

# Evaluation of the BOTA Foundation's programmes, Kazakhstan

## Summary note 2:

### Findings from the first round of the operational evaluation of the CCT programme

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#### FURTHER INFORMATION

This briefing note is issued by Oxford Policy Management as part of its independent evaluation of the BOTA Foundation's programmes. The findings are not attributable to BOTA.

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## Introduction<sup>1</sup>

The BOTA Foundation has been running a Conditional Cash Transfer (CCT) programme in Kazakhstan since 2009, providing regular monthly cash transfers to support low-income households that contain any of four categories of beneficiary:

- children aged 4+, until they start school;
- children with disabilities;
- pregnant women or women with infants under six months old;
- school-leavers aged 16–19 who are starting work.

Households receive the transfer provided that they meet conditions relevant to the beneficiary group such as attendance at antenatal appointments, pre-school or training courses.

The programme is managed from BOTA's head office in Almaty, supported by local teams in each province (*oblast*) and volunteers in every community where the CCT operates.

In 2011 BOTA introduced the programme to Almaty *oblast*. Oxford Policy Management (OPM) was commissioned to conduct a baseline survey of eligible households, with a focus on those households that were eligible for the benefit for children of pre-school age.

As part of this survey the team carried out an assessment of the extent to which BOTA was reaching the households that the programme was aimed at, i.e. its 'targeting performance', and also found out about households' early experiences with BOTA through the enrolment process.

This note summarises findings from that research. It shows that about half of eligible households in areas where the CCT was operating had enrolled by the time the baseline survey had finished. It discusses the different characteristics of enrolled households compared with those that were also eligible but did not enrol. It also shows how beneficiary households are mostly satisfied with their early experiences of interacting with BOTA.

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<sup>1</sup> For full details see OPM (2012), 'Conditional Cash Transfer (CCT) Programme Baseline Report of Quantitative Evaluation. Vol I: Impact'; also Summary Note no. 1, 'Findings from the baseline survey of the Conditional Cash Transfer programme'.

## Why measure targeting performance?

An analysis of targeting performance tells us whether a programme is reaching the people it intended to reach. If there are people who could have enrolled but have not (exclusion errors), or who are enrolled but should not have been (inclusion errors) the analysis can indicate whether this has arisen because of the design of the targeting mechanism or the way the programme has been implemented (Figure 1).

**Figure 1 Exclusion and inclusion errors**

	EXCLUSION ERRORS (‘Undercoverage’)	INCLUSION ERRORS (‘Leakage’)
DESIGN	Households that the CCT intends to reach are excluded owing to the way the targeting process is designed, e.g. they fail the proxy means test even though they are poor.	Households that the CCT does not intend to reach are nonetheless enrolled owing to the way the targeting process is designed, e.g. they pass the proxy means test though they are not poor.
IMPLEMENTATION	Households that pass all the programme eligibility criteria are not enrolled. This might be because they choose not to or because they can’t enrol though they would like to.	Households that do not pass the eligibility criteria are nonetheless enrolled. For example, this might occur if a beneficiary reaches the age limit but they do not exit the programme.

Source: OPM. Note: The proxy means test is the short test that BOTA uses to identify if households are poor.

By conducting interviews with households eligible for the CCT, OPM could assess *design errors of inclusion*—the proportion of eligible households that were not poor (the top-right box in Figure 1)—and *implementation errors of exclusion*, i.e. the proportion of eligible households that do not enrol (bottom-left box).

Social welfare programmes rarely reach every household for whom they are intended. In terms of design, proxy means tests—tests that use national survey data to identify the typical characteristics of poor households, and measure

applicants against the identified criteria—cannot precisely distinguish every poor and non-poor household because some poor households happen to have similar characteristics to non-poor ones and *vice versa*. So some genuinely poor households will be missed, while some that are non-poor will be let onto the programme.

As for implementation errors, literature over the last 30 years on targeted social welfare programmes offers four primary explanations why eligible households may not take up an option of a benefit. These are that they may lack the right information; they may dislike the stigma of collecting the welfare payment; they may experience high transaction costs, such as long or expensive journeys to receive it; or the level and expected duration of the benefit may not seem worthwhile. In addition there may be a secondary explanation for low take-up if households have applied but been rejected in error. Finally, take-up may be restricted by the service provider if they offer limited opportunities for households to sign up. A take-up rate of 100% is therefore a condition that is an interesting theoretical benchmark but one that is very difficult to achieve in practice.

As perfect targeting may be neither practical nor desirable in reality, why is it important to measure targeting performance? Since, owing to inevitable resource constraints, not every needy individual can be assisted, does it matter who receives the transfer as long as those who receive it are able to benefit from it?

In fact, the assessment of targeting performance in the present case serves two purposes:

- It can provide BOTA with recommendations for any adjustments to the targeting and enrolment process in the short term so that BOTA enrolls as many eligible households as possible, and as efficiently as possible, within its available resources.
- It can provide guidance for other policy makers who are proposing to introduce similar benefits in Kazakhstan, giving recommendations that may not be feasible for BOTA to introduce in the short term (such as changes to the design) but that may be valuable to consider in future.

## Methodology

At the start of the baseline survey OPM interviewed almost 6,900 households in Almaty *oblast* that included a child of the right age to be eligible for BOTA's benefit, mostly four or five years old. The households were selected randomly from lists provided by the local government office in 108 rural *okrugs*, the smallest unit of local government administration which consists of a group of villages headed by a mayor or *akim*.

At each household the team administered the short 10–15-minute proxy means test that BOTA uses to estimate whether a household is poor. This test determines whether a household can join the CCT. In total 5,388 of the interviewed households passed the test. Of these, just under half lived in 'control' *okrugs* where BOTA is not operating. The other half—2,846 children—lived in 'treatment' *okrugs* where BOTA was operating the CCT, and so could be expected to be enrolled onto the programme.

In April 2012, several months after completion of the baseline survey in each *okrug*, OPM compared its list of 2,846 households known to be eligible with BOTA's database of CCT beneficiaries, to find out how many had ever enrolled. The time delay maximised the chances of capturing not only households that were reached in the first wave of enrolment in 2011 but also those that might have applied in subsequent enrolment rounds. It was found that 1,365 (48%) had enrolled onto the CCT. The implementation error of exclusion is therefore 52% of eligible households.

Details of the characteristics of enrolled and non-enrolled households at baseline, and the experience of enrolled households with the enrolment process, were obtained from in-depth household interviews that were carried out between June and December 2011 with a subset of all those that passed the proxy means test. These interviews also provide data that enabled an assessment of the extent to which the test itself successfully identified poor households, i.e. the design errors of inclusion.

## Targeting performance (by design): Are eligible households poor?

In its design BOTA's targeting process is quite effective in directing resources towards poorer households in Kazakhstan. Some 57% of people in households eligible for the CCT for children of pre-school age had a level of consumption below the 'subsistence minimum' for 2011<sup>2</sup>. This is the level of consumption of food and basic non-food items that the Government of Kazakhstan considers necessary to meet minimum nutritional requirements and non-food needs. In the country as a whole about 21% of people live in households below the subsistence minimum<sup>3</sup>.

A more detailed estimation of well-being can be obtained by matching household consumption to quintiles from the national Household Budget Survey. This shows not only their well-being in relation to the subsistence minimum, but where they fall if they were to be divided into the five national wealth quintiles (Table 1).

**Table 1 Distribution of eligible households by national quintiles (%)**

Quintile	Treatment <i>okrugs</i>			Control <i>okrugs</i>	All households
	Beneficiary	Non-beneficiary	All treatment		
Lowest	60	53	57	53	55
2 <sup>nd</sup>	25	21	23	23	23
3 <sup>rd</sup>	8	16	12	14	13
4 <sup>th</sup>	7	7	7	8	7
Highest	0	2	1	2	2
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: OPM baseline survey.

More than three-quarters of eligible households are in the lowest two consumption quintiles

<sup>2</sup> Remember that this is their status at baseline, i.e. before they have started receiving the CCT. Their poverty status after they have received the transfer for a year will be identified in the follow-up survey for which results will be available later in 2013.

<sup>3</sup> The rate of 21% is from 2009, the most recent available data.

nationally, with 55% in the very poorest quintile and a further 23% in the second poorest. Just 2% of eligible households have levels of consumption that place them in the top quintile. In treatment areas, where BOTA is operating, we can disaggregate between beneficiary and non-beneficiary households. We see that beneficiary households are even more concentrated in the lowest two quintiles: 60% of beneficiary households are in the lowest national consumption quintile. This means that where non-take-up of the BOTA CCT by eligible households occurs its overall effect is progressive: it increases concentration of resources on the poorest.

The fact that 55% of eligible households are in the poorest quintile nationally, and only 2% are in the wealthiest quintile, demonstrates that BOTA's targeting process is effective in distinguishing very poor from very wealthy households. This is a positive finding as it suggests that BOTA's current method of identifying potential beneficiaries is achieving its purpose of concentrating resources more on poorer rather than wealthier households.

### How does the CCT's design influence its targeting effectiveness?

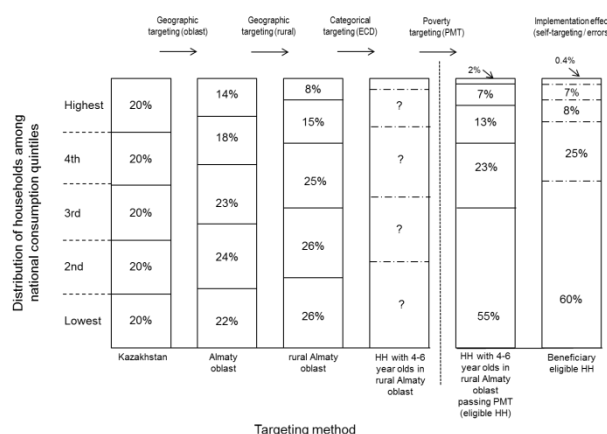
The CCT uses a series of approaches to identify its target beneficiaries:

1. **Geographical targeting:** it works in the poorer oblasts of Kazakhstan, and within those in predominantly rural rather than urban areas.
2. **Categorical targeting:** it selects households that include a certain category of the population as described in the introduction above.
3. **Poverty targeting:** it administers a proxy means test.

Each of these stages contributes to the concentration of the programme on poorer households (Figure 2). We see that simply by targeting rural areas in Almaty oblast BOTA is already increasing its likelihood of identifying poorer households, because in those locations 26% of households have a level of consumption

that places them in the lowest quintile nationally whereas only 8% are in the highest quintile.

**Figure 2: Effect of targeting on distribution of households by quintile**



Source: OPM.

OPM could not quantify the implications of the categorical targeting for the distribution of households by quintile since this requires access to the Household Budget Survey's records on individual members, such as their age; these data were unavailable. But we know from UNICEF's Multiple Indicator Cluster Survey that households with young children are poorer than the average for Kazakhstan. We can therefore expect this to increase the focus on the poor.

The proxy means test then provides one additional layer of targeting at the end of a series of measures that already favour poor households. This contrasts with the design of some cash transfer programmes elsewhere where the test may be the sole instrument for poverty targeting. The test improves considerably the concentration of resources on the poor, since 55% of eligible households are in the lowest quintile. This means that the test is about as effective as was predicted during its design: the guidelines predicted that 52% of beneficiary households would fall below the subsistence minimum.

However, what we cannot tell from the analysis only of eligible households is the extent to which the test may exclude poor households. BOTA aimed to minimise exclusion errors when it designed the CCT.

## Targeting performance (in implementation): Do eligible households take up the CCT?

Putting aside any errors from the design of the proxy means test in identifying poor or non-poor individuals, we can then turn to the second question. Given all the people that are eligible for the CCT, what proportion are enrolled? And if some are not enrolled, do we know who they are, and why they have not joined?

We noted above that 48% of households that we knew to be eligible for the CCT at the time we visited them in 2011 had enrolled onto the programme by 2012. This estimated take-up rate is within the range that is observed in the international literature for the take-up of benefits in the public sector in Europe and the United States. For example, Hernanz *et al.* note that, 'estimates typically span a range of between 40% and 80% in the case of social assistance'<sup>4</sup>.

### What are the characteristics of the eligible households that do not take up the CCT?

We find statistically significant differences at baseline in the characteristics of eligible households in treatment areas who have enrolled in the CCT and those that are also eligible but have not enrolled. Remember that all differences are observed before the beneficiaries have received any transfers, so they are not affected by the transfer itself.

Non-enrolment mostly works as an additional targeting mechanism: non-enrolled households generally have better welfare outcomes than those that take up the CCT benefit. The exception to this observation is that non-enrolled households have significantly higher proportions of children with either short-term or chronic health problems. This indicates that there is a second group of non-enrolled households

consisting of families who may experience greater difficulty reaching the enrolment session or who are otherwise marginalised.

We summarise these differences from four perspectives: the household composition; their income and expenditure; and their health and education outcomes.

### Household composition

Eligible households that do not take up the CCT have, on average, fewer children: the average number is 3.0 in a non-enrolled household compared with 3.3 in enrolled households. This difference is found to be very highly statistically significant. At the same time they have more adults available to look after the children. In particular they are much more likely to contain a pensioner: some 40% of non-enrolled households include a pensioner, compared with only 30% of enrolled households. This generates a picture where the burden of caring for children is lighter among households that have not applied for the programme compared with those that have applied and enrolled.

There is no strong difference between enrolled and non-enrolled households in their ethnic group and the language they speak. This is notable since it indicates that the CCT in Kazakhstan does not face cultural barriers, and there is no evidence that speaking a language other than Kazakh leads to either discrimination or to a lack of awareness of the programme.

### Income and expenditure

We noted above that eligible households that do not enrol are, on average, better off materially than those that enrol onto the CCT. Mean *per capita* consumption of non-beneficiaries, at just over 17,000 Kazakh *tenge* (about \$115) per month, is 10% higher than that of enrolled households (15,400 *tenge*, or \$104). Remember that these are differences that are found before beneficiaries had started receiving any transfers so the results are unaffected by the CCT.

Non-enrolled households have more stable incomes than enrolled households. They are more likely to cite salaried employment as one of

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<sup>4</sup> Hernanz *et al.*, 2004, 'Take-up of welfare benefits in OECD countries: a review of the evidence', OECD.

their primary income sources (54% vs. 47% of households), and very much less likely to rely on casual employment.

Moreover, adults in non-enrolled households are half as likely to be employed in seasonal work as those that are enrolled (14% vs. 26%). For households without a stable year-round income a cash transfer such as the BOTA CCT may therefore be attractive as a means to smooth consumption. Focus group respondents emphasised the vulnerability of households in winter if they do not have year-round work:

*“There is work in the summer. Some people can [...] plant potatoes in the fields. In the winter, everyone sits at home and lives on whatever they have been able to save or put aside.”*

*(Focus group with non-enrolled households, Akmola)*

Non-enrolled households are significantly less likely than BOTA beneficiaries to buy from stores and markets on credit, and twice as likely to be indebted to banks. This is consistent with the fact that enrolled households have a greater reliance on casual and seasonal labour, and so may use debt to meet their immediate needs. It also fits with the international literature that suggests it is generally easier for better-off households to get access to larger amounts of credit such as personal loans from banks.

### Health outcomes

Some health indicators support the evidence that non-enrolled households are materially better off than enrolled ones. For example, the proportion who said that during the previous year they had not always got a full and varied diet was half that of enrolled households (7% vs. 13%).

However, the rates of both long-term and short-term health problems are much higher among non-enrolled than enrolled households. This is true both for physical impairments such as problems with sight, hearing or mobility, and also

for chronic illness such as epilepsy or diabetes, as well as rates of pneumonia and diarrhoea.

This could be an indication that families of children who experience these health issues find it difficult to reach the place of enrolment, or that these families are in some other respect more marginalised. The findings here contrast with the results previously cited that suggest that the more vulnerable households, in terms of measures such as employment, are more likely to become beneficiaries.

### Education outcomes

At first we found highly significant differences in pre-school enrolment in treatment areas between households enrolled onto the CCT and those that are not: 58% of households that have signed up to the CCT have ever enrolled their child in pre-school, compared with 38% who have not joined the CCT. This is at baseline when the households have not received any transfers.

However, further analysis of the data revealed that this was due to an 'anticipation effect': even though households had not begun to receive cash from BOTA, they had already begun to alter their behaviour in anticipation of the need to comply with BOTA's conditions.

This means that there is no underlying difference between enrolled and non-enrolled households in terms of the education of the pre-school child: it is not the case that the CCT is more likely to be picked up by households who already send their child to pre-school.

### Reasons for non-take-up of the CCT

What causes 52% of eligible households not to take up the CCT programme? We propose a typology of four reasons for non-take-up:

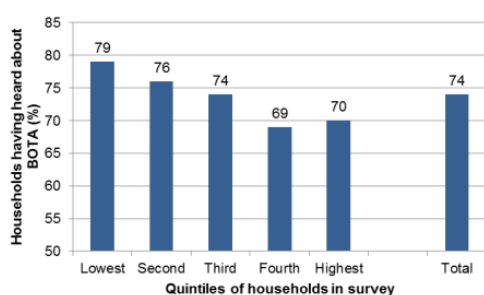
1. **Uninformed households:** those that do not know about the CCT.
2. **Misinformed households:** Those that know about it but think they can't apply.
3. **Uninterested households:** Those that know about it but choose not to apply.
4. **Constrained households:** Those that know about it and would like to apply but cannot.

### Uninformed households

BOTA has raised awareness of its programme through personal communication via volunteers, mass media advertisements and the distribution of printed materials. At the time of the baseline survey, after BOTA's first enrolment round, 26% of eligible households were unaware of the CCT. Factors contributing to the lack of information include:

- **Rapid expansion.** The first enrolment takes place within a few weeks of BOTA's arrival in a community. We expect that over time more households will know about the CCT.
- **Difficulty in identifying households that meet the categorical targeting criterion.** Owing to circumstances relating to its foundation BOTA could not collaborate with *akimats* to get lists of households of the right category such as those that have pre-school-age children. Instead it relies on its volunteers, who may accidentally overlook some households if they are not in contact with them.
- **Decision not to inform certain households about the benefit.** BOTA proposed to deal with leakage of cash to non-poor households by 'community vetting'. An example might be focusing on disseminating information to areas of the community that are known to be poorer. BOTA confirms that this was intentional, to speed up enrolment by reducing the time spent on processing applications from households that would be rejected. Households in the poorest quintile are more likely than those in the highest to have heard of BOTA (Figure 3).

**Figure 3: Proportion of each survey quintile having heard about BOTA in treatment okrugs (%)**



Source: OPM. Note: These are quintiles of the households in the survey, not national quintiles.

### Misinformed households

Qualitative research indicates that, while many households appreciated the availability of information, a few did not understand it. For example, some thought the CCT was a loan rather than a grant. Others were incorrectly informed by neighbours or volunteers that they should not apply as they would not pass the test because they had assets, or had a household member in employment.

### Uninterested households

There will always be households that do not apply for social assistance programmes even though they are eligible because they feel that the benefits are not worth the cost. We have seen in this note that non-enrolled eligible households are materially better off than enrolled households at baseline, and their income is less dependent on casual and seasonal labour. For better off households the relatively modest size of the transfer in proportion to other income sources may not be a sufficient incentive to incur the transaction costs of undergoing the enrolment process or to overcome the potential embarrassment of applying for a handout.

### Constrained households

Households that would like to enrol but that cannot may be constrained by their personal circumstances or by administrative difficulties. Chance constraints, such as being at a funeral or antenatal appointment on the day of enrolment, were among the most common reasons for non-take-up expressed during qualitative research. We have seen that another personal constraint may be the difficulty of reaching the enrolment session for households with a child who has a short- or long-term illness or a disability.

Administrative constraints can also present a barrier to take-up if households have to wait several months for the opportunity to enrol. During 2011 this was the case with the CCT, though in 2012 BOTA resolved this by permitting distance enrolment whereby a household could take the proxy means test by telephone at any time instead of waiting for the enrolment team to arrive in the village.

## Experiences with programme operations

Where households had applied by the time of the baseline survey OPM invited them to share their experiences of the enrolment process and their interaction with volunteers, and also explored their understanding of the programme.

### Experiences of the enrolment process

Households generally attend a central location such as the *akimat* or a school to take the application test when enrolment specialists visit the *okrug*. Successful applicants also sign participation and confidentiality agreements and fill in an application for a bank card.

Conditions for the test are quite convenient. Some 95% of households took it in their own *okrug*, and the average time to the test location was just over 20 minutes. Nine out of 10 applicants paid nothing to get there. Once there the average time spent for completion of the enrolment process was 1 hour 45 minutes.

Individuals were well informed about the documentation for completing the enrolment process: more than nine out of every 10 applicants had the relevant documents ready.

OPM's qualitative research supported the findings that the enrolment process was reasonably straightforward. It noted that the procedures compared quite well with some other welfare programmes on account of the polite behaviour of the staff and the less onerous requirement for documents.

### Volunteers

About three-quarters of households that had enrolled onto the programme were aware that there was a programme volunteer in the community. Almost all said that the volunteer

was easy to get in touch with. Most contact at the early stage of the programme was initiated by the volunteer rather than the beneficiary.

### Understanding of the CCT

Households' understanding of the CCT was rather limited at the start of their involvement. Two-thirds said they did not know the value of the transfer that they would receive. This was surprising since BOTA informs households about the value of the transfer on several occasions, such as in leaflets, by communication with volunteers, and in the participation agreement. The finding may therefore reflect an uncertainty by households that they would receive the amount specified, given that they had not yet received any payments. However, about three-quarters of beneficiaries understood correctly that they would be receiving the CCT monthly.

Households also knew very little about the conditions attached to the transfer (such as attendance at pre-school) before they started receiving the payment: only one in four thought that conditions were attached. This difficulty of understanding conditionality is common also to other conditional cash transfers worldwide.

## Conclusion

By design BOTA's programme is quite progressive, concentrating resources on poorer households. During implementation about half of eligible households are not joining the programme. On average these non-joiners have higher consumption and more stable incomes than beneficiaries, though some of them have children with worse health outcomes. Some non-joiners do not know about the programme while others do not wish to join or could not enrol although they wanted to. For successful applicants their early experience of interaction with BOTA has largely been quite positive.

### THE SERIES

This is part of a series of summary notes covering the evaluation of BOTA's programmes. The notes so far are:

1. Findings from the baseline survey of the CCT
2. Findings from the operational evaluation of the CCT
3. Overall conclusions from the qualitative research