

In Kind Transfers (with some references to food)

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CIDE

**2013 World Bank Conference on Equity
Commitment to Equity in Fiscal Policy**

Some General Issues

- Traditional BIA focuses on *least* relevant redistributive aspects of IK transfers
 - Effect on income distribution (indirect & short run): freeing up income for other uses
 - Financial resources: public spending
 - Coverage, access, use of services
 - But still very useful...what governments are trying to do, revealed social preferences, constraints; net benefits
- What would be more relevant?
 - *effective access*, quality: progressivity of health and education IK transfers may be grossly overestimated
 - Impact on non-income dimensions, intrinsically valued
 - Long term (life-cycle) impact on income distribution through HK

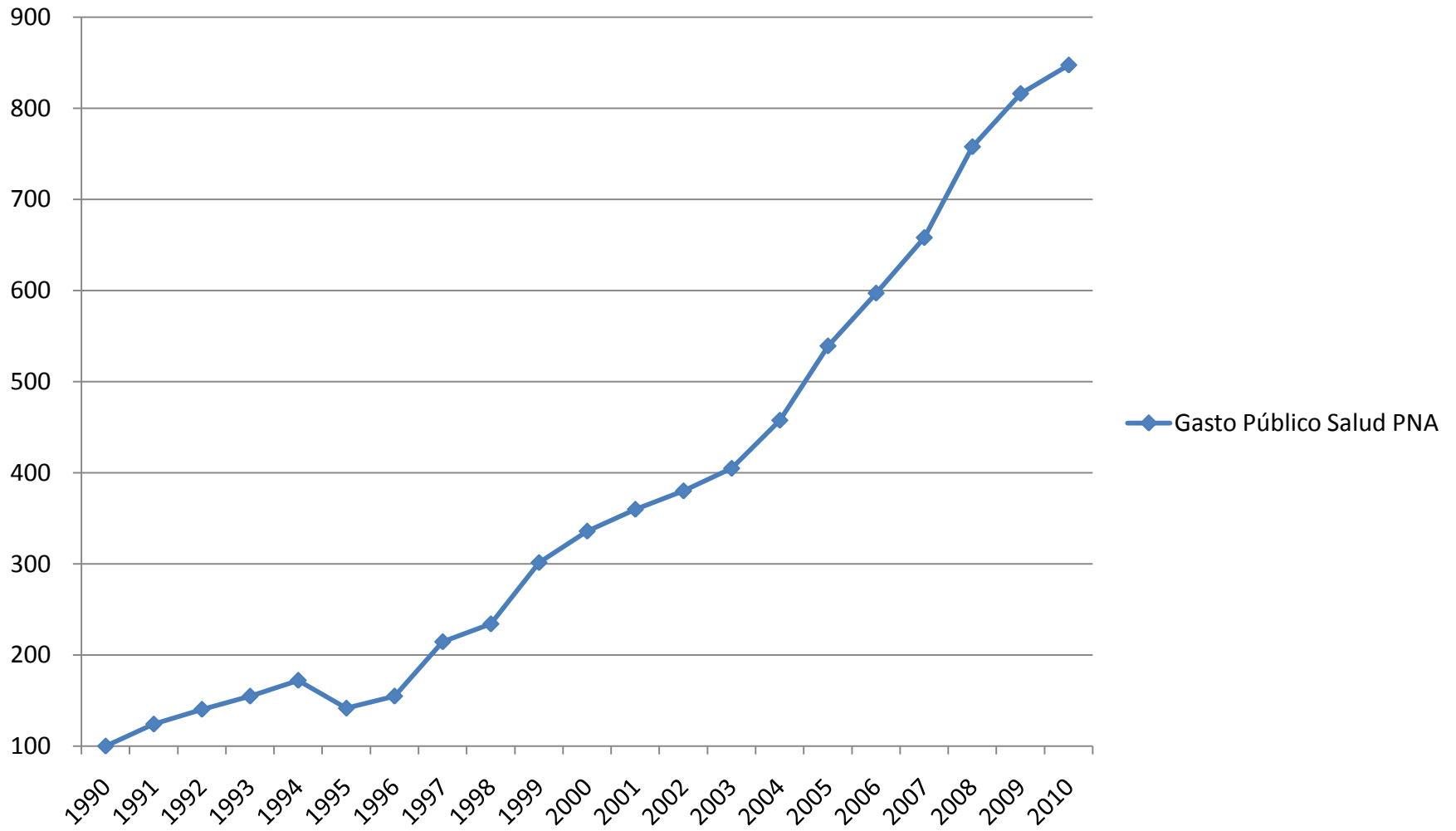
Effective access, Quality

Cuadro 1. Indicadores de calidad de los servicios salud por quintiles de hogares (ordenados por consumo): 2002

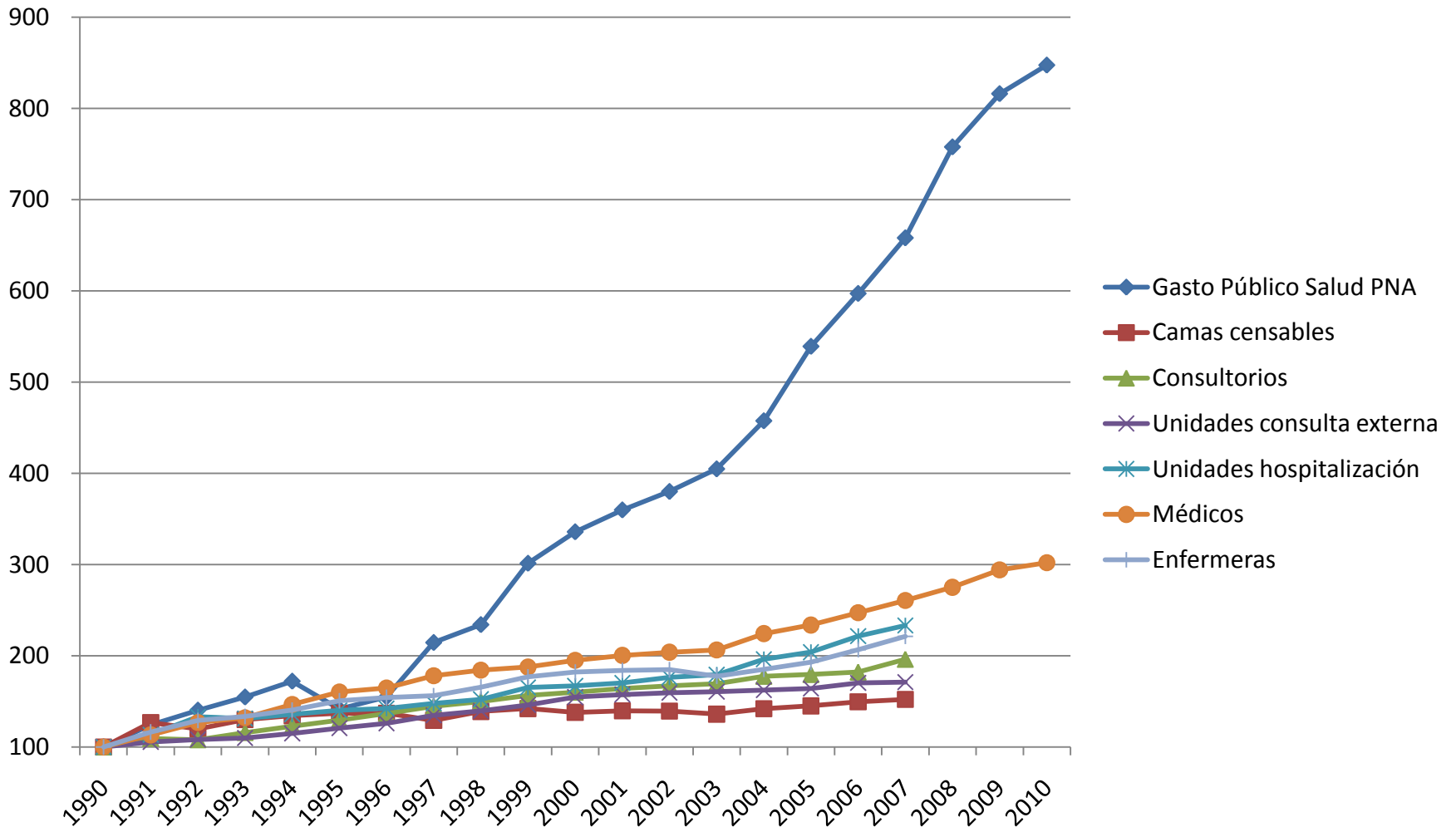
	Quintil 1	Quintil 2	Quintil 3	Quintil 4	Quintil 5
Institución proveedora (%)					
SSA	43	41	37	27	22
IMSS/ISSSTE	44	42	48	52	50
Privada	6	4	5	9	13
Características de clínicas (%)					
Con Laboratorio	29	46	57	61	69
Clínica participa en Oportunidades	63	47	38	27	25
Realizan ultrasonidos	24	37	43	52	61
Realizan Rayos X	30	45	58	62	70
Salario mensual director (pesos)	9,321	12,138	14,464	15,684	18,149
Falto material/ equipo ult. Semana	27	22	16	14	13

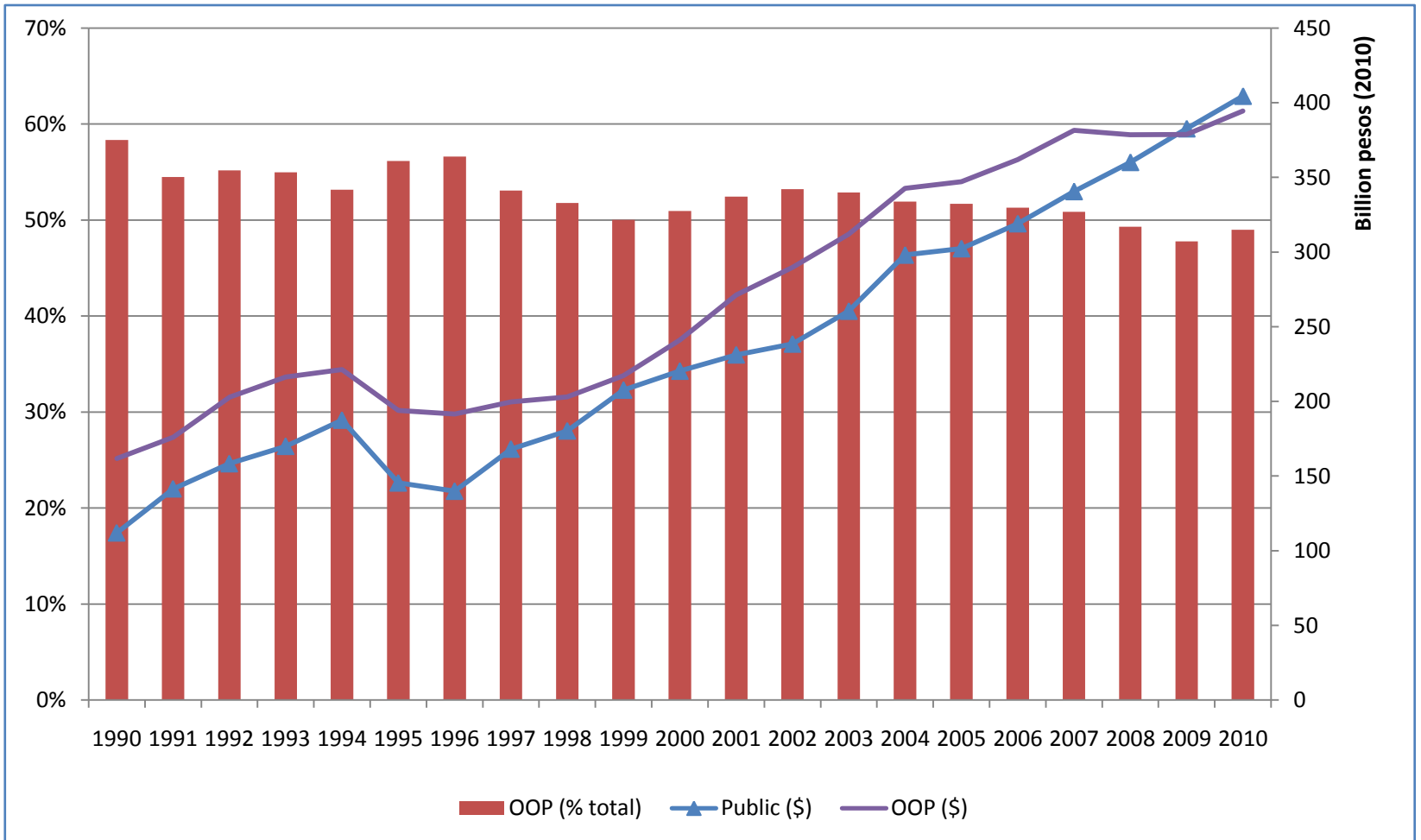
Fuente: Susan Parker 2008, a partir de ENNVIH-1.

Benefits proportional to spending?

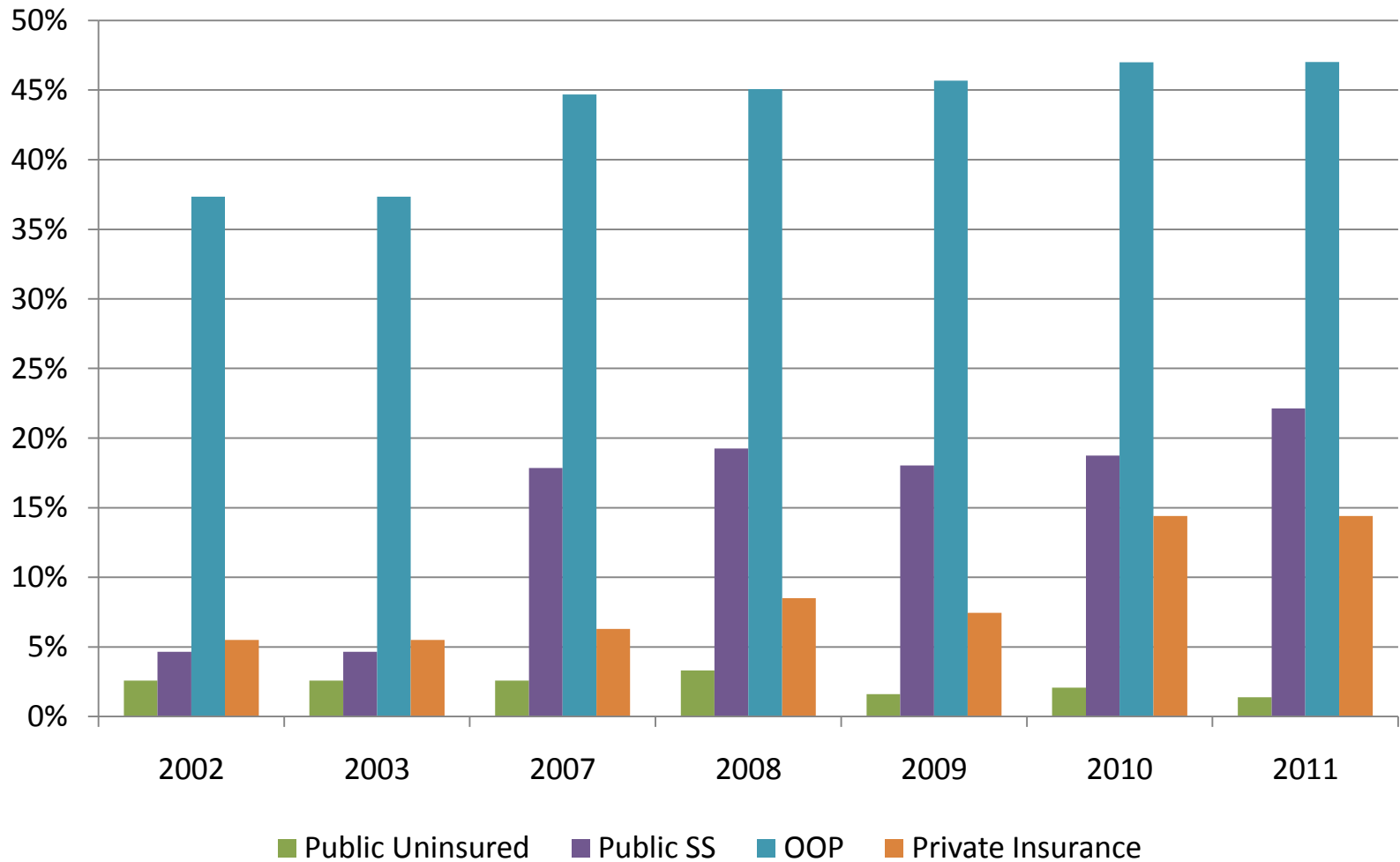


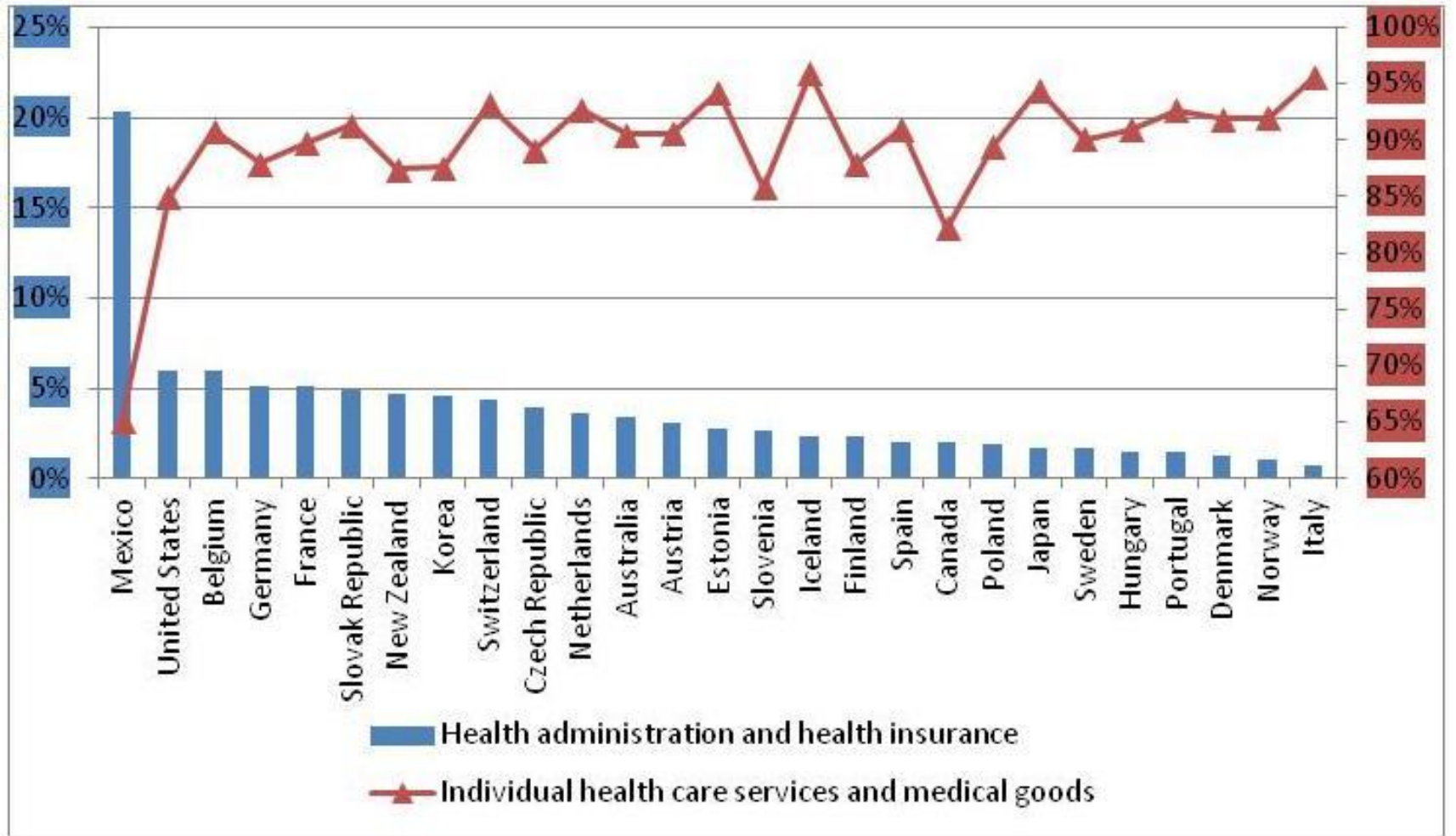
Benefits proportional to spending?





Goods vs services vs. administration: proportion of health spending on medicines to ambulatory care





Redistributive objectives of IK transfers: What is “fair” distribution?

- Progressivity in *non-income* as well as income dimensions
- Inequality/poverty of opportunities, access to specific goods
 - Concentration curve of multidimensional poverty
 - Benefits received *proportional to need*
- Financial protection: catastrophic, impoverishing expenditures

Food transfers

- Valuation of benefits not as challenging as in services: closer to cash transfers...
- But *cash vs. in kind* important for indirect, GE effects
 - Cash transfers can increase local food (and other) prices, and may have multiplier effects by boosting local demand
 - IK food transfers may reduce local prices, increasing benefits to consumers, but harming local producers

Food transfers

- These effects can be important in remote rural communities: Mexico's PAL program experiments (Cunha & De Giorgi 2013)
 - IK transfers reduced price of transferred goods by 8% relative to cash transfers, benefit to consumers = + 40% of direct transfer
 - cash transfers lead to a 4 percent increase in overall food prices; 8 percent increase in aggregate village income, on average.

Food transfers

- Measuring objective important practical issue
 - Access to Food, self-perceived: food security scales (ELASA, Multidimensional poverty, Coneval)
 - Malnutrition in children: low height/age, low weight/height
 - Extreme absolute PL
 - Dietary diversity

Derek Headey & Olivier Ecker , Improving the Measurement of Food Security , IFPRI DP 012251
November 2012

Table 6.1—Usefulness of food and nutrition indicators in gauging the impacts of shocks: A score sheet

USEFULNESS OF INDICATORS: “LIMITED” = 0 points; “POTENTIALLY” = 1 point; “USEFUL” = 2 points				
Criterion	Calorie availability	Poverty	Dietary diversity	Subjective/experiential
Cross-section				
Across countries	POTENTIALLY Usefulness limited by concerns over accuracy of FAO methods	USEFUL	POTENTIALLY Further research on cross-country comparisons required	LIMITED Constrained by response biases and lack of common reference frame
Within countries	USEFUL	USEFUL	USEFUL	LIMITED Constrained by response biases and lack of common reference frame
Intertemporal				
Gauges welfare trends?	POTENTIALLY Limited by changing calorie requirements and low calorie demand elasticities	USEFUL	USEFUL Further research on cross-country comparisons required	LIMITED Constrained by response biases and lack of common reference frame
Gauges impacts of shocks?	LIMITED Not collected frequently; limited to simulation analysis	LIMITED Not collected frequently; limited to simulation analysis	POTENTIALLY Cheap to collect, so can be measured at high frequency	POTENTIALLY Cheap to collect, so can be measured at high frequency; can ask retrospective questions
Gauges seasonality?	LIMITED	LIMITED	POTENTIALLY Cheap to collect, so can be measured at high frequency	POTENTIALLY Cheap to collect, so can be measured at high frequency; can ask retrospective questions
Nutrition				
Measured at the individual level?	LIMITED Lack of individual data	LIMITED Lack of individual data	USEFUL Can be asked of individuals as well as households	USEFUL Can be asked of individuals as well as households
Micro- and macronutrients?	POTENTIALLY Macronutrients only	POTENTIALLY Micronutrient needs not yet specifically incorporated	USEFUL Can be asked of individuals as well as households	POTENTIALLY Can ask about quality of diet, but lack of common reference frame
Total score (14)	5/14 (36%)	7/14 (50%)	First: 11/14 (80%)	5/14 (36%)

Source: Authors' own construction.

Cuadro 4-6
Modelo de regresión logística para baja talla en niños de dos a cuatro años de edad

Variables de ajuste	p	OR	IC _{95%}
Inseguridad alimentaria severa	0.047	1.32	(1.00 , 1.75)
Quintil bajo de condiciones de bienestar	0.000	2.00	(1.58 , 2.54)
Área rural	0.003	1.32	(1.09 , 1.59)
Hablar alguna lengua indígena	0.000	2.86	(2.21 , 3.68)

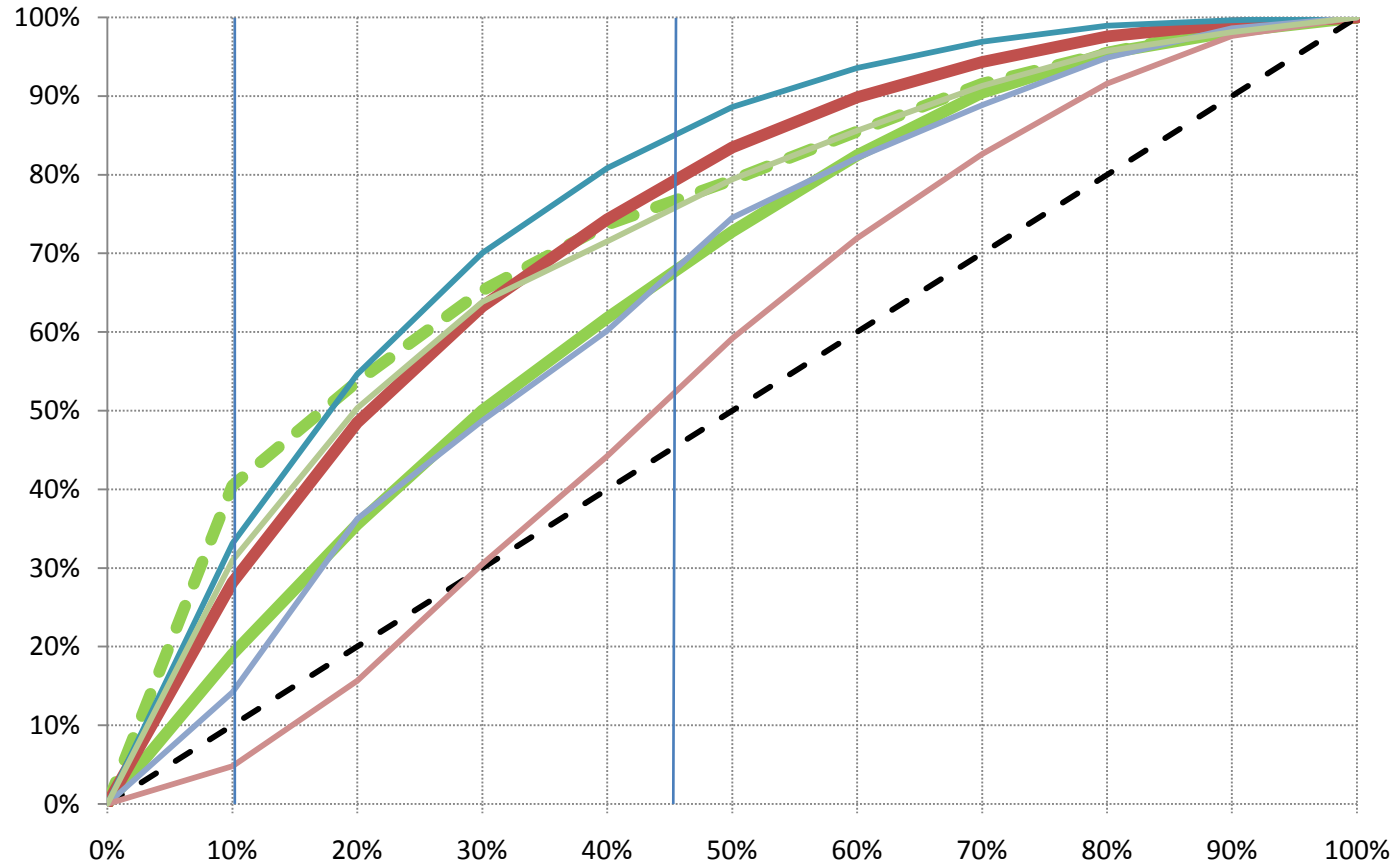
Fuente: INSP, Encuesta Nacional de Salud y Nutrición, 2012.

Panorama de la seguridad alimentaria y nutricional en México, Informe País, FAO, 2013.

Reditributive objectives of IK transfers: What is “fair” distribution?

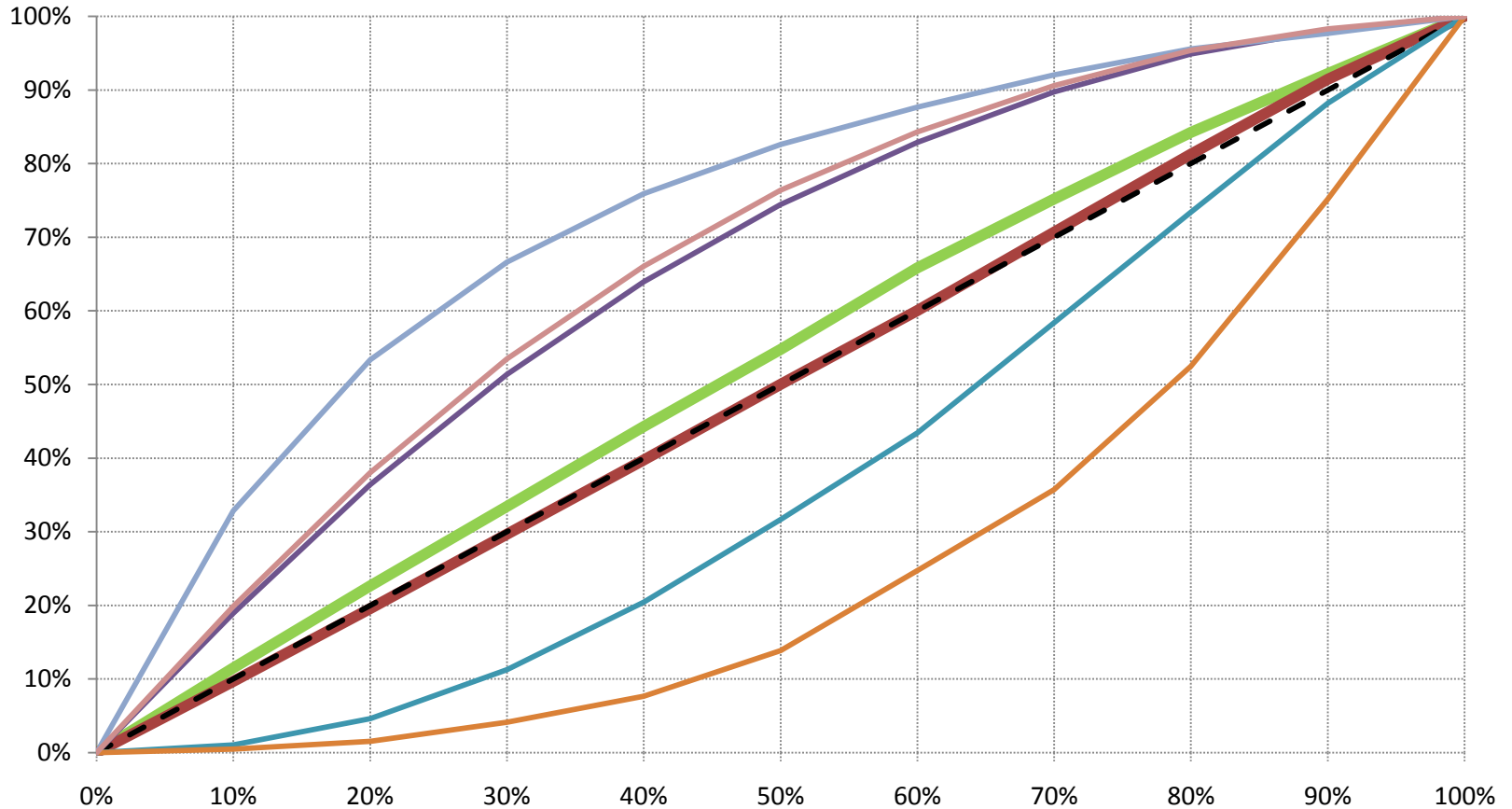
- Concentration curves of non-income poverty dimensions
- Equality of opportunities
- Benefits received *proportional to need*
- Costs of reaching poorer communities: public spending may need to be more than proportional

Food transfers



- Desnutrición (baja talla/edad preescolares)
- Total Food Programs
- PAL
- Diconsa
- Rezago Acceso Alimentos (EMSA)
- Oportunidades
- Liconsa

Health



Rezago Acceso a Salud

Total Public Spending

SSA

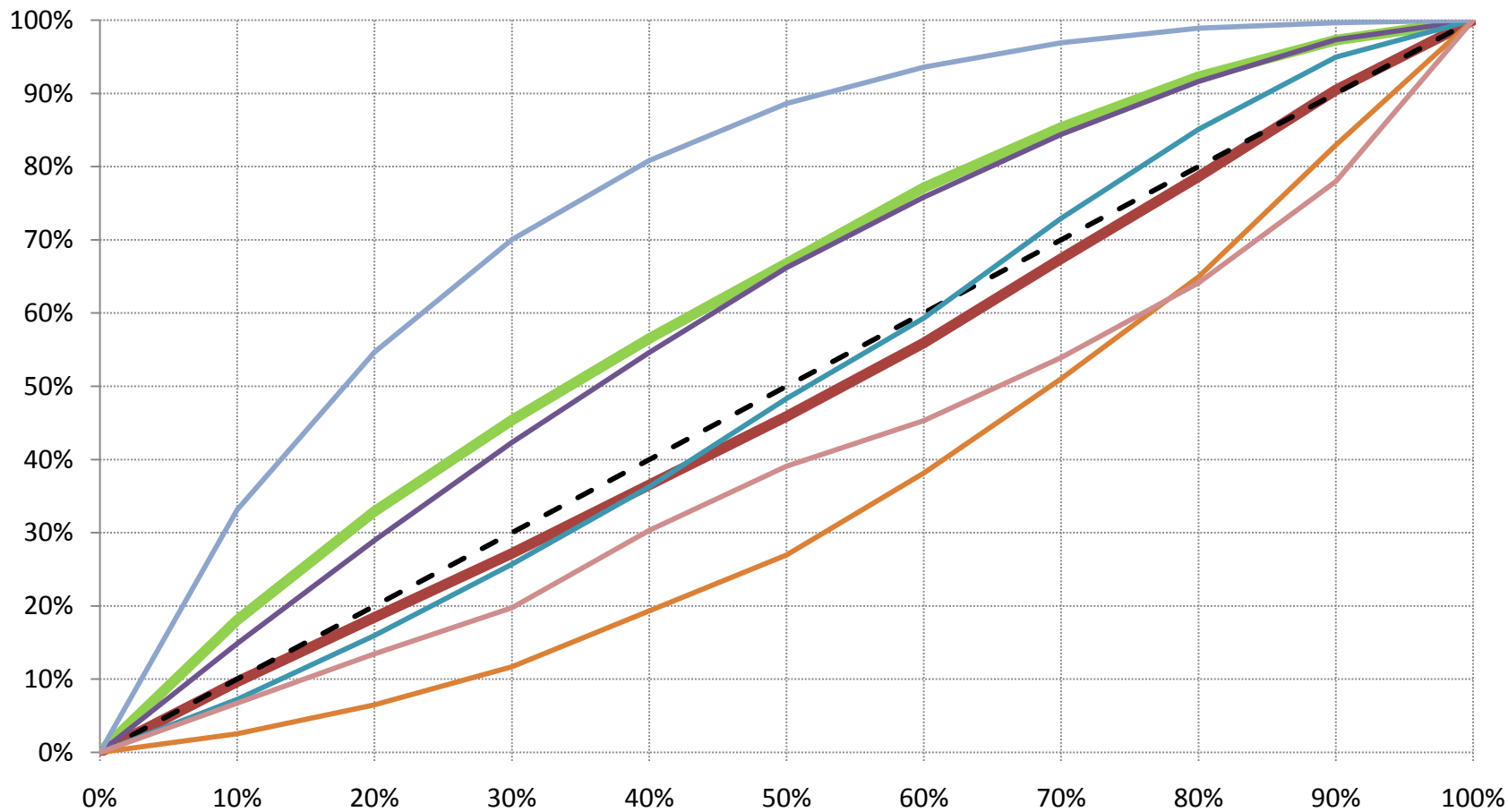
IMSS

ISSSTE

IMSS-Oportunidades

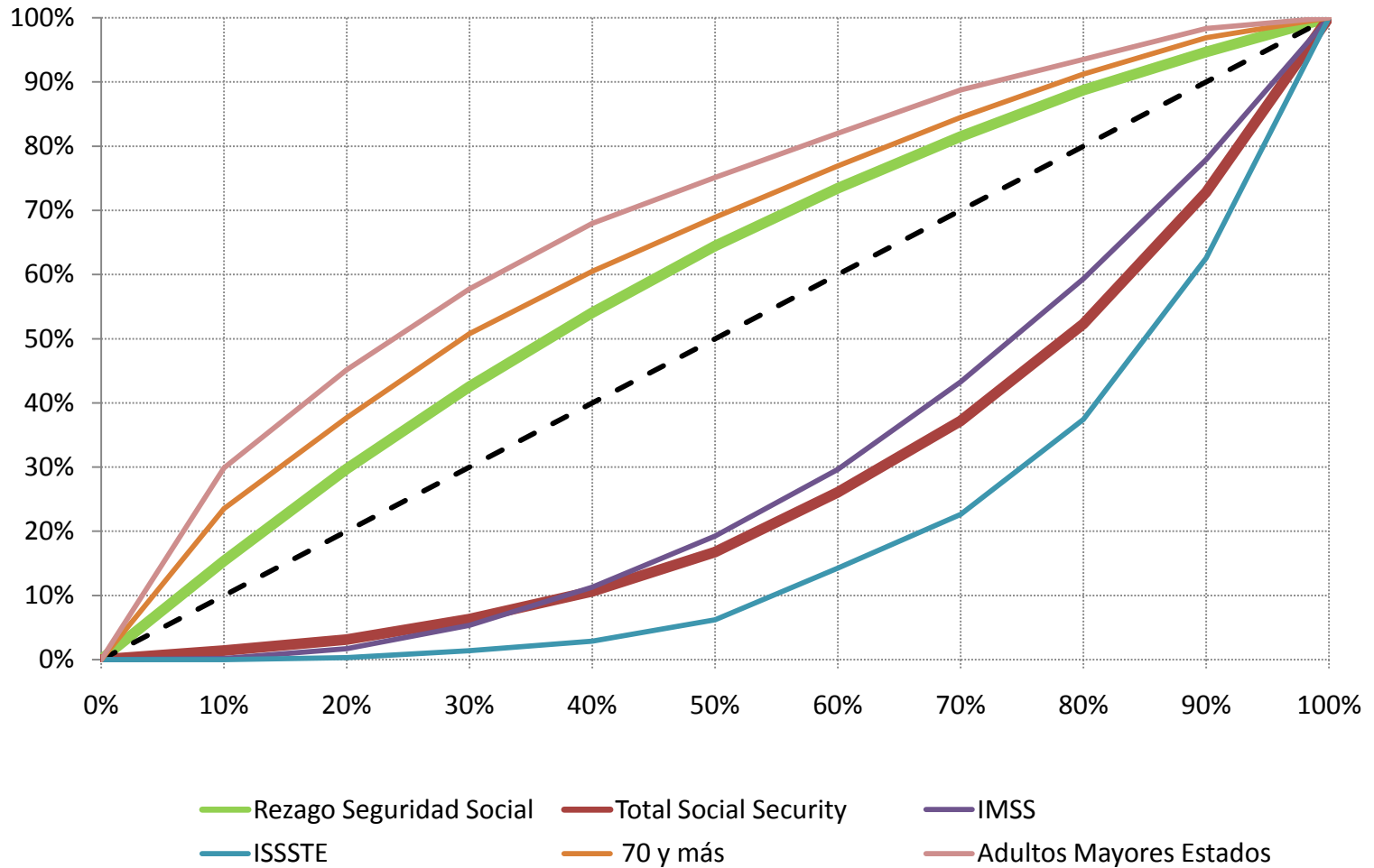
Seguro Popular

Education



- Rezago Educativo
- Total Public Educatio Spending
- Básica
- Media Superior
- Superior
- Becas Oportunidades
- Otras becas públicas

Social security



Reducing *specific* economic inequalities: health/education spending

Table 2.1: Inequality of Education and Health Resources before and after Public Expenditure,* 2002

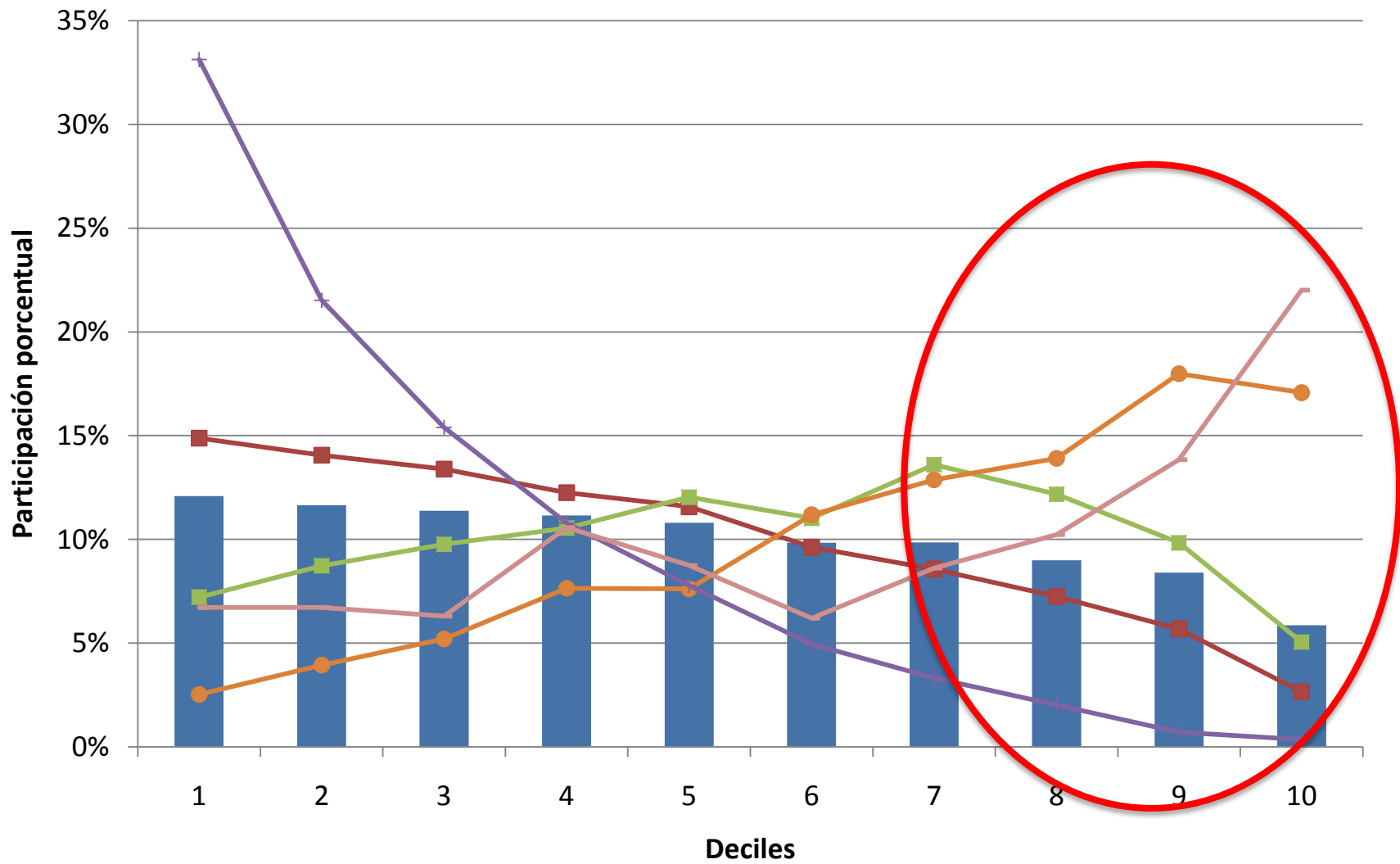
	Autonomous	Public	Total	Reduction
Education				
Expenditure share	35% (51%)	65% (49%)		
Concentration coefficient	0.587	0.009	0.212 (0.305)	63.9% (48.1%)
Health				
Expenditure share	34% (50%)	66% (50%)		
Concentration coefficient	0.520	0.076	0.226 (0.281)	55.9% (42.3%)

*Values in parenthesis adjust autonomous expenditure to National Accounts.

Source: World Bank calculations.

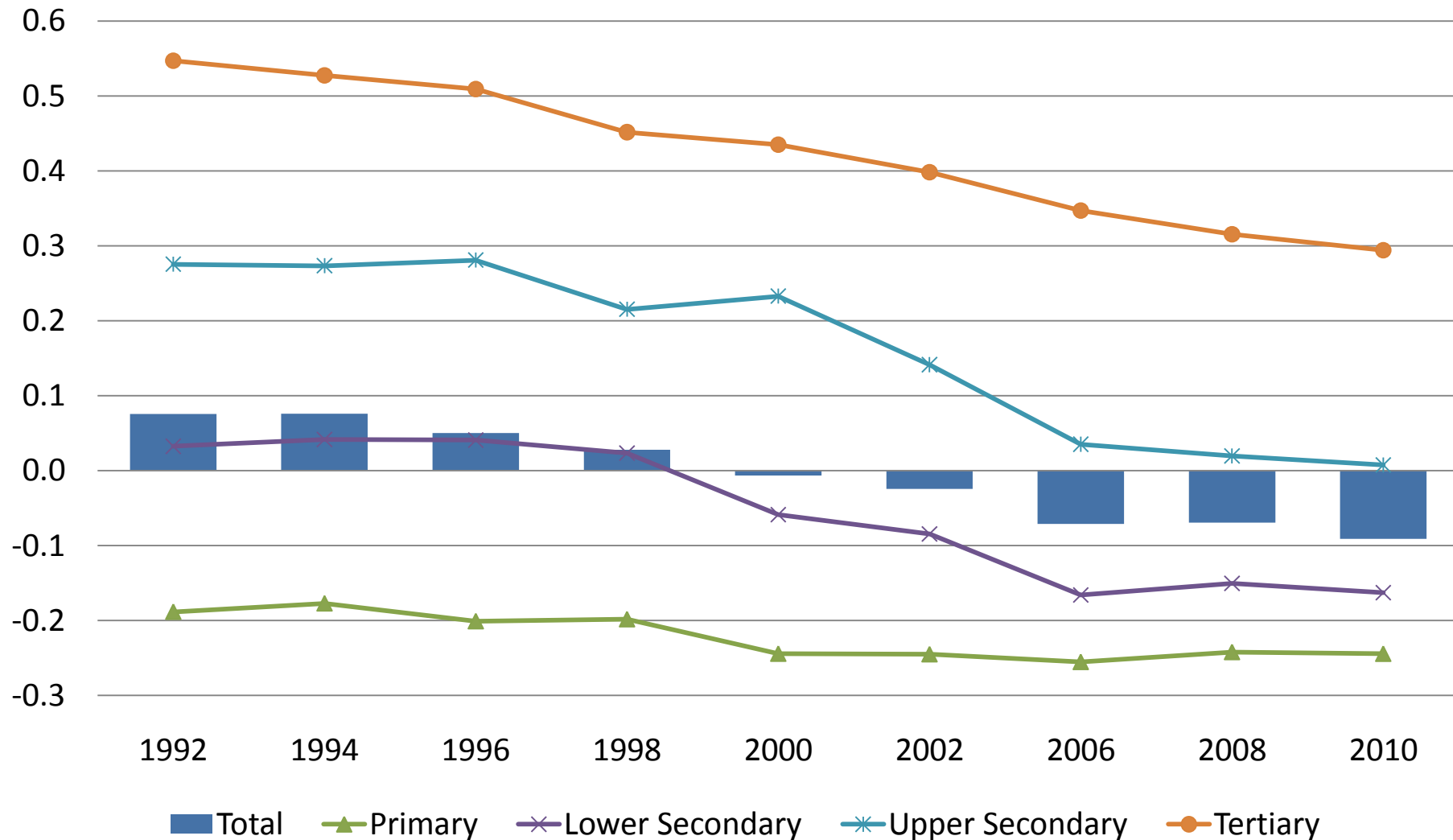
Beyond measurement: determinants

- Economic costs (user fees, contributory finance, labor opp costs, purchasing power...) vs. capture...
- Inequality increases both, makes redistribution more difficult
- History, path-dependence: education coverage
- **Quality and self-selection**
 - Redistributive impact vs. Redistributive “effectiveness”: increasing financing of “universal” public services, if effective in increasing service quality, will reduce equity

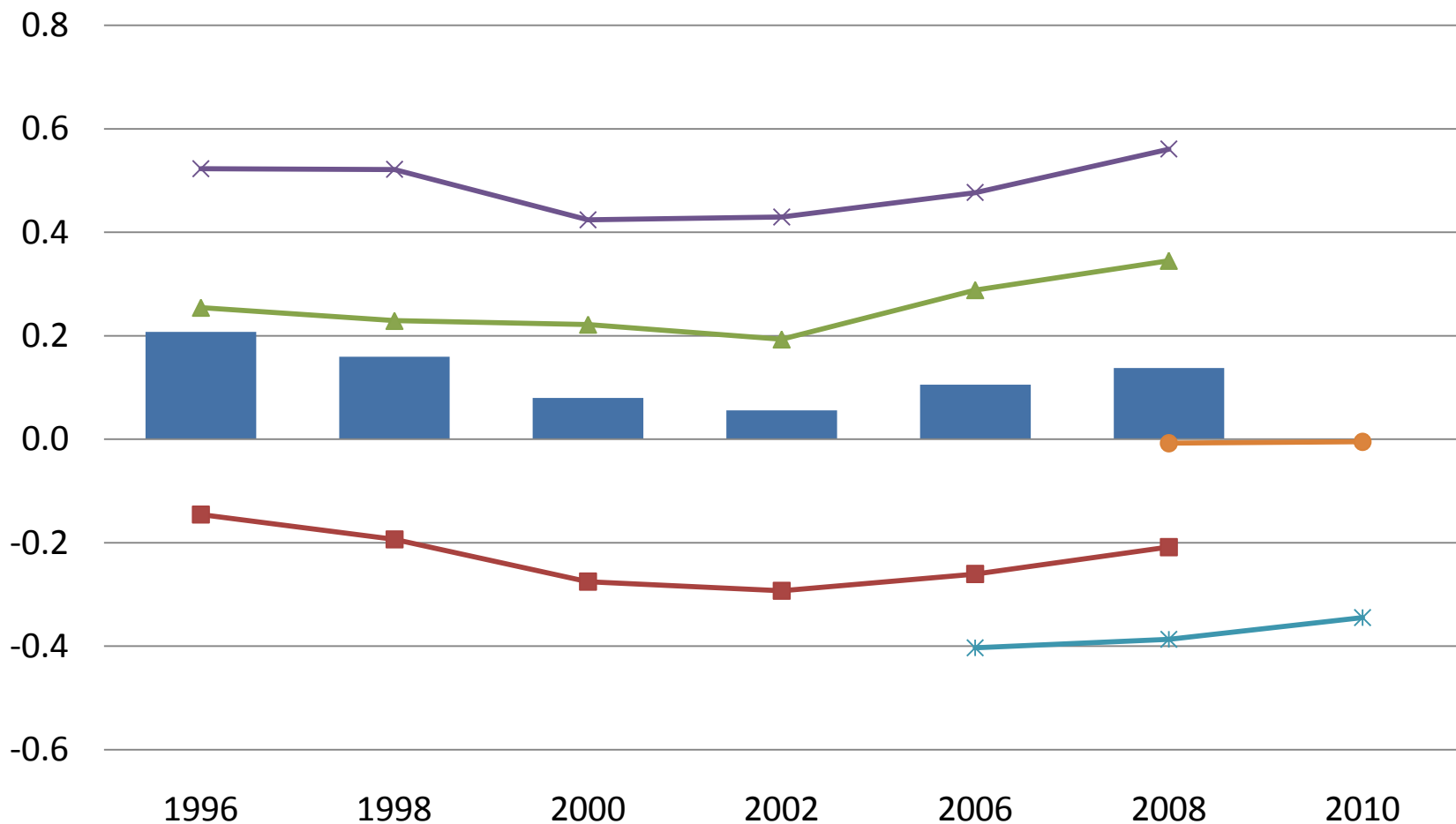


■ Total
 ■ Básica
 ■ Media Superior
 ● Superior
 + Becas Oportunidades
 — Otras becas públicas

Education (concentration coefficients)



Health (use)



■ Total (A) ■ SSA (A) ▲ IMSS (A) ✕ ISSSTE (A) * Seguro Popular (affiliation) ● Total (B)