# Hit and Miss:
## An assessment of targeting effectiveness in social protection

*Summary version with updated analysis*

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act
Church of Sweden

DEVELOPMENT
PATHWAYS

# Acronyms

| | |
|---|---|
| 4P | *Pantawid Pamilyang Pilipino Program* (The Philippines) |
| AF | *Asignaciones Familiares* (Uruguay) |
| BDH | *Bono de Desarrollo Humano* (Ecuador) |
| BF | *Bolsa Família* (Brazil) |
| BISP | Benazir Income Support Programme (Pakistan) |
| BJP | *Bono Juancito Pinto* (Bolivia) |
| BPL | Below Poverty Line (India) |
| CA | Childcare Allowance (Uzbekistan) |
| CBT | Community-based targeting |
| CMP | Child Money Program (Mongolia) |
| COVID-19 | 2019 Novel Coronavirus Disease |
| CT-OVC | Cash Transfer for Orphans and Vulnerable Children |
| DS | Direct Support |
| FA | Family Allowance (Uzbekistan) |
| FAP | *Familias en Acción Programa* (Colombia) |
| FB | Family Benefits (Armenia) |
| HSNP | Hunger Safety Net Programme (Kenya) |
| KPS | *Kartu Perlindungan Sosial* (Social Protection Card – Indonesia) |
| LEAP | Livelihood Empowerment Against Poverty (Ghana) |
| LIA | Low Income Allowance (Uzbekistan) |
| MBS | *Mi Bono Seguro* (Guatemala) |
| NE | *Ndihme Ekonomike* (Albania) |
| NRGEA | National Rural Employment Guarantee Act (India) |
| OAP | Old Age Pension |
| PKH | *Program Keluarga Harapan* (PKH) |
| PMT | Proxy means testing |
| PPP | Purchasing Power Parity |
| PSNP | Productive Safety Net Programme (Ethiopia) |
| PSSN | Productive Social Safety Net (Tanzania) |
| PW | Public Works |
| RD | *Renta Dignidad* (Bolivia |
| SCA | Senior Citizens' Allowance (Sri Lanka) |
| TSA | Targeted Social Assistance (Georgia) |
| UNICEF | United Nations International Children's Emergency Fund |
| US$ | United States Dollar |
| VUP | Vision 2020 *Umurenge* Programme (Rwanda) |

# 1   Introduction

One of the most important debates in social protection is whether or not social security programmes should use income testing (often referred to as poverty targeting) or universal selection. The latter refers to benefits given to everyone in the intended category of the population, such as all children or older people of eligible age. There are advocates on both sides of the argument and, of course, a range of evidence-based criteria should be employed to determine which approach is best. As Box 1 indicates, against most criteria, a universal approach is likely to perform much better than poverty targeting. Even the most common argument used to justify poverty targeting – that it is cheaper than universal selection – is based on a problematic premise since lower cost comes at the expense of a less effective scheme.

However, if we are committed to evidence-based policy, one absolutely key consideration is the effectiveness of different targeting approaches in reaching their intended recipients as well as the poorest members of society.[1] In other words, do different targeting approaches and mechanisms achieve the key objective of ensuring that the correct people are selected for schemes? And, of course, in the context of the Sustainable Development Goals and human rights considerations, how effective are they in 'leaving no-one behind'?

This paper summarises the findings from a study across 25 low- and middle-income countries in Asia, Africa and the Americas of 42 social protection schemes and so-called social registries (sometimes referred to as poor lists). It is based on a re-publication of a paper published in 2019, which originally examined 38 social protection schemes across 23 low and middle-income countries.

> **Box 1: Criteria for assessing targeting approaches**
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> In addition to their effectiveness in reaching their intended recipients and the poorest members of society, a range of criteria could be used to assess targeting approaches including:
>
> - **Financial costs:** income-tested – or poverty-targeted programmes – are less costly than universal schemes since they include fewer beneficiaries and often have lower benefits. Of course, this is not necessarily positive since cheaper schemes are likely to be much less effective, not just in ensuring a minimum income but in their broader social, economic and political impacts.
> - **Administrative costs:** poverty targeting is more complex than universal selection so, if well-implemented, the administrative costs are higher;
> - **Human rights considerations and principles** including equity, non-discrimination, dignity and transparency: universal schemes are much more likely to be aligned to a human rights approach than those using income testing;
> - **Social costs:** income-tested programmes tend to be more socially divisive than universal schemes and are more likely to stigmatise recipients;
> - **Incentive costs:** poverty-targeted programmes are more likely than universal schemes to discourage people from working;
> - **Popularity and sustainability:** universal schemes tend to be much more popular than poverty-targeted programmes, since the latter usually exclude the majority of the population. As a result, despite universal schemes requiring a higher level of investment, they tend to be more sustainable. They are also more likely to build a strong social contract.

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[1] The research focused specifically on the criteria of the programme to determine who were the poorest. So, for example, in a programme aimed at families with children, it looked at the poorest families with children; and, in an old age pension, it examined the incorporation of the poorest older people of eligible age.

The re-publication includes additional analysis of four schemes across Bangladesh, Colombia and Sri Lanka which utilise a form of poverty-targeting, to strengthen the evidence on the relative effectiveness of different poverty targeting approaches. However, it has not changed any of the main findings discussed in the original paper.

The research used national household survey datasets to identify, in the case of social protection schemes, the actual recipients of schemes or, in the case of a social registry those identified as 'poor.' For each scheme, the exclusion errors – in other words, the proportion of intended recipients who were excluded from a scheme – were calculated. Further details on the methodology can be found in the main report.

The research – perhaps unsurprisingly – conclusively demonstrated that the most effective targeting mechanism is universal selection both in terms of minimising exclusion errors and incorporating the poorest members of society. It also showed that the level of targeting inaccuracy across income-tested schemes is much higher than many people believe. No scheme targeted at the poorest members of society had exclusion errors below 44 per cent. Overall, the research indicated that there is a strong correlation between the coverage of a scheme among its intended category of recipients and its targeting effectiveness, with low coverage associated with high errors and high coverage associated with low errors.[2]

A summary of the results is set out in the following sections, looking initially at programmes that use income testing followed by an analysis of programmes employing universal selection.

> " *The research – perhaps unsurprisingly – conclusively demonstrated that the most effective targeting mechanism is universal selection both in terms of minimising exclusion errors and incorporating the poorest members of society.* "

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[2] 'Intended category' refers to the category of the population to which a scheme is directed. So, for a child benefit, the intended category would be children of eligible age, for an old age pension, it would be older people above the age of eligibility and, for a programme providing a transfer to households, it would be all households.

# 2 The effectiveness of income testing[3]

Many schemes in low- and middle-income countries attempt to target social protection schemes at the poorest members of society by using some form of income testing. While means testing is the most common form of income test across high-income countries, it is often argued that means testing is not appropriate in low- and middle-income countries since the majority of the labour force is in the informal economy and it is difficult to ascertain their incomes accurately (although, as we show below, this is not necessarily the case). Therefore, other targeting methods have been developed for low- and middle-income countries which attempt to predict incomes or identify those who are living in poverty. The three main types of income tests found across the schemes examined in the research were:[4]

**Means testing:** an assessment of an individual's – or sometimes a household's – income or wealth which, despite the reservations noted above, is used in some countries.

**Proxy means testing (PMT):** an attempt to predict incomes by measuring a range of household assets (or proxies) such as demographics, human capital, type of housing, durable goods and means of production. Households are surveyed to score them against each of the proxies for income and an algorithm is used to rank them from poorest to richest.[5]

**Community-based targeting (CBT):** while CBT encompasses a range of approaches, in essence it is an attempt to have communities, or their leaders, decide on who should access a social protection scheme.

To determine whether poverty targeting could be undertaken accurately, the research examined the exclusion errors across those programmes targeting the poorest 25 per cent of the population.[6] Irrespective of the targeting methodology used, we found that, across all programmes targeting the poorest members of society, errors are very high. As Figure 1 shows, the best performing poverty-targeted programme is Brazil's *Bolsa Familia*, with an exclusion error of almost 44 per cent. Only five other programmes or registries managed to exclude less than half of their eligible population: Peru's *Juntos*, the Philippines' *Pantawid*, Ecuador's *Bono de Desarrollo Humano*, Armenia's Family Benefits and Vietnam's Poor List. In fact, out of 29 programmes or registries targeting the poorest

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[3] An alternative term could be 'poverty targeting.' However, because, in this section, we also examine schemes that attempt to exclude the affluent, we have used the term 'income testing' instead.

[4] The main reports also include self-targeting and benefit testing. However, since there were very few cases, they are not included in this summary.

[5] For an in-depth discussion on proxy means tests, please see Kidd et al (2015) as well as the main Hit and Miss paper.

[6] The research only examined the effectiveness of the scheme in reaching the poorest members of the category of the population who were eligible for the specific programme. So, for example, for an old age pension, we examined only those above the age of eligibility; and, for a programme for families with children, we examined only families with children.

members of society, 12 have exclusion errors above 70 per cent, 8 have errors above 80 per cent and 5 have errors above 90 per cent.

**Figure 1:** **Exclusion of intended recipients by social protection programmes targeting the poorest 25 per cent of their intended category or less**
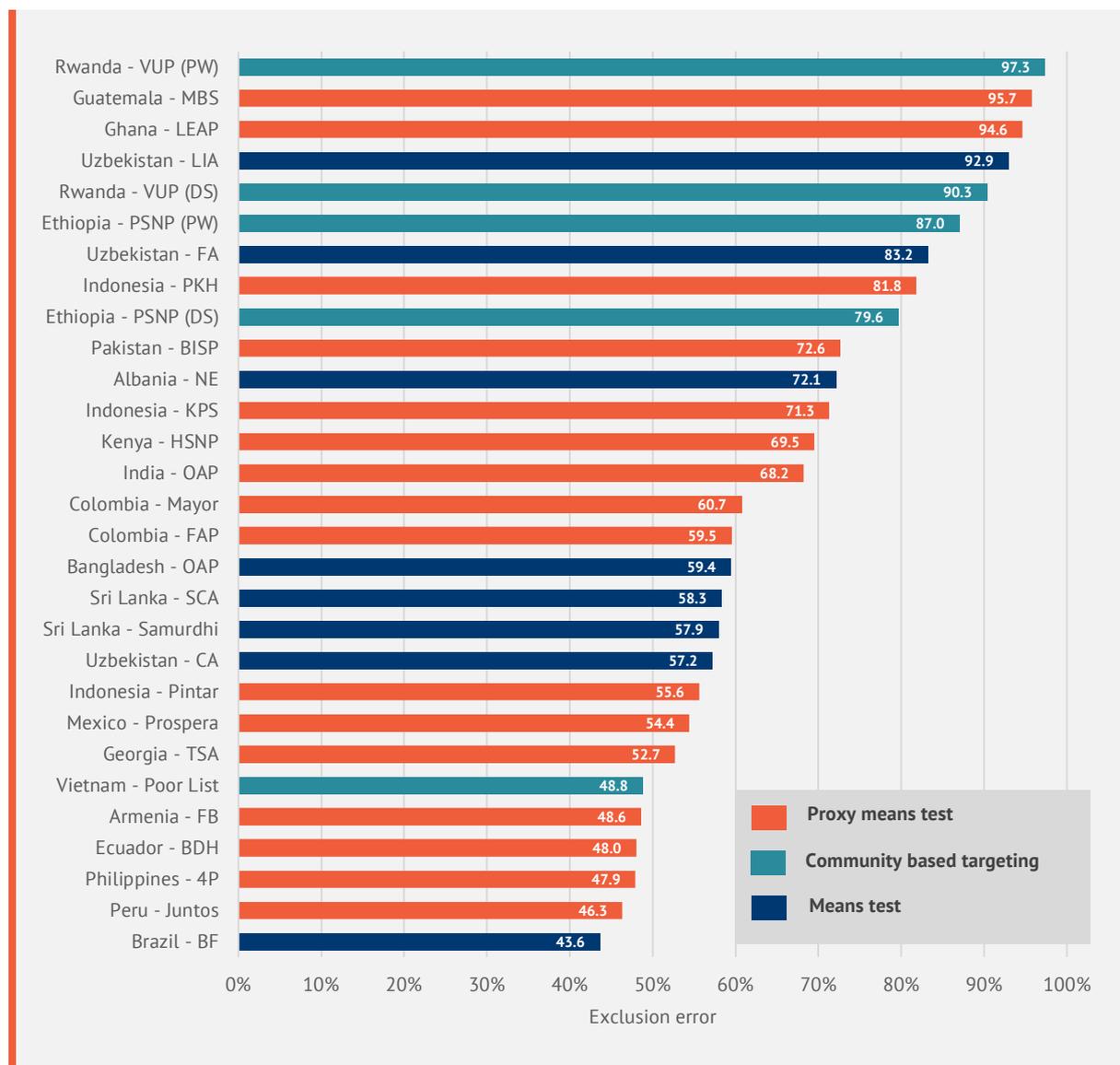


| Programme | Exclusion error |
|---|---|
| Rwanda - VUP (PW) | 97.3 |
| Guatemala - MBS | 95.7 |
| Ghana - LEAP | 94.6 |
| Uzbekistan - LIA | 92.9 |
| Rwanda - VUP (DS) | 90.3 |
| Ethiopia - PSNP (PW) | 87.0 |
| Uzbekistan - FA | 83.2 |
| Indonesia - PKH | 81.8 |
| Ethiopia - PSNP (DS) | 79.6 |
| Pakistan - BISP | 72.6 |
| Albania - NE | 72.1 |
| Indonesia - KPS | 71.3 |
| Kenya - HSNP | 69.5 |
| India - OAP | 68.2 |
| Colombia - Mayor | 60.7 |
| Colombia - FAP | 59.5 |
| Bangladesh - OAP | 59.4 |
| Sri Lanka - SCA | 58.3 |
| Sri Lanka - Samurdhi | 57.9 |
| Uzbekistan - CA | 57.2 |
| Indonesia - Pintar | 55.6 |
| Mexico - Prospera | 54.4 |
| Georgia - TSA | 52.7 |
| Vietnam - Poor List | 48.8 |
| Armenia - FB | 48.6 |
| Ecuador - BDH | 48.0 |
| Philippines - 4P | 47.9 |
| Peru - Juntos | 46.3 |
| Brazil - BF | 43.6 |

Legend:
- Proxy means test
- Community based targeting
- Means test

Figure 2 offers a more detailed examination of the targeting effectiveness of a number of income-tested social protection programmes. The diagrams show the inclusion and exclusion errors for each programme, based on the proportion of the population covered. The X axes indicate the welfare distribution of the population, from poorest to richest, while the Y axes measure the proportion of each percentile of the population accessing the programme. The red line is set, on the X axis, at the coverage of the scheme and it is assumed that those to the left of the red line are all eligible for the programme. For each percentile of the population, those under the black line are in the programme and those above it have been excluded.
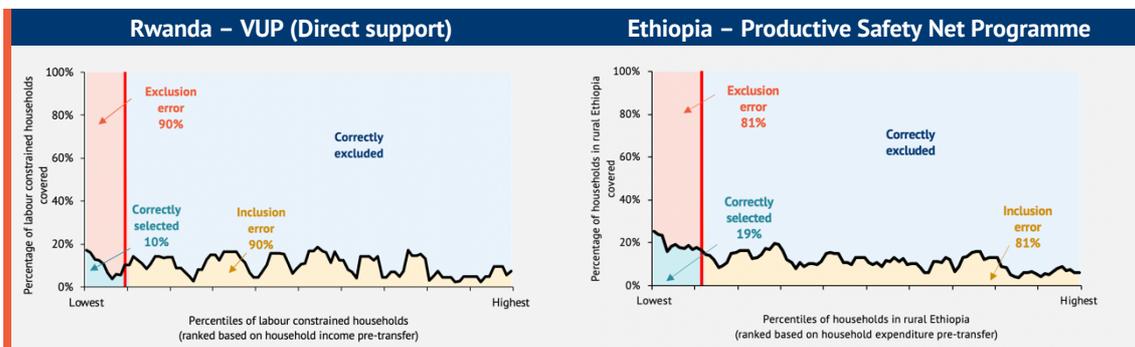
**Figure 2:** Targeting effectiveness of a range of schemes using income testing
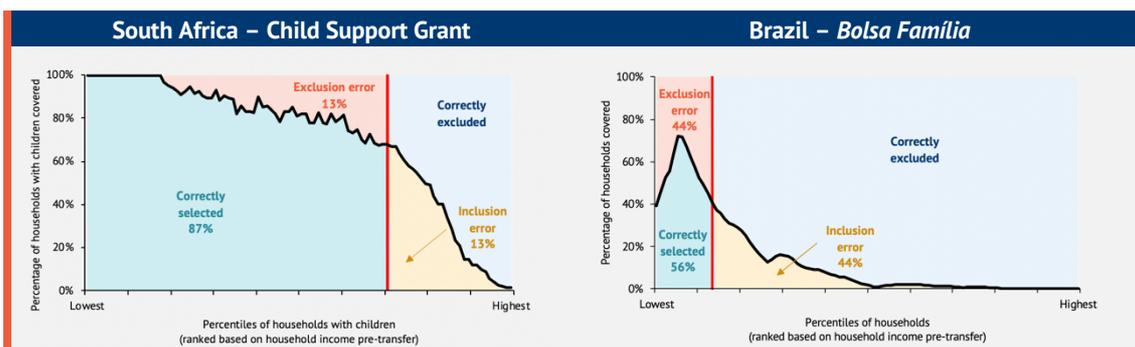
*Proxy means testing*
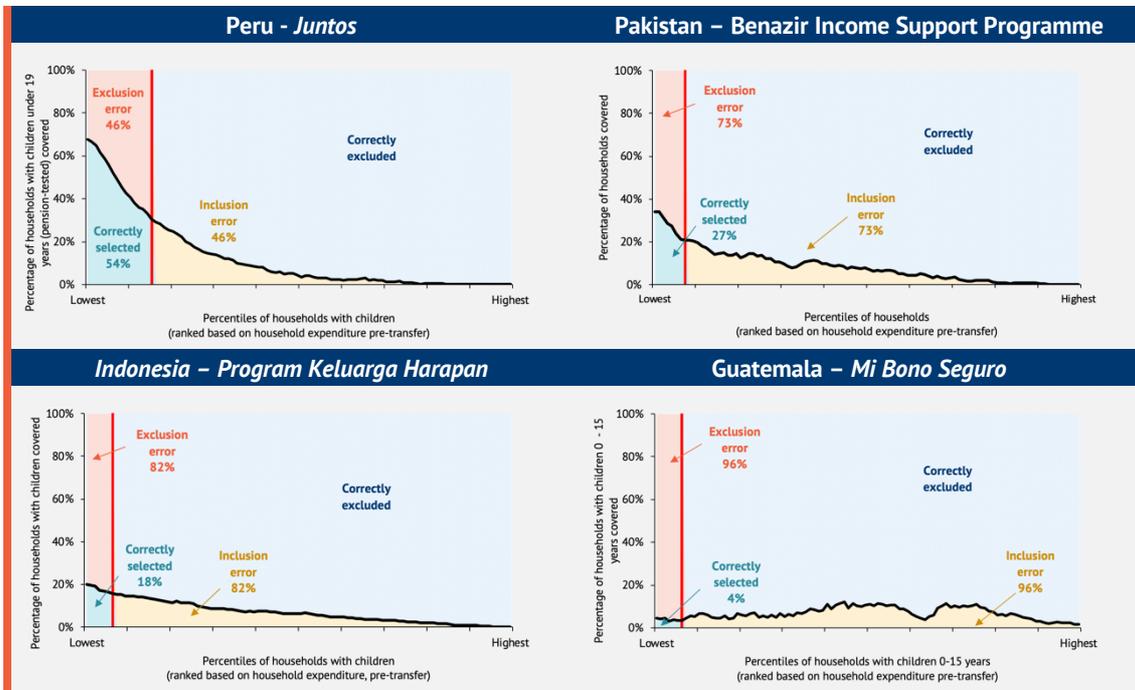


*Community based targeting*



*Means testing*

The various graphs show that, while poverty-targeted schemes usually have higher coverage among the poorer members of society than those who are better-off – which is, of course, their aim – nonetheless a very high proportion (usually the majority) of those living in extreme poverty, their intended recipients, are excluded. In other words, they have not achieved their objective. Some programmes perform particularly badly: for example, as shown in Figure 2, Guatemala's *Mi Bono Seguro* (MBS) programme excludes 96 per cent of intended recipients and Ethiopia's Productive Safety Net Programme (PSNP) has an exclusion error of 81 per cent.

**Guatemala's *Mi Bono Seguro* programme excludes**

**96%**

**of intended recipients.**

As noted earlier, it is often claimed that it is not possible to use a **simple means test** in low- and middle-income countries due to the high number of people working in the informal economy. Indeed, this is one of the main arguments of proponents of the proxy means tests. Yet, Brazil's *Bolsa Família* programme uses a simple unverified means test – in other words, people simply declare their incomes and the state does not check on them – and is the best performing poverty-targeted programme. However, much of its success is because it is also targeted geographically: each municipality in the country is allocated a specific number of recipients based on their poverty levels.

Some advocates of **proxy means tests** argue that they 'can accurately and cost effectively target the chronic poor.'[7] Indeed, the belief in the efficacy of proxy means tests has resulted in their being used as the basis of most national social registries. As a result, the proxy means test is not only used to target for a single social protection programme, but for many other poverty-targeted programmes also. Yet, the evidence from our research indicates that proxy means tests – and, therefore, social registries – are highly flawed. The best performing programme using a proxy means test is Peru's *Juntos* programme,

**The best performing proxy means test excluded almost half of its intended recipients.**

with a 46 per cent exclusion error, yet this still means that almost half of its intended recipients are excluded. Other well-known programmes that are targeted using social registries with proxy means tests have much higher errors: for example, Pakistan's Benazir Income Support Programme (BISP) excludes 73 per cent of intended recipients while Indonesia's *Program Keluarga Harapan* (PKH) has an exclusion error of 82 per cent. Guatemala's *Mi Bono Seguro* programme – with its 96 per cent exclusion error – is an example of a proxy means test that performs particularly poorly.

Proxy means tests are expensive to undertake since, when done appropriately, every household in a country should be visited. For example, the surveys for the proxy means tests in Pakistan cost US$60 million and, in Indonesia it was US$100 million, although only 40 per cent of households were visited. Due to these high costs, proxy means tests

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7   Leite (2014). See also Del Ninno and Mills (2015) who make the same claim.

are usually rarely repeated. Pakistan has only begun updating the data in its social registry after a period of 10 years and it is five years since the last survey in Indonesia. This means that people who have died or been born during the last ten or five years are erroneously either included or excluded in the registries. Yet, despite the information being very out of date, both Pakistan and Indonesia's social registries are still being used for targeting. They have even been used for targeting during the COVID-19 pandemic despite the fact that many people, who had previously been secure, rapidly fell into absolute poverty and their information was not updated.[8]

A common justification given for using community-based targeting is that 'the community knows best.' Yet, the results from our analysis do not back up this claim. As Figure 2 indicates, the effectiveness of community-based targeting in both Rwanda and Ethiopia has been very limited: the Direct Support component of Rwanda's Vision *Umurenge* Programme (VUP) has an exclusion error of 90 per cent, while the PSNP in Ethiopia has an exclusion error of 81 per cent. Vietnam has had more success with community-based targeting yet – despite its high administrative capacity – the exclusion error in the national Poor List is still 50 per cent, even though it is updated on an annual basis.

Some countries and donors have attempted to combine community-based targeting and the proxy means test in the belief that this will deliver more effective poverty targeting than if only one mechanism were used. However, our research does not provide evidence that this would be the case. For example, as Figure 3 shows, in Kenya's Hunger Safety Net Programme (HSNP), where this approach is used, the exclusion error is 70 per cent.



**Figure 3: Targeting effectiveness of Kenya's Hunger Safety Net Programme (HSNP)**
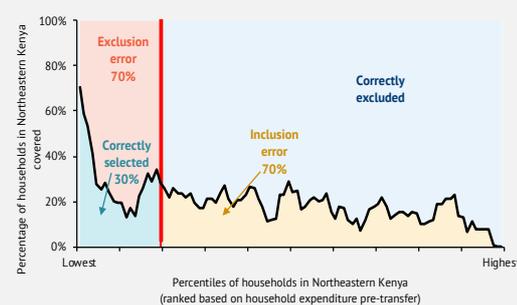
Analysis by the World Bank (2016) of Tanzania's Productive Social Safety Net (PSSN) programme appears to reach the same conclusion. Figure 4 reproduces a graph from the World Bank's report which compares the consumption of households pre-selected by the community and those not selected.[9] The large overlap between the two curves indicates that there is little difference in wellbeing between selected and non-selected households, which suggests that the initial selection by the communities was not much better than random selection. Given that only 3 per cent of those households pre-selected by the community were excluded by the PMT, the consumption pattern of the actual recipients once the community-based targeting and PMT results are combined will be very similar to the pre-selected list.[10] Similar analysis has been undertaken of Kenya's Cash Transfer for Orphans and Vulnerable Children (CT-OVC) programme, which also uses a combination of community-based targeting and a proxy means test: as in Tanzania, Figure 4 shows a significant overlap between recipients and non-recipients, indicating a similarly poor targeting outcome.

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[8] Kidd et al (2020).

[9] The X axis shows the consumption from poorest to richest (expressed in log form) while the Y axis gives the proportion of households with each level of consumption. Those identified by communities as potentially eligible for the PSSN programme are in red while those rejected by the communities are in blue.

[10] It is important to note that there is no guarantee that the PMT would improve the final result.

**Figure 4:** **Effectiveness of the combination of targeting methods in Tanzania's Productive Social Safety Net (PSSN) programme and Kenya's Cash Transfer for Orphans and Vulnerable Children (CT-OVC)**
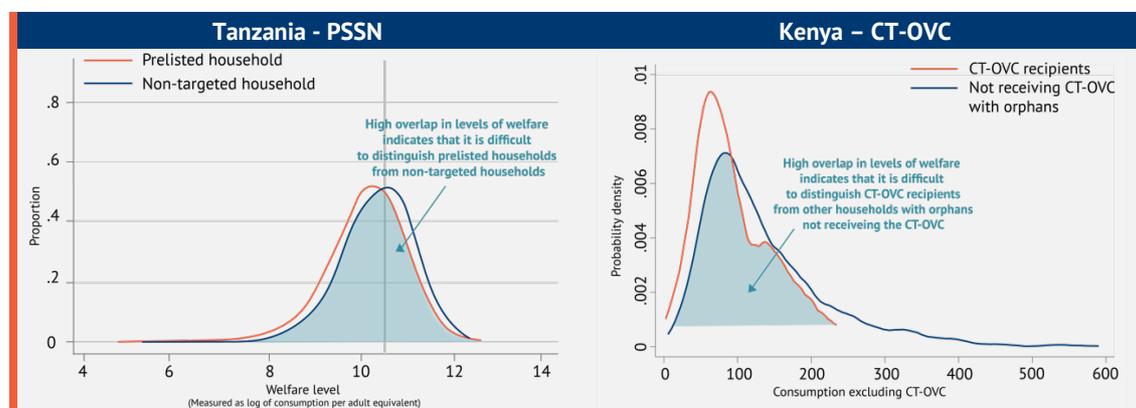


Sources: World Bank (2016) and Republic of Kenya (2019).

There is, therefore, no evidence at all that poverty-targeted programmes are effective in accurately identifying the poorest members of society. They always have high exclusion errors. So, if a government's policy objective is to reach all of the poorest, poverty targeting does not seem to be an appropriate methodology. Indeed, one wonders whether the demise of Mexico's *Prospera* programme in early 2019 was due, in part, to the poor quality of its targeting, since it had an exclusion error of 54 per cent.

Nonetheless, our research shows that income testing can perform better when it aims to **exclude the more affluent** members of society (in other words, affluence testing). For example, South Africa's Child Support Grant uses a simple unverified means test and reaches 71 per cent of children in the country, with an exclusion error of only 13 per cent. Its Old Age Grant, which is not shown here, has a similar low error of 8 per cent, with 84 per cent of over-60s receiving the pension. Of course, while these errors are relatively low, it still means that, in absolute numbers, many people are not accessing benefits that they almost certainly need.[11]

It should also be noted that South Africa is another example of a simple means test performing relatively well in a middle-income country, once again challenging the widespread belief that means testing is not possible in countries where a high proportion of the population works in the informal economy.

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[11] There has been much debate in South Africa on whether the means test should be removed from their social security schemes so that they are offered on a universal basis. If this were to happen, as discussed in Section 3, the exclusion errors in the programmes would almost certainly be further reduced.

# 3 'The poor': a fictional construct and a major cause of the inaccuracies in poverty targeting

One of the reasons for the failure of poverty targeting is often a misunderstanding of poverty itself. Social protection policy is frequently driven by a simplistic dichotomy that divides society into 'the poor' and 'non-poor.' In reality, the idea that there is a fixed group
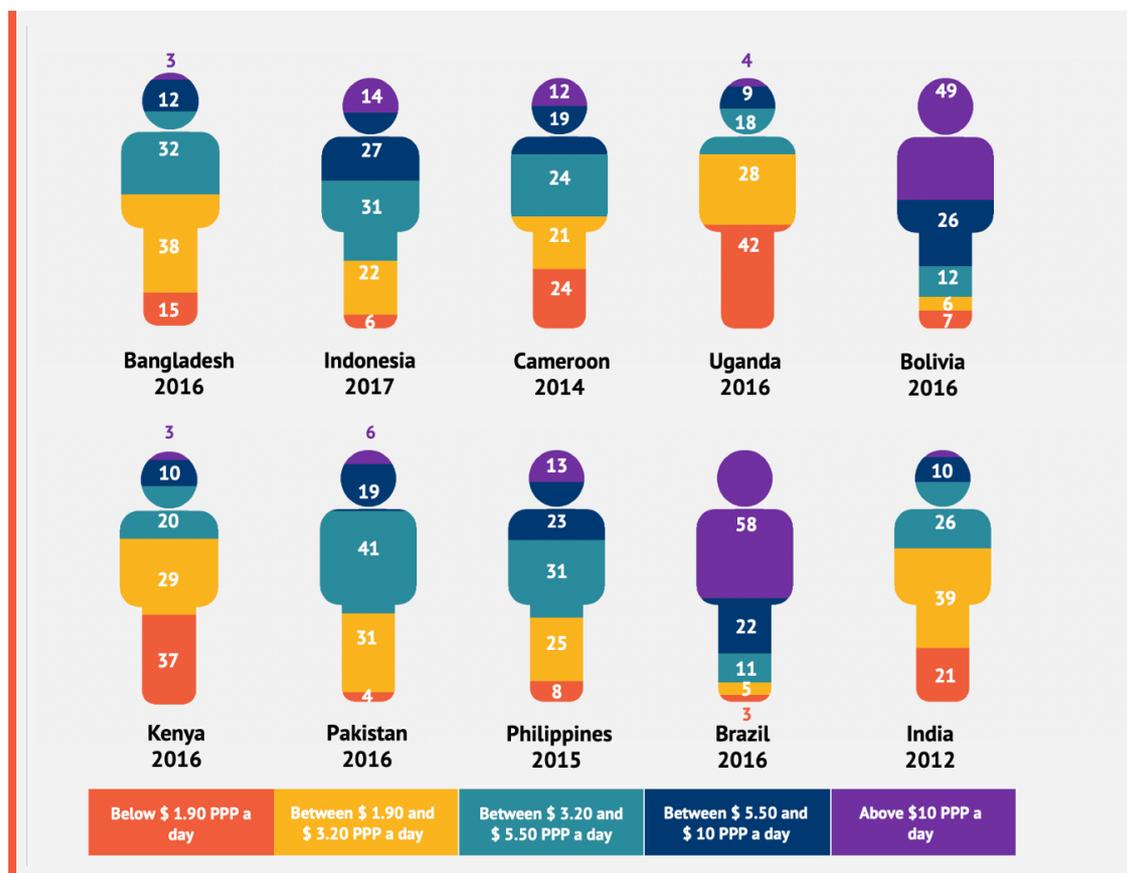
**In reality, the idea that there is a fixed group called 'the poor' in any country is a fictional construct.**
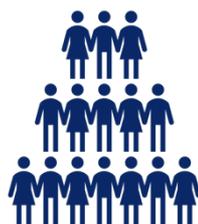
called 'the poor' in any country is a fictional construct. To begin with, most people in low- and middle-income countries are currently living on low incomes and most could be considered as 'poor.' As Figure 5 shows, across ten countries, depending on the country, most

people either live under US$5.50 per day, measured in purchasing power parity (PPP) terms, or US$10 (PPP) per day. The World Bank recognises US$5.50 (PPP) as an acceptable poverty line for a middle-income country while others would argue that US$10 (PPP) would be more appropriate (c.f. Pritchett 2013). In fact, the poverty line in the USA is around US$20 per day, so there would be a strong argument that anyone living on less than US$20 (PPP) requires access to social security.

**Figure 5:** **Proportion of people living under different levels of consumption in ten low- and middle-income countries, in purchasing power parity dollars**



Bangladesh 2016 — 3, 12, 32, 38, 15
Indonesia 2017 — 14, 27, 31, 22, 6
Cameroon 2014 — 12, 19, 24, 21, 24
Uganda 2016 — 4, 9, 18, 28, 42
Bolivia 2016 — 49, 26, 12, 6, 7

Kenya 2016 — 3, 10, 20, 29, 37
Pakistan 2016 — 6, 19, 41, 31, 4
Philippines 2015 — 13, 23, 31, 25, 8
Brazil 2016 — 58, 22, 11, 5, 3
India 2012 — 10, 26, 39, 21

| Below $1.90 PPP a day | Between $1.90 and $3.20 PPP a day | Between $3.20 and $5.50 PPP a day | Between $5.50 and $10 PPP a day | Above $10 PPP a day |

Further, being 'poor' is not a characteristic of certain people, but a situation that anyone may find themselves in, for longer or shorter periods. So, while the term 'the poor' suggests a fixed group of people, in reality individual and household incomes (and consumption) are highly dynamic. Figure 6 indicates changes in the ranking of households in Indonesia and Uganda over a period of one year in the former and two years in the latter. The diagrams show – on the left-hand side of each figure – where households were ranked across consumption quintiles, from poorest to richest, in the initial year and, on the right-hand side, the quintile in which they were found one or two years later. It shows a significant volatility in consumption with a high proportion of households moving between consumption quintiles over a very short period of time, including to and from the poorest quintile. For example, in Uganda, only 46 per cent of households that were in the poorest quintile in 2013 had been in the poorest quintile in 2011; and, in Indonesia, the figure was 48 per cent among households between 2009 and 2010. In both countries, there are examples of households in the highest quintile falling into the lowest quintile over the two periods. The volatility in income is due to households experiencing shocks – such as sickness, disability, death of a breadwinner and unemployment – which reduce their income or taking advantage of opportunities, such as a new job or a good harvest, which increase their income.

**The volatility in income is due to households experiencing shocks...**

**Figure 6:** **Movement of households across consumption quintiles over one year in Indonesia and two years in Uganda**
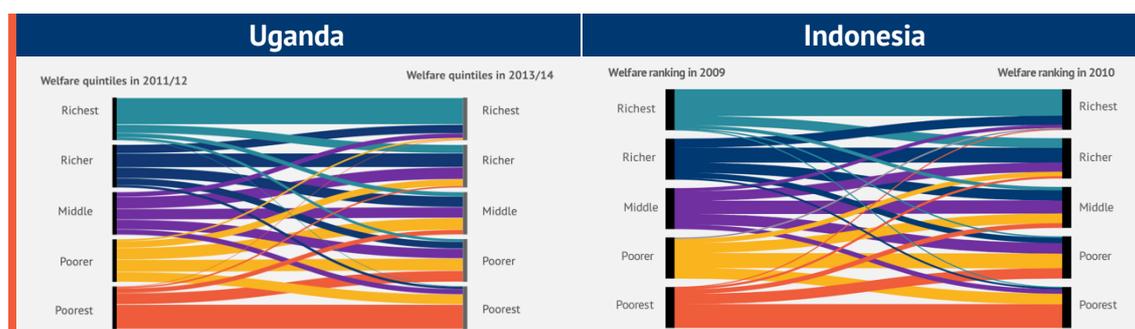


Source: Kidd and Gelders (2016); Gelders and Abu-el-Haj (2017); Secondary analysis of *Susenas* Panel Data.
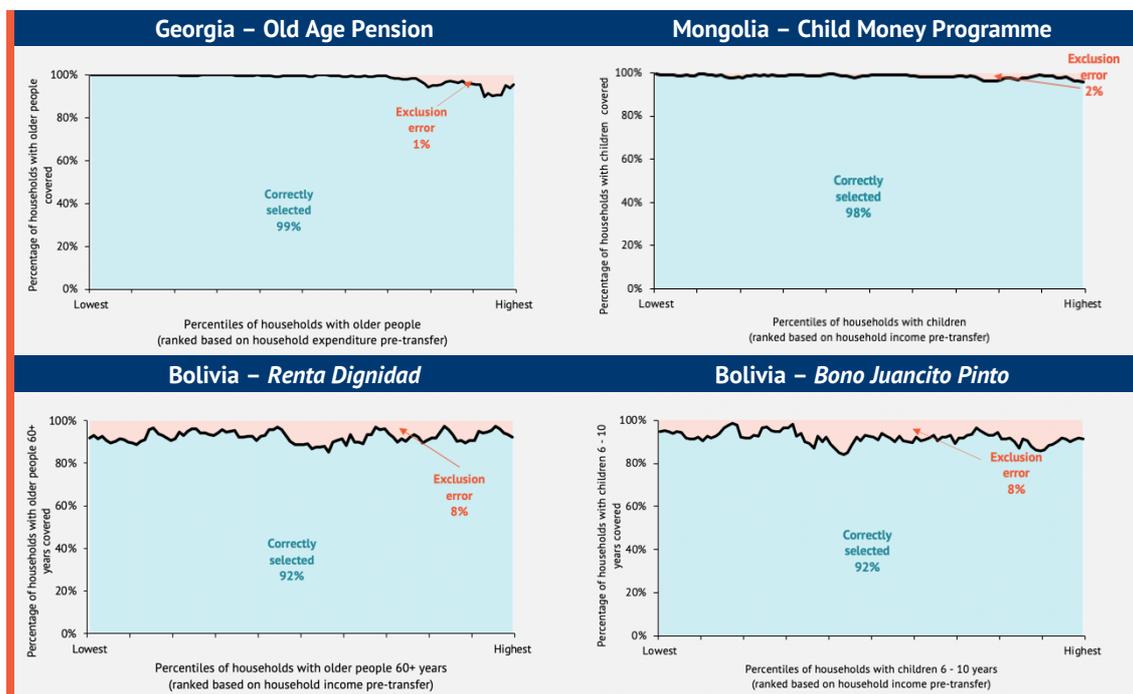
A fictional construct is not a good basis for developing social policy. Yet, it is used over and over again in low- and middle-income countries, with governments and donors frequently trying to identify this elusive group they call 'the poor.' It is no wonder that poverty targeting fails as it is not based on a sound logic. And, of course, when very static measures such as proxy means-tests – which measure fixed assets and include, often, very out of date information – are used, the chances of success are even lower. In contrast, universal selection reaches everyone and, consequently, it does not matter whether household incomes change over time, since everyone continues to receive the benefit.

# 4   The effectiveness of universal selection

The evidence from schemes using universal selection is that targeting errors are minimal and they are very effective in reaching their intended recipients. Figure 7 shows the

**Mongolia's Child Money programme excludes only**

# 1.5%

**of intended recipients.**

effectiveness of Georgia's Old Age Pension and Mongolia's Child Money Programme, both of which were universal at the time of the household surveys. The exclusion from both schemes was tiny, at only 1.5 per cent, and most of those excluded were from better-off households who may well have decided that they did not want to apply, as they did not need the scheme. Unfortunately, in Mongolia, in 2017, the World Bank, International Monetary Fund and Asian Development Bank used the threat of withdrawing loans to force the Government of Mongolia into targeting the Child Money scheme at 80 per cent of children (they had initially demanded 60 per cent but, eventually, comprised on 80 per cent). While there has been no robust survey of the impacts of this targeting, UNICEF report that many eligible children have been excluded.[12]

**Figure 7:** **Targeting effectiveness of universal schemes, by welfare ranking**



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The research found, however, some universal schemes with higher exclusion errors. In Bolivia, the *Renta Dignidad* old age pension and the *Bono Juancito Pinto* school stipend are both universal schemes but have higher exclusion errors of around 8 per cent (see Figure 7). This indicates the existence of barriers to access that are not related to an income test, with people with disabilities potentially more likely than others to be excluded.

**Exclusion errors in universal schemes were much lower than those of any income-tested programmes.**

Nonetheless, the exclusion errors in these universal schemes were much lower than those of any income-tested programme, in particular those targeted at the very poorest. Indeed, if either of these schemes were to be poverty targeted, the barriers experienced by older people and children in Bolivia would almost certainly be even more challenging to overcome.

Overall, therefore, the evidence indicates that universal schemes are very effective in reaching their intended recipients, including the poorest members of society. So, if a policymaker really wishes to support the poorest members of society, a universal approach is the best way to maximise their inclusion.

# 5 The relationship between coverage and targeting effectiveness

A key, but unsurprising, finding of the research is that there is a strong correlation between higher coverage and lower targeting errors. Figure 8 maps out all the schemes

**Using poverty targeting excludes the majority of the target population.**

that were part of the research, examining both their coverage, on the Y axis, and the exclusion error, on the X axis. It shows a strong relationship between higher coverage and lower exclusion of the intended recipients (indeed the correlation coefficient is -0.80). Those schemes below the yellow line are those that are performing better than average while those above the line are worse than average. The main message of the diagram, though, is that universal schemes are significantly more effective than income-tested programmes in reducing exclusion errors. So, if policymakers choose to use poverty targeting, they need to understand that they will exclude the majority of their target population.

**Figure 8: Relationship between exclusion error and coverage across all of the schemes included in the research[13]**
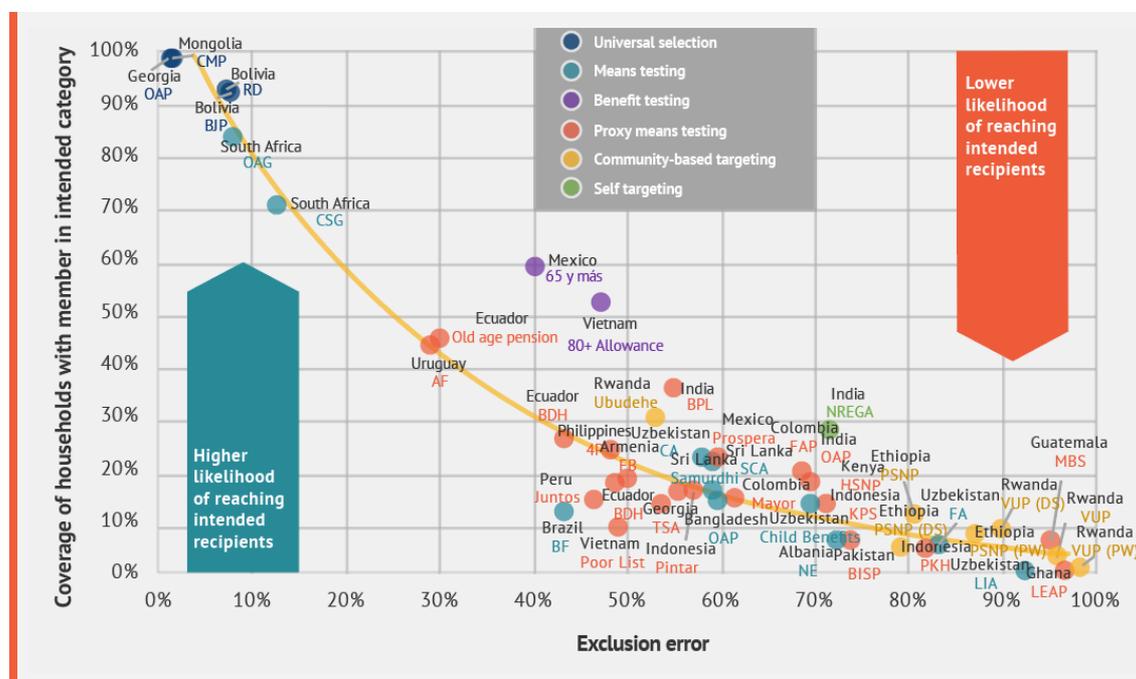


# 6    Conclusion

If countries truly wish to 'leave no-one behind' as they seek to achieve the Sustainable Development Goals, the evidence indicates that they must establish universal schemes, as most high-income countries did many decades ago. Poverty targeting will exclude a high proportion of the most vulnerable members of society. Universal schemes will require a higher level of investment than those that are income tested, but, as with many other things in life, that is the price of higher quality and greater effectiveness. Given that universal schemes are likely to be much more popular across the national population than income-tested programmes, they also tend to be more sustainable.

**Universal schemes require a higher level of investment - but provide higher quality and greater effectiveness.**

Ultimately, the choice of targeting approach is an ideological debate as it is closely linked to issues of taxation, redistribution and public spending. The ideology underpinning universal schemes tends to be supportive of higher taxes and greater redistribution of wealth from the rich to the majority of the population through universal social protection and other core public services. In contrast, the ideology behind poverty targeting tends to

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[13] Benefit testing refers to a simple targeting process whereby those in a particular category of the population receiving one benefit are excluded from receiving another benefit, although the overall aim is to offer universal coverage. Many old age pension systems incorporate benefit testing: in other words, those in receipt of a social insurance pension are not allowed to receive a tax-financed social pension. The cases assessed in this study were all old age pensions.

promote lower taxes and reduced public spending, often claiming that there 'is no fiscal space' for investing in universal social protection. Yet, the absence of fiscal resources is usually a political choice and often the product of decisions to limit taxes. As the COVID-19 crisis has taught us, if the interests of business, the elites and middle class are threatened, governments are perfectly capable of suddenly finding very large sums of public funding to support national economies.

In reality, when levels of both taxation and social expenditure are taken into account, the main beneficiaries of poverty targeting are the rich while universal provision favours the poorest members of society. This key point is often not understood by many well-meaning social protection practitioners who believe, intuitively, that targeting 'the poor' is the best way to help 'the poor.' As a result, they end up supporting poverty targeting and, in effect, working against the interests of those living in poverty. It is important to understand that 'targeting the poor' is a means to an end but one that will not achieve the objective of 'reaching the poor.' Instead, the research in this paper has shown that the most effective means of 'reaching the poor' is through universal transfers.

> " *The COVID-19 crisis has brought into sharp relief the failures of poverty-targeted – or, rather, poor relief – schemes.* "

The COVID-19 crisis has brought into sharp relief the failures of poverty-targeted – or, rather, poor relief – schemes. Their low coverage and inaccurate targeting mean that they cannot function as effective shock-responsive measures since, in a crisis that is universal, they are unable to provide support to the majority of those affected. In contrast, if countries had established universal, lifecycle social security systems prior to the crisis, they would have been in a much better position to respond. Fortunately, some advocates of poverty targeting are beginning to recognise this.[14]

Despite all the evidence that shows that poverty targeting does not work, for some reason countries and institutions have resolved to do it again and again, fully convinced each time that they can make it work. Yet, time and again they fail. Now is the time to stop this cycle of failure and, finally, recognise that social security is a universal right that needs to be established in every country.

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[14] For example, the Global Director of Social Protection at the World Bank argues that COVID-19 crisis shows that countries should establish universal social security entitlements that, importantly, reach those on middle incomes (World Bank, 2020).

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