

Social Protection: Impact on household resource allocation and Child Undernutrition

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MESSAGE

Three large-scale social protection schemes – the Productive Safety Net Program (PSNP) in Ethiopia; the National Rural Employment Guarantee Scheme (NREGS) in India; and the Juntos conditional cash transfer program in Peru – have been successful in diverting resources from adults to children, thereby reducing inequality within households. New research analyzing data from Young Lives, a longitudinal study of the changing nature of childhood poverty, finds that families enrolled in these programs experience a reduction in child undernutrition. But not all poor and undernourished children are reached because they are spread across the distribution of households by per capita expenditure.

CONTEXT & MOTIVATION

In developing countries where the poor and vulnerable are typically not covered by contributory social security, social protection programs offer an insurance against adverse events or crises. The targeting of beneficiaries and program evaluations are based on expenditure surveys that collect consumption data at the level of households. But

there are concerns that standard household-level poverty measures may be masking the true extent of deprivation as many poor individuals, notably children, live in families that are not defined as poor.

When household resources are distributed unequally across family members, conventional measures can seriously underestimate the prevalence of poverty and inequality. Impact evaluation of the targeting and effectiveness of social protection programs based on such measures may not provide the true picture, especially if disadvantaged individuals live in households with per capita consumption above the poverty threshold, or if within-household resource allocation is skewed.

Recent advances in economic theory and models of household consumption, make it easier to use standard household-level data to reveal the resource shares of individual family members. The resource share of a given member is defined as the fraction of total household consumption expenditure that is spent on goods and services consumed by that member. Analysis

of resource shares makes it possible to characterize the budget constraint of each individual and offer an insight into the distribution of wellbeing within the household.

This research combines a new method of estimating intra-household resource allocation with standard impact evaluation methods to evaluate the role of PSNP, NREGS, and Juntos in reducing inequality within families.¹

METHODS

First, measuring individual deprivation using nutritional outcomes, the study asks whether undernourished children tend to be concentrated in poorer households by wealth. It then estimates how total household expenditure is divided among family members to investigate the presence and extent of intra-household inequality, and how participation in social protection programs mediates this effect. Finally, it uses the resource share estimates to understand the link between intra-household resource allocation and children's nutritional outcomes.

Authors Liyousew BORGA, Conchita D'AMBROSIO

Geography Ethiopia; India; Peru

Find out more about this project: <https://www.afd.fr/en/carte-des-projets/investigating-distributional-impact-social-protection-short-and-longer-run-inequalities>

Key words Social protection; Intra-household resource allocation; Undernutrition

Themes Economics, Poverty, Inequality.

RESULTS

There is a large incidence of undernutrition in all three countries. In Ethiopia and India, over 40% of children are underweight. In the period prior to program implementation, the incidence of child undernutrition was similar between targeted and untargeted (but otherwise comparable) households.

The relationship between household wealth and children's nutritional outcomes is very weak. But participation in the programs has some positive impact, particularly in Peru. To examine how the incidence of undernutrition among children varies with per capita household expenditure, the study ranks families from poorest to richest, and compares the concentration of undernourished children in them. Children in the sample faced a similar probability of being undernourished at any point in the per capita expenditure distribution.

These results raise doubts about relying solely on household consumption and wealth measures

to target nutritionally-deprived individuals. Given the greater emphasis now placed on undernutrition as a measurement of individual wellbeing, and given strong evidence on the longer-term costs of child undernutrition, it is imperative that targeting should be considered from a broader perspective.

Having established that undernutrition is spread widely across the distributions of household wealth and consumption, and given that this can be attributed to intra-household inequality in resource allocation, the study looks at how total family expenditure is allocated among men, women, and children. Household expenditure on an assignable private good (clothing and footwear) is the measure of individuals' resource shares.

The research finds that the total resource shares of men and women decline with the number of children. But this decline is not shared evenly. For three or fewer children, women mostly bear the decline, particularly in India and Peru. In Ethiopia, men's resource shares also decline for the third and fourth child.

The study also finds that participation in social protection programs divert resources from adults to children. The effect on men is larger in Ethiopia and Peru, which implies that more resources are redistributed from men to children (and also to women in Ethiopia). In India, however, the magnitude is slightly larger for women. But this does not imply that parents become poorer due to the programs, since total household resources also increase.

In all three programs, participants are not selected randomly in experimental settings. The programs also do not explicitly redistribute benefits to the father or the mother. But it is encouraging to see that the programs lead to reallocation of resources to children.

It is not possible to conclude whether redistribution favoring mothers or fathers is more effective in reducing inequality within families. Nonetheless, the findings indicate that accounting for intra-household inequalities is crucial for a comprehensive assessment of poverty and inequality.

RECOMMENDATIONS

- ▶ The targeting of poor households by social protection programs does not necessarily reach all poor individuals, which suggests that more finely targeted policies may be required to ensure that those in need of help actually receive it.
- ▶ It may be important to inspect multiple aspects of beneficiaries' wellbeing other than simply targeting criteria.
- ▶ The procedures of employment guarantee schemes and other transfer programs may benefit from considering the nutritional wellbeing of participants and their families. Consideration of local health environments and intra-household resource allocation is key for designing policy interventions.
- ▶ Household data play a central role in poverty measurement. Enriching such datasets with intra-household information can support more finely targeted programs.

¹ Borga L. & D'Ambrosio, C. (2020). Social Protection on Intrahousehold Resource Allocation: Evidence from Three Large-scale Programs, [AFD Research Papers N°138](#).