning technology of Optical Marking Recognition (OMR) form (Questionnaire). The data are scanned in the database and locked for changes. Further processing is done centrally, including information verification and cross-checks, as well the assignment of the proxy score. The entire process is currently being automated to assure objectivity.
- *Informing households:* Each “scored” household beneficiary is issued a beneficiary card includes the application number, name, validity and score, allowing households to benefit from the provided services.
- *Program flexibility:* The program is open-ended, a new extension was granted till the end of 2013 and a preliminary agreement on NPTP II (2014 – 2019). Households can apply at any time. This poses a challenge for forecasting the required resources and calls for budgetary flexibility.

Central Administrative Statistics CAS – Baseline survey

The Multipurpose survey was conducted by CAS and completed by Interviewers, Fieldwork supervisors and the Data entry operators. Results have been delivered April 2013, new indicators and weights will be added and a new application form and Questionnaire form will be generated accordingly.

Preparation phase (2010 – OCT. 2011)

Two Headquarters were furnished and equipped with office furniture's and IT supplies (Datacenter) one at the Ministry and another one at the PCM.

98 Social development centers were equipped with PCs, server, communication devices, LAN , UPSs and all in one Printer.

Each SDC was supplied with Gas Heater, and electrical Fan / Heater.

Social workers 375 were hired trained and deployed to the 98 SDCs.

Core team of administrative with different specializations' was hired to support the management, social, IT and capacity building.

National phase (OCT-2011 till present):

The project was launched on the October 17th, 2011 with the patronage of the President of the Republic General Michel Suleiman, the speaker of the House, the Prime Minister and the Minister of Social Affairs.

In this phase 99 Social Development Centers (SDC) of Ministry of Social Affairs were selected out of 220 SDCs and covered all the Lebanese territory. For this phase, all objectives were accomplished:

- Contracted Social workers and Inspectors
- Building capacity among the Social workers (370 social workers and social inspectors)

1) Building capacity was addressed in two types of Training:

- Technical training: Business process including data collection methods such as : how to fill the data collection forms (application and questionnaire)
 - Communication training: Approach and social communication skills
- 2) Provision and installation of office equipment for 98 centers
 - 3) Developing an Information Management System
 - 4) Installation of IT equipment: 3 computers, one server and one (four in one) printer/ scanner /photocopier / Fax machine in each SDC
 - 5) Installation of network equipment (Wide Area Network) and (Local Area Network)
 - 6) Implementation of a National Public Campaign (TV, radio, billboards, production song poverty program).
 - 7) Collect the data using the application and the Questionnaire forms from HHs
 - 8) Establish a national database of poor households in Lebanon
 - 9) The formula used for PMT was updated to fulfill the needs to alter indicators coefficients to match with the local environment.
 - 10) Data frequently sent to concerned Ministries (Education, Health, Interior and Social Affairs) for national cross-checking.
 - 11) A well-structured system for exchange of data was established, However exchanging data using Ogero (Official ISP) remained unfinished; Due to absence of government communication infrastructure in some rural Areas
 - 12) Preparation of the NPTP II : (Project Document Appraisal Done), Budgeting (done) ,

NPTP Program Achievements as of Today

1 – A total of 80000 Lebanese families (HHs) (336000 individuals) applied for the program.

- 2 – The social inspectors achieved 70000 field visits so far.
- 3 – All data applications were entered and questionnaires were scanned and hosted into the central NPTP Database
- 4 – First Round: A total of 49117 HH applications (about 235,761 thousand Lebanese citizens) checked and for validated against other existing ministries databases.
- 5 – A total number 22887 HHs (110000 individuals out of 336,000 citizens) were ranked as beneficiaries till present.
- 6 - A 15 % of the selected HHs was randomly selected for double checking; a team of Social assistants from MOSA conducted 2nd observation for the selected HHs
- 7 - Second Round: Ranking and scoring of 20000 HHs is undergoing

Note:

The operational 98 NPTP sites continue to support the poverty targeting process, NPTP SDCs still receiving applications and conducting HHs residences visits of poor families on daily basis.

Syrian crisis

NPTP is moving toward measuring the impacts of the Syrian refugees' presences on poor Lebanese families especially in the poor areas. Well this activity has been started two weeks ago to look:

- At the projections of the displaced in light of the geographic distribution of poverty
- Look at how to assess vulnerability with a starting point in looking to what we use in NPTP among other methods.

NPTP policy is very open to join other programs works of the local and international agencies. Besides the whole drive to work with host

communities is to mainstream emergency activities to go in line with what we have within our regular programs namely NPTP and others.

We can share NPTP experience in how to target Syrian refugees which we understand is an important direction now, for example: Thru the PMT methodology which we have used in NPTP, We would like therefore to suggest a meeting between all concerned parties - including WFP and UNHCR - to brainstorm how the NPTP process can be utilized for profiling/targeting Syrian refugee aid. NPTP believes there is great potential there to use same system and huge advantages if we do this especially for consistency among Lebanese poor and Syrian poor.

NPTP main Considerations

- Principles of targeting and its importance in reaching specific section of the population,
- Proxy means concept and how to be updated frequently into practical tools
- Regression analysis of the various weighted factors of relevance to the Household.
- The calculation of family score
- The use of information technology in administering the system
- Minimizing the high exclusion error rate
- Effective methods to reduce errors, fraud and corruption and
- Design of a structured planned monitoring and evaluation mechanism.

NPTP Structure

1. The NPTP program has been officially established as an “Emanating Project” by Ministerial decree which legislates the NPTP as an official unit within the Ministry of Social Affairs;
2. 98 Social Development Centers across the country from where the program was implemented have been furnished and equipped;

3. The Basket of Benefits (social assistance) that will be distributed via the NPTP has been set as: Medical Insurance, Medicine for Chronic Diseases, Registration fees and books for public schools, and government fees off on Electricity bill.
4. The suggested basket of subsidies has been forwarded to the Council of Ministers for approval and based on which an advance of 28.2 Million USD were allocated to MOSA towards financing the provision of the subsidies in question;
5. Work is done on developing protocols for the delivery of the basket of subsidies by the concerned ministries:
 - Ministry of Public Health - Signed by 8, January 2013, status: Operational
 - Ministry of Education and Higher Education - Signed by September 2013, Status : Operational
 - Ministry of Energy and Water – Not signed Yet, Status: under negotiation
 - Ministry of Social Affairs (Food Basket) – Approved By MOSA – delivered to 2933 Households of unemployed elderly beneficiaries

Sources of funding

The World Bank funded the pilot phase of an amount of 0.2 million US dollars and a part of the Italian donation was used also to finance this national phase (0.1 million euro)

NPTP National phase was financed from 4 different sources:

Operational cost

- | | |
|-----------------------|---------------------------|
| - The World Bank | 1.25 million US Dollars |
| - Canadian government | 2 million Canadian Dollar |
| - Italian government | 0.5 million Euro |

- Lebanese government 5.49 million US Dollars

NPTP Operational cost is less than 10% of total cost.

Interventions (Beneficiaries)

- Interventions: Allocated 28,200,000 US Dollars for 2012-2013
(amount is allocated for interventions only)
- All NPTP interventions are supported services supported by MOSA and other ministries.

Types of Government Subsidies:

The following three types of social safety nets and subsidies exist : (i) social services to specific categories of vulnerable groups provided by welfare institutions and NGOs- financed by the Ministry of Social Affairs; (ii) price subsidies for diesel, bread, domestic production of tobacco, and subsidies to the electric supply company (*Electricité du Liban*, EDL) – financed by the Ministry of Finance, Ministry of Economy and Trade, and Ministry of Energy; and (iii) fee waivers for hospitalization in public and private hospitals – financed by the Ministry of Public Health. The first type of social safety net consists of programs targeted to certain categories of the population (disabled persons, juvenile delinquents, school dropouts, orphans, etc.) and represents around 90 percent of MOSA's budget.

Types of NPTP interventions:

The NPTP is based on a proxy-means testing (PMT) targeting mechanism and has been allocated US\$28.2 million by the Council of Ministers for 2012. The program currently offers access to the following benefits: (i) payment of the beneficiary portion of health bills in public and private hospitals; (ii) coverage of chronic disease prescription medications through the MOPH centers; (iii) registration fee waivers and free books for students in primary and secondary public schools; and (iv) discounts on the electricity bills submitted to the EDL and food basket for unemployed elderly people with small HH sizes.