

Scaling up Social Pensions: From Policy to Practice

Pension Workshop

New Delhi, 24th February 2015

outline

#1: Policy on paper

- *National Social Assistance Program (NSAP) & State Schemes*
- *Task Force Suggestions for Scale-Up*

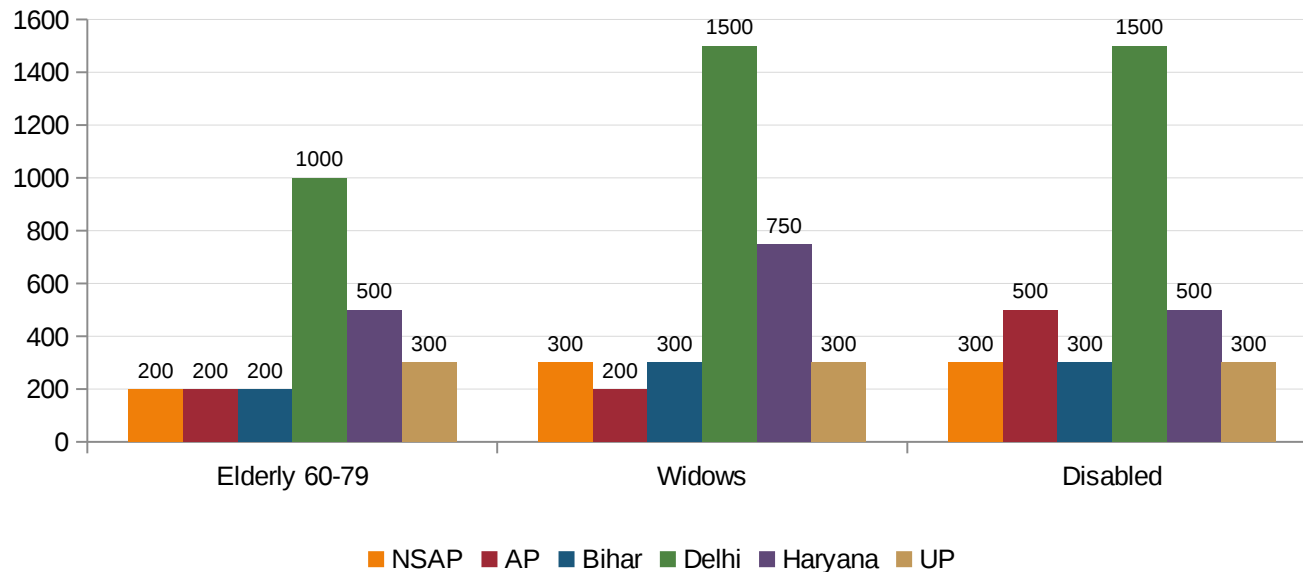
#2: Methods and Data

#3. Outcomes in Practice : Lessons from States for Scale-Up

- *Financing*
- *Coverage*
- *What mediates entry*
- *Targeting*
- *Leakage*
- *Satisfaction with cash payment systems*

GOI Scheme sets the floor for a minimum level of support

Pension (Rs per month)



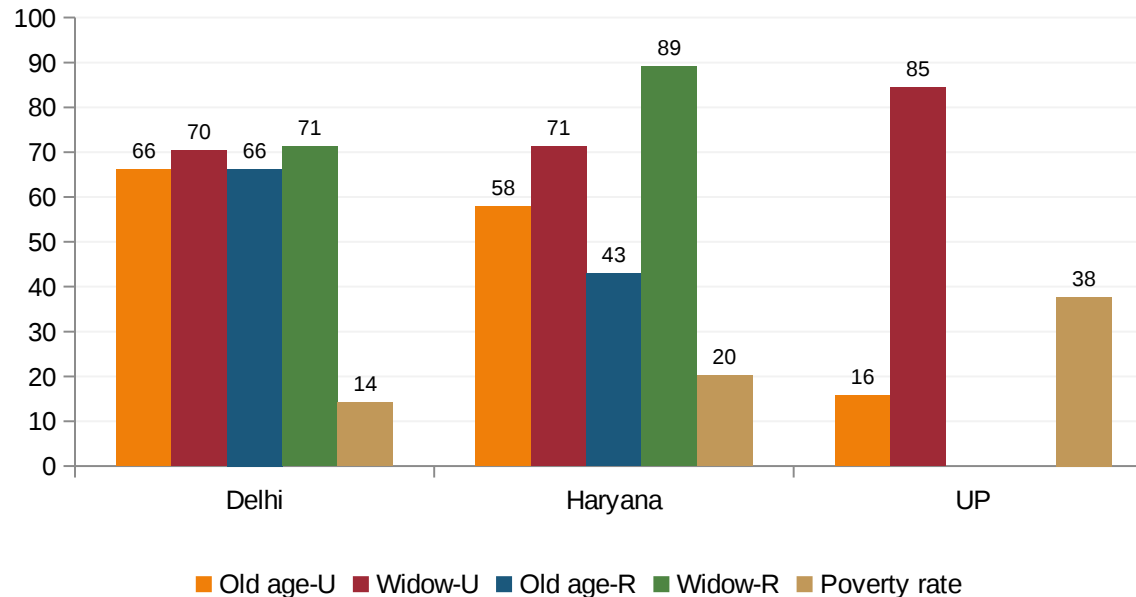
• (AP widow pensions are an exception)

On Paper: Taskforce recommends expansion of benefits & coverage under NSAP

- Increase IGNOAPS (old age) from Rs 200 to Rs 300 per month
- Expand IGWNPS (widows) coverage by reducing eligibility age from 40 to 18 years (also expand to women in difficult circumstances)
- Expand IGNDPS (disability) coverage by removing age restrictions and reducing disability threshold to 40%

In design: states already expand coverage by relaxing eligibility criteria

(% demog group eligible to receive pensions, & poverty rate)



- Demographic groups defined as – Elderly 60+; Widows 20-59 years
- States relax demographic criteria (age band for widows, and inclusive of distressed/separated women), income criteria (self-declared, not BPL except for UP old age pensions)

Methods and data

#2: Methods and Data

#3. Outcomes in Practice : Lessons from States for Scale-Up

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Methods and Data

(1) Implementation Review in 5 states (Phase 1)

- Focus states – AP, Bihar, Delhi, Haryana, and UP – selected for their alternative payment systems
- Based on review of guidelines (on paper), interviews with officials, elected representatives, FGDs with target populations (both pensioners and non-pensioners), analysis of administrative data

(2) Household survey in 3 states (Phase 2)

- Focus states – Delhi (slums), Haryana, UP
- Structured interviews with pensioners and non-pensioners, elderly and widows
- Samples representative of households with at least one widow or elderly in the state (slums, in Delhi)
- Sample sizes: Delhi (2552), Haryana (2929), UP (3268)

Outcomes in practice

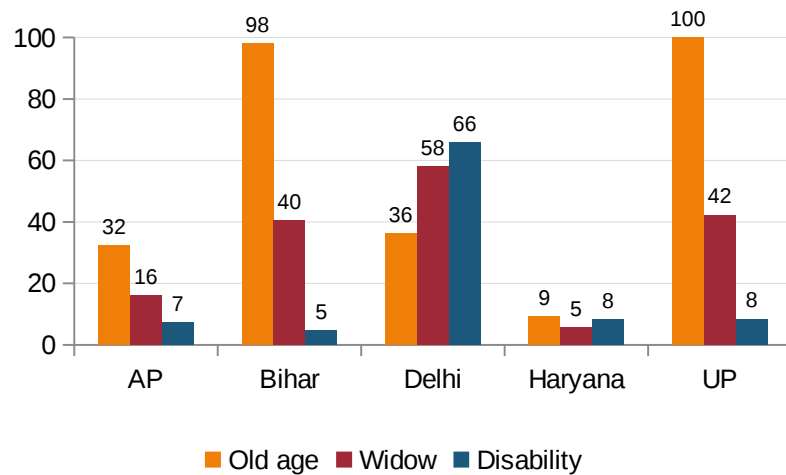
#3: Outcomes in Practice : Lessons from States for Scale-Up

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In practice: States drive the program, expanding scale and topping up benefits

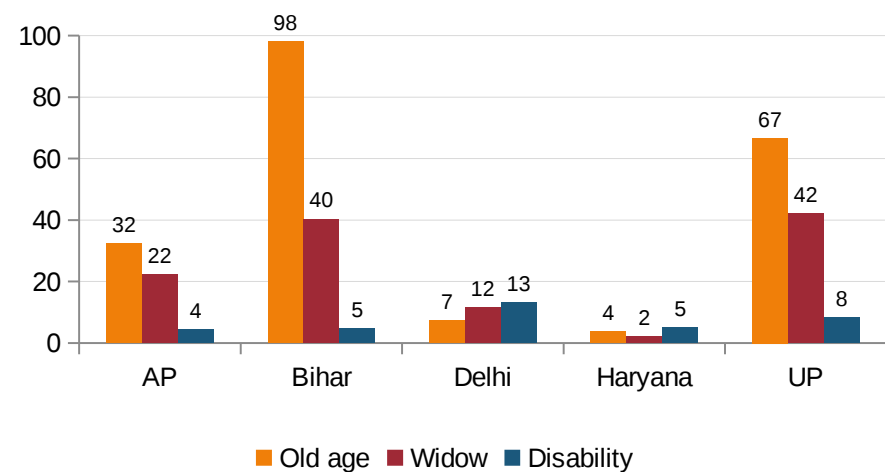
Share of NSAP in beneficiaries

(% pensioners financed by NSAP)

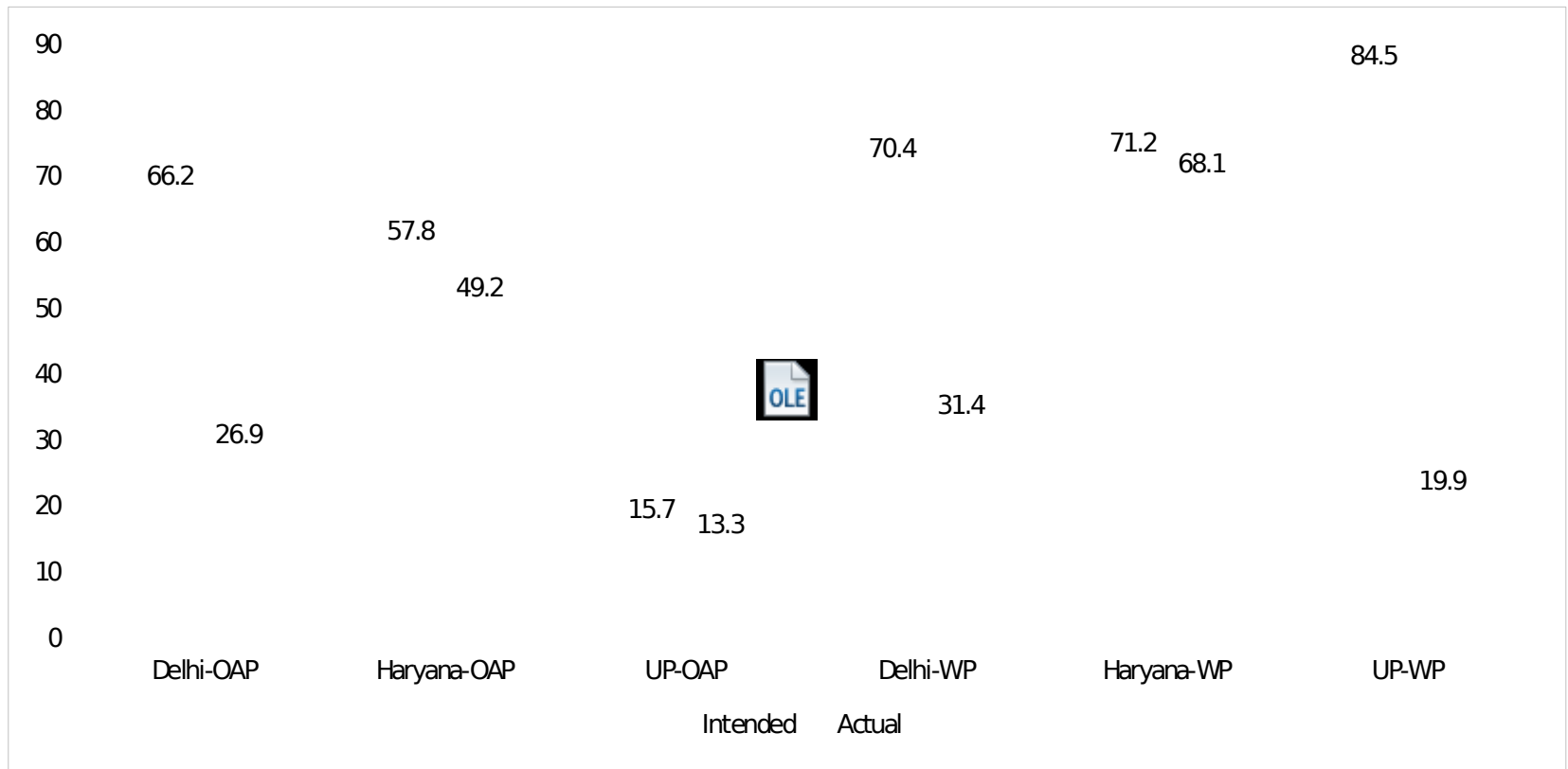


Share of NSAP in total outlays

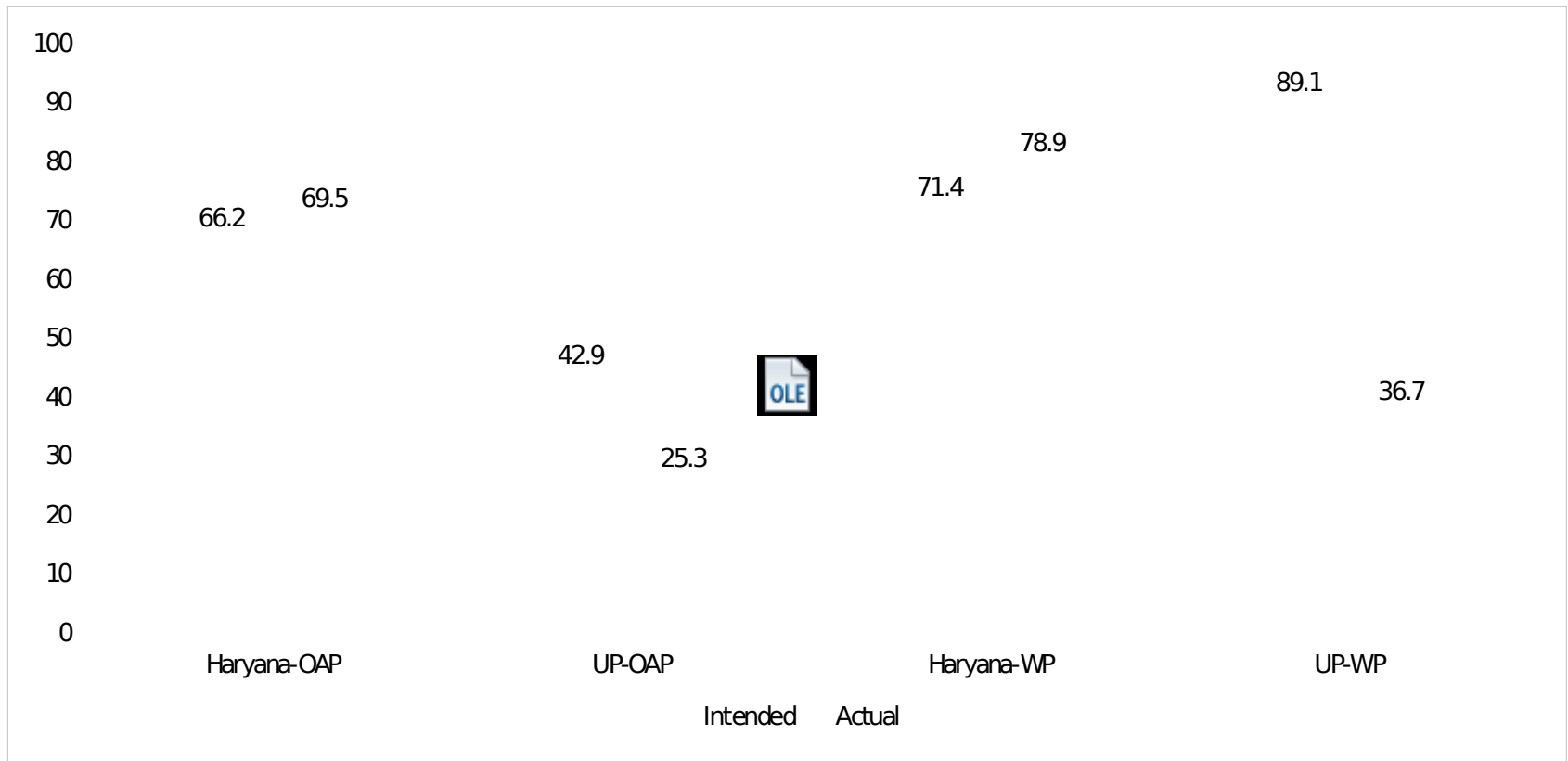
(% pension budget financed by NSAP)



Coverage: States fail to meet their coverage targets in urban areas (all states)...



Coverage: ... And in rural areas (in UP)

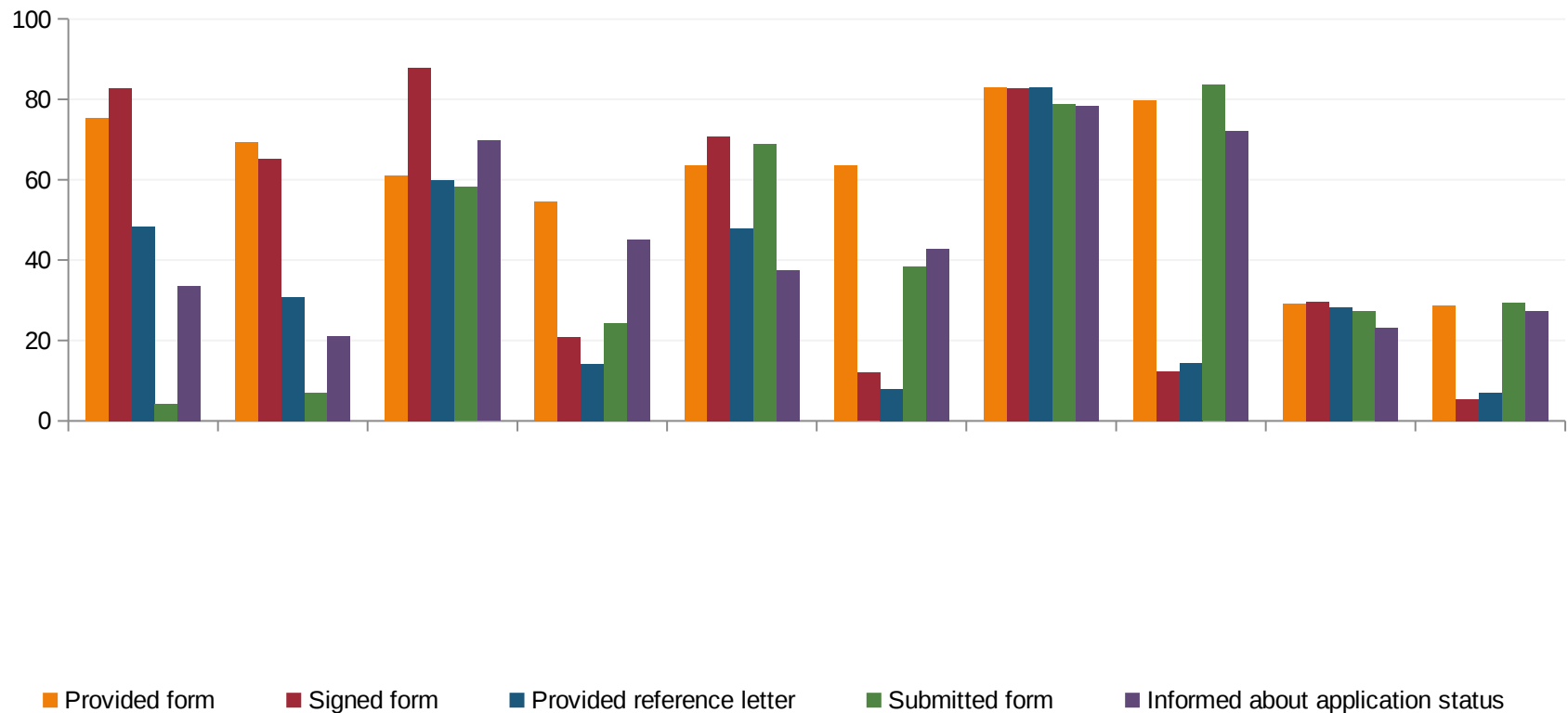


What mediates entry? – Role of Planning

What mediates entry? – Role of Monitoring

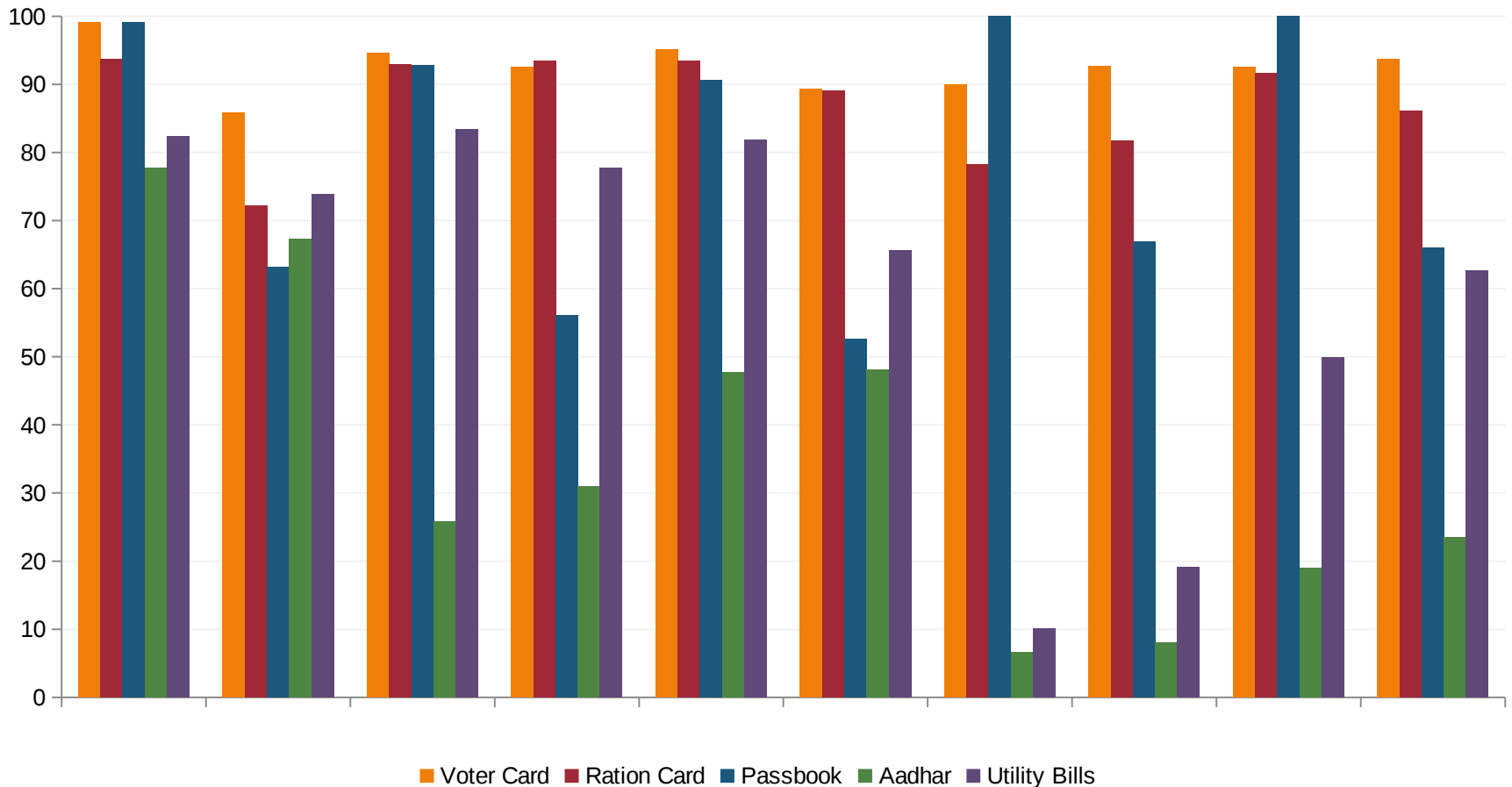
What mediates entry? – Role of Politicians

- Politicians play a significant role at the time of entry into the program
- Key difference between pensioners and non-pensioners is the degree to which they interface with politicians



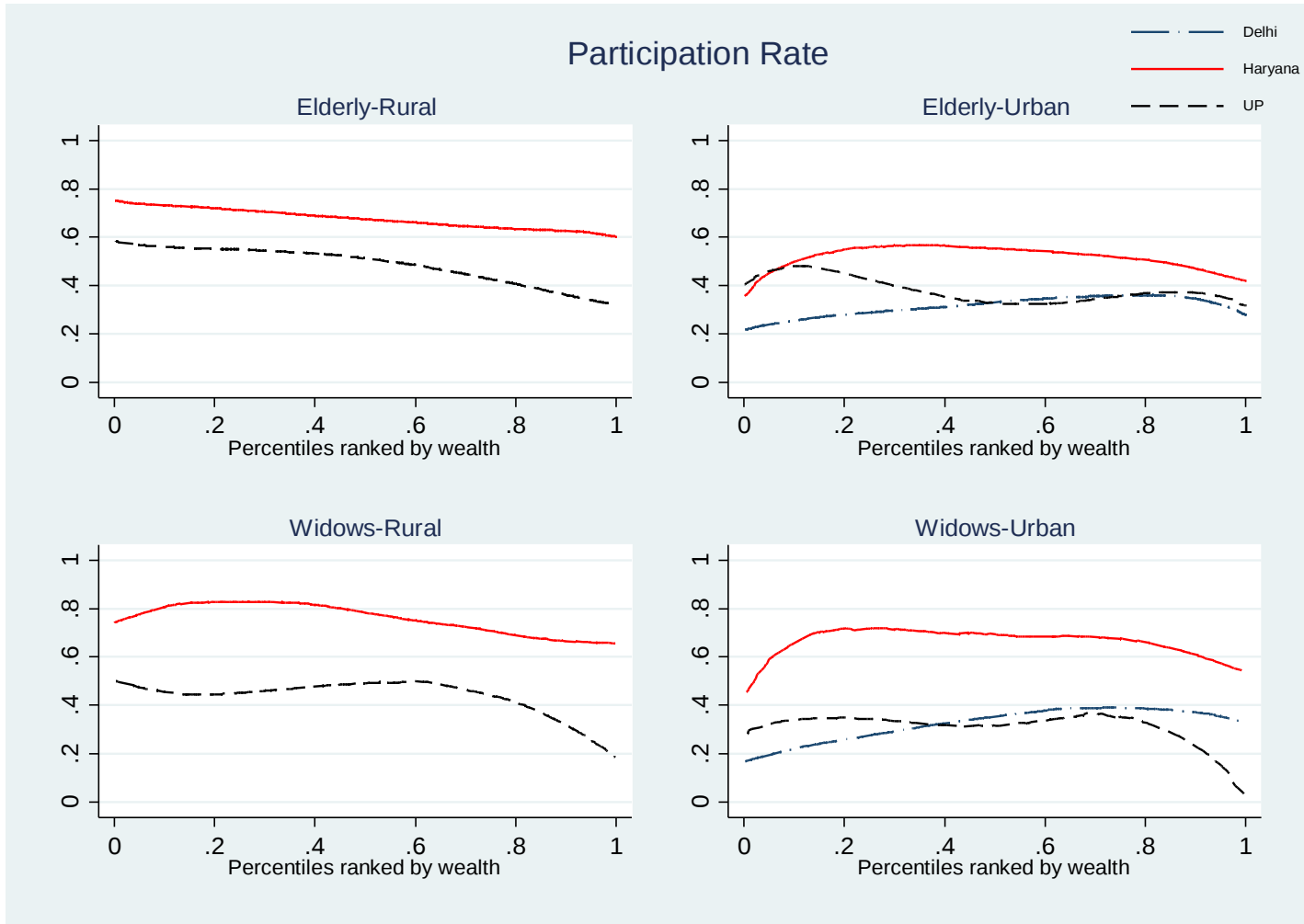
Is Paperwork a constraint to entry?

- No shortage of documents, though burden of collecting large number of unique documentary requirements still noted as a hurdle.



Notes: P: Pensioners, NP: Non Pensioners who applied.

Targeting: Reasonably progressive



Leakage is low

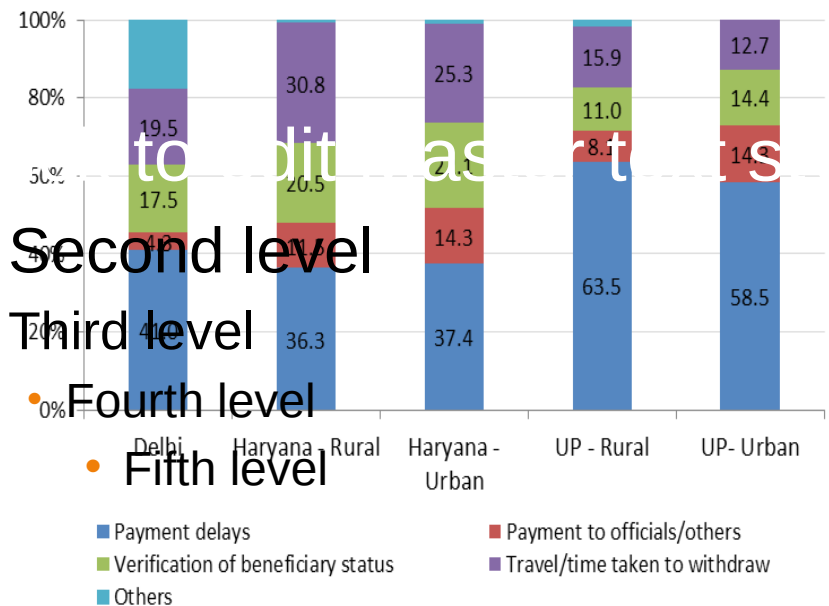
- Table presents a lower-bound estimate of leakage due to partial/non-receipt of pensions
- Tends to be geographically concentrated
- Broadly consistent with other studies

	Non-payment (% who missed one more installment)	Partial Payment (% not paid full amount)		Leakage (% of amount owed)	
		Rural	Urban	Rural	Urban
Widows					
Delhi	25.4	n.a.	3.7	n.a.	11
Haryana	7.2	0	0.9	3	5
UP	9.8	2.6	1.7	8	6
Elderly					
Delhi	15.3	n.a.	4.4	n.a.	7
Haryana	5.1	0.4	0.6	3	4
UP	10.1	1.5	5.3	7	7

Beneficiary perceptions of payment systems

- Majority prefer mode of payment (Bank or cash) that is currently in place
- No clear preference over frequency of payment (monthly/quarterly/bi-annual)
- Payment delays are most commonly reported difficulty in withdrawal
- Pensioners report use of middlemen to collect payments in both bank and cash modes

% pensioners reporting type of difficulty in withdrawal



- Second level
- Third level
- Fourth level
- Fifth level

Should social security pensions be scaled-up?

Social pension schemes perform reasonably well ...

- Valued by extremely vulnerable groups they target
- Moderate levels of leakage, but lower than other schemes (such as PDS, MGNREGA)
- Targeting neutral or progressive

.... And performance metrics improve/do not worsen with higher benefit levels and scale

- Leakage does not seem to be higher in state with higher pension payments
- Risk of exclusion errors declines as scale expands

How will Scale Up be Financed? GoI resources will substitute for state funds

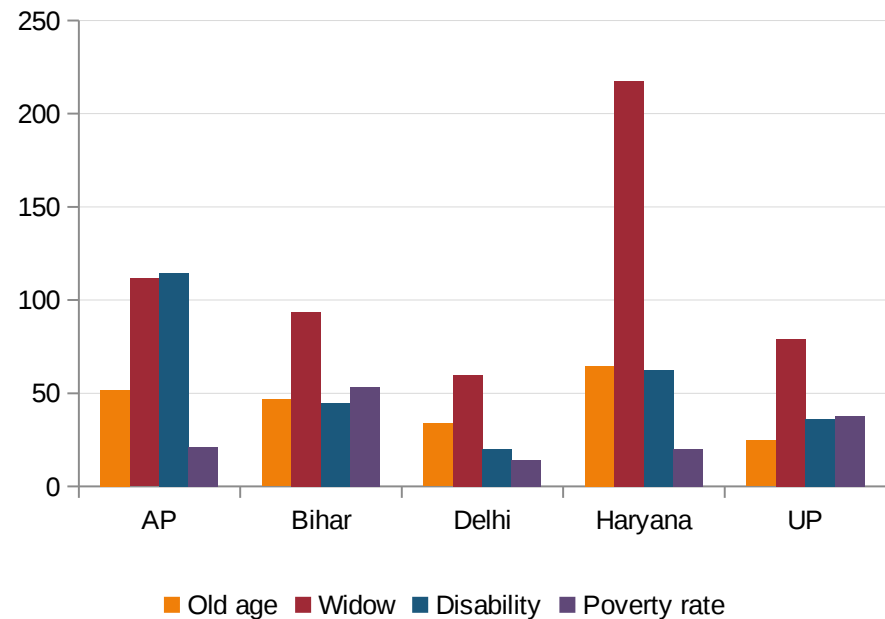
	Old age pensions		Widows pensions	
	Additional NSAP outlay (Rs lacs)	Additional State outlay (Rs lacs)	Additional NSAP outlay (Rs lacs)	Net new beneficiaries (lac)
Delhi	141	-141	0	0
Haryana	131	-131	64	0
UP	3799	-3799	227	0

- Zero or minimal change in number of beneficiaries
- Substitution of state resources with Central resources
- changes on the ground will result only if Phase 2 recommendations of Taskforce (of further raising benefit levels) are implemented, or if states maintain existing resource allocations

How should **scale** be set?

- Current scale sufficient to cover all “GOI” poor, if no targeting errors
- Consider role of social pension in context of entire social protection system
- Trade-off between coverage and benefit level, if resources limited

(% of demographic group receiving pensions, and poverty rate)

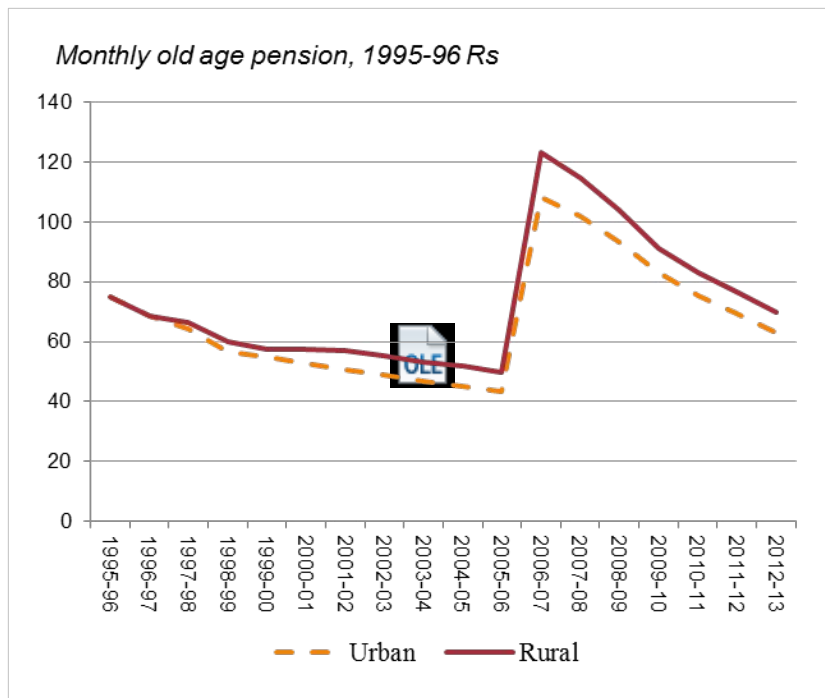


• Target groups defined as – Elderly 60+; Widows 20-59 years; Disabled @ 1% of population

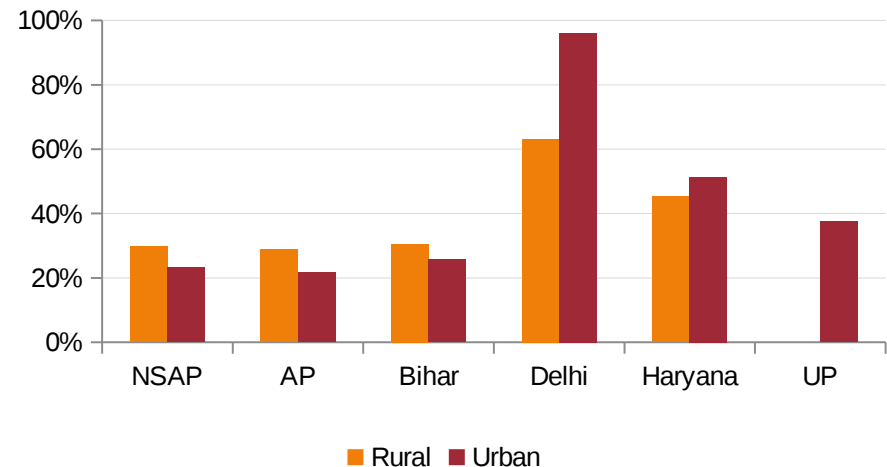
• Haryana widow pension coverage exceeds 100%, at least in part due to inclusion of (non-widow) destitute women

How should the pension amount be set?

IGNOAPS pension stagnant since program inception



(Old age pension as a % of poverty line)



What are the bottlenecks to scale-up?

- Policy attention and public debate has focused on payment delivery systems. Our study does not reveal a clear superiority of Bank transfers over Cash payments, from a beneficiary perspective. PMJDY can be leveraged for a sequenced long term transition to bank based payments.
- Insufficient attention to a key bottleneck – entry into the pension queue – that needs to be eased to scale up the programs
- Monitoring of Inclusion errors
- Planning Cycle based on targeting backbone (SECC?)

Concluding Reflections

Taskforce lays out a model that focuses on all processes – application to sanction to payments; supported by monitoring, grievance redressal etc.

Status quo varied across states --

- *Glass half full*: RTPS; advances on the payment side; adoption of IT solutions
- *Glass half empty*: less attention to application, sanction, verification processes; service deficits at beneficiary interface (application, bank account opening etc); full benefits of CBS and CPSMS not yet harnessed; IT solutions should be end-to-end solution. Scope to re-engineer processes to step up quality of delivery.

Role for GoI:

- Setting a floor for support pan-India (financing)
- Recommended guidelines (drawing on Taskforce Report)
- Capacity building (facilitate cross-state learning; adaptation of innovations and proved solutions for deployment across states)
- Monitoring (UC weak instrument)

Moving Beyond the Taskforce:

- Set up performance metrics on process, beyond payment (on time, regular, in full)
- Institute field-based mechanisms for ground-truthing metrics (exclusion and inclusion errors, beneficiary perceptions) to support program management

Extra slides

Eligibility Criteria: GOI Guidelines and Criteria Used in the three states

Eligibility Criteria	GOI Guidelines	Delhi	Haryana	Uttar Pradesh
Old age pensions				
Age	>=60 years	>=60 years	>=60 years	>=60 years
BPL/Income	BPL	Household Cash Income < Rs. 60000 per annum	Income < Rs. 50000 per annum	For rural: BPL; For urban: BPL/AAY card holder/name appears on survey list of District Urban Development Authority or on MoUD BPL list
Years of domicile	-	> 5 years	Resident of Haryana	
Others		Not covered under other schemes	Not covered under other schemes	Not covered under other schemes
Amount (per month)	Rs. 200 up to 79 years and Rs. 500 thereafter	Rs. 1000; Rs. 1500 for those above 70 years and SC/ST/minorities	See notes	Rs. 300
Widow pensions				
Age	>=40 & <=59 years	18-60 years (then move to OAP)	>=18 years	18-59 years
BPL/Income	BPL	Household Cash Income < Rs. 48000 per annum	Income < Rs. 30000 per annum	Annual Income <Rs. 25,546 in urban. Annual Income< Rs. 19,884 in rural No son/grandson older than 20 years who can support.
Years of domicile		> 5 years	> 1 year	Resident of UP
Others		Covers women in distress	Covers women in distress	Widows
Amount (per month)	Rs. 300	Rs. 1500	Rs. 750	Rs. 300