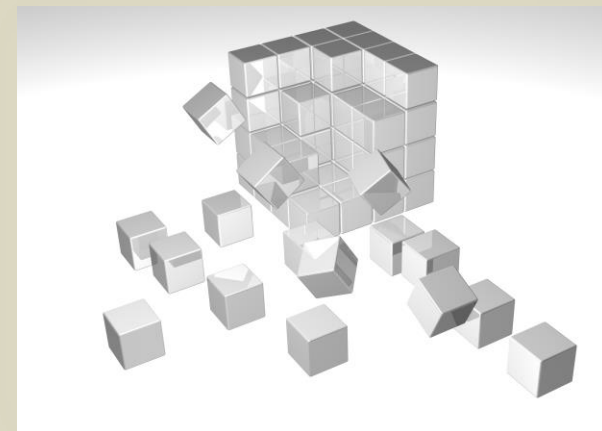


Key Considerations in Addressing Fragmentation

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

Claudia Baddini | Ginesio Da Mata | Mariana Escalante
Medhat Massoud | Moustafa Abdallah |
Steisianasari Mileiva | Vilma Pinto

SSN Core Course, 18 December 2014, Washington DC



Outline of the Presentation

- I. Characterization of Fragmentation
- II. Country Graph → WHERE WE ARE, WHERE ARE YOU?
- III. Costs of Fragmentation → WHAT WE LOSE
- IV. Country Examples
 1. Brazil
 2. Egypt
 3. Indonesia
 4. Mexico
 5. São Tome E Príncipe
- V. Key considerations to address fragmentation → WHAT YOU NEED
- VI. Tools to address fragmentation → HOW TO DO IT


I. Characterization of Fragmentation in SSNs



Vertical

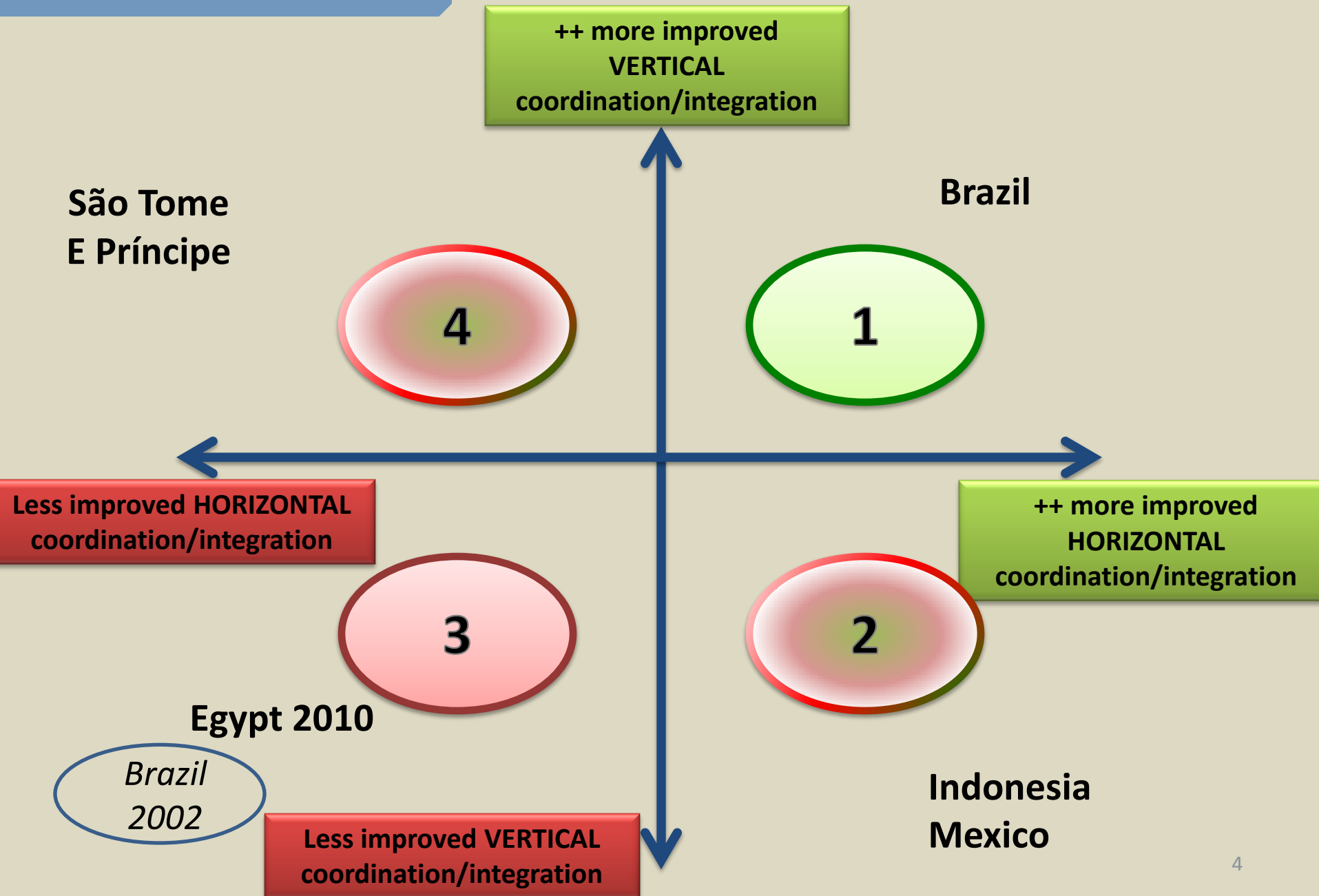
- Different levels of government implementing independent programs.
- More common in countries with federal/decentralized systems where there is autonomy at the subnational level.

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

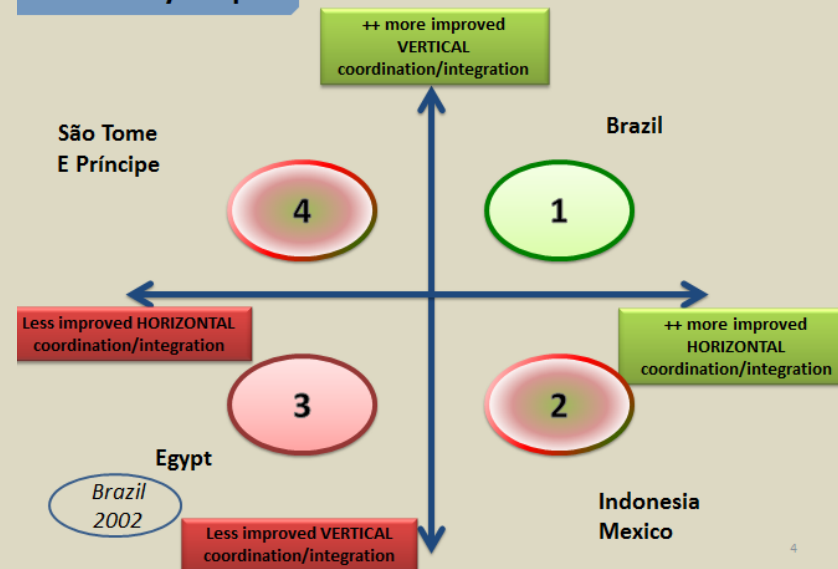


Where is your country in terms of fragmentation?

1. Vertical and horizontal coordination
2. Horizontally coordinated and vertically fragmented
3. Vertical and horizontal fragmentation
4. Horizontally fragmented and vertically coordinated



II. Country Graph



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 irresponsive 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.

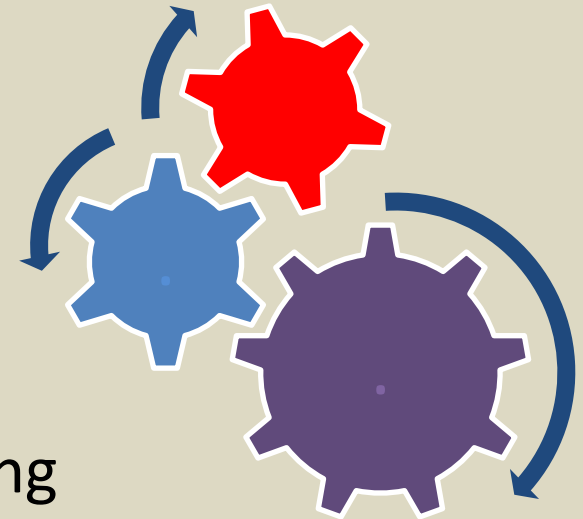
V. Key Considerations for Addressing Fragmentation

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...

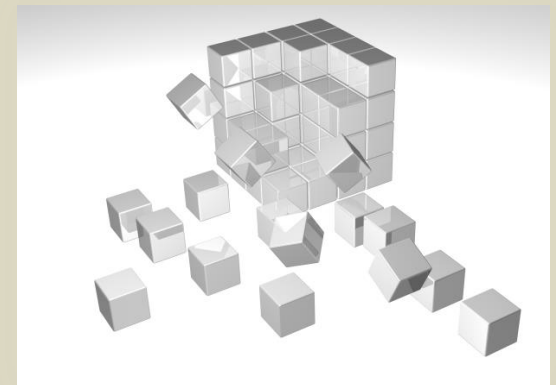
- SP strategy or roadmap
- Political decision/will
- Legal framework
- Evaluations, evidence-based policy making
- Generate administrative capacity at each level or sector



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?