Targeting Strategies

How to reach out to the poor
There is no “‘no size fits all” regarding the best targeting strategy.

Poverty targeting mechanisms should be simple, clear, and objectively monitored.

The mechanism should address risks, mainly potential inclusion and exclusion errors.

The best targeting mechanism is the one which reflects the overall local context and provide necessary information.
Poverty Targeting: Basic Concepts

Poverty level can be measured by:

- Consumption (household expenditure)
- Household income, or
- Services provided to households

The most common poverty indicator is size (number) or percentage of population whose income or consumption is less than the poverty line.

The design of program and interventions should reflect whether the program aims to reach out to the poor or the poorest, and whether this should lead to:

- Get them out of poverty, or
- Relatively improve their living standards.
Poverty Targeting: Basic Concepts

There are different methods of poverty targeting, such as:

- Individual assessment (at individual/household level)
- Self-selection
- Categorical

Individual assessment is based upon individual/household expenditure level using certain indicators such as level of education, type of dwelling, or assets. This requires accurate information on the individual/household.
Poverty Targeting Concepts

**Poverty incidence:** Percentage of population whose income/consumption is less than poverty line.

**Poverty gap/depth of poverty:** Households above poverty line. This index is defined as the ratio of average income to poverty line for all population.

**Poverty severity (squared poverty gap):** Inequality among the poor themselves.

**Targeting method:** It refers to a set of program design rules and criteria which define eligibility.

**Individual assessment:** A case by case eligibility using direct/indirect methods or personal assessment.

**Self-selection:** Only people who really in need will apply, as the assistances are not attractive (e.g. medical center with long queues).

**Categorical or geographic targeting:** Targeting specific groups (e.g. gender or marital status) or geographic area.
Targeting Errors

- **Inclusion errors**: Include non-poor people among the beneficiaries due to inaccurate eligibility criteria.

- **Exclusion errors**: Exclude poor people from the program due to budget constraints, geographical limitations, lack of clear definition of the poor by the program, etc.)
What are the objectives of targeting?

Governments may focus its financial and service resources on the poor households for many reasons, such as:

- **Increase economic growth rates** as continued inequality may hinder economic growth
- Promote **balanced regional growth and development** through providing infrastructure and services at deprived areas
- Re-distribute wealth through **transferring public resources to poor households** to realized social justice objectives
- Create a significant impact on key development indicators through achieving MDGs such as large drops in infant and maternity mortality rates
- Consolidate state structure
- Address crises
- Achieve political objectives
Who are the poor and vulnerable people and where they live?

- Failing to set clear criteria of targeting may result in confused program objectives and non-measurable performance.
- For example, programs should define their objectives?
- Reach out to the poor local communities, poor households, or certain vulnerable groups?
- Failing to have a clear definition of the target group will lead to targeting errors.
Targeting performance

- The assumption is that program assistances designed to serve vulnerable communities and households really reach the people in need.
- Programs should provide basic public services to the poor such as education, health care, and water. On the other hand, such services should not be affordable by non-poor households.
- Studies suggest that there is no perfect targeting program or method, and that using a mix of targeting methods will improve targeting and performance.
A review has been made to international experience regarding poverty reduction interventions in 48 countries (LAC, Africa, ECA, MENA, and SEA) in order to assess their performance in reaching out to the poor households. The programs include cash transfers (i.e. social welfare, assistances, and benefits, pensions, and child allowances), cash transfers (food grants), workfare, etc.

According to the study, best targeting takes place in:
- Rich countries (good implementation, follow-up, etc.)
- Counties where governments are more accountable (by the parliament, opposition, press, donors, etc.)
- Countries with high disparity in income.
Regarding targeting method, best results were as follows:

- Means testing
- Geographic targeting
- Self-selection

Regardless of targeting methods and mechanisms, implementation effectiveness was the main factor in determining targeting performance.
Conformity between targeting mechanisms and program objectives

- Targeting mechanism may change in line with changing objectives, feedback on targeting performance, resource availability, new sources of information, or changing government priorities in general.

- Testing targeting mechanism will depend on developing an effective and flexible M&E system in terms of design, implementation, and monitoring by the program officials.
Key performance indicators

Establishing an effective mechanism to measure and assess poverty targeting requires an M&E system in order to track targeting performance.

- Lack of a method to measure targeting performance (e.g. M&E) will increase potential risks, such as:
  - Waste of public resources
  - Political influence
  - Ineffective interventions
  - Inaccurate targeting
  - More inclusion and exclusion errors
  - Less productivity
Coverage indicators:

- Ratio of beneficiary population to total population in targeted areas

Geographic indicators on targeting efficiency:

- Increase budget of programs targeting poor areas

Household-level indicators: Targeting results

- Assist a certain number of vulnerable groups (e.g. widows, old-aged, and people with special needs)

Comprehensive process indicators:

- Percentage of poor and vulnerable individuals, households, and groups satisfied with selected projects

- Influence of vulnerable groups (e.g. women) in local project committees.
Types of assistance

- Direct cash transfers
- In-kind assistance (scholarships, medical coverage, etc.)
- Categorical subsidies (e.g. old-age, women, children, disabled persons, etc.)
- Conditional services (e.g. agricultural, industrial, commercial, etc.)
- Capacity building and development services (e.g. training courses, etc.)
- Community-based services (e.g. transportation, telecommunication, schools, etc.)
- Unconditional agricultural subsidies
- Fuel subsidies
Design & Implementation

Readiness

- Identify organizational set-up
- Ensure administrative efficiency
- Identify types of assistance (i.e. cash, in-kind, service, etc.)
- Identify scope of work and mechanisms
- Provide infrastructure (i.e. supplies, networks, and HR)
- Install an IT system
- Establish a national database
- Ensure functional match of the IT system
Design & Implementation

Implementation

• Dissemination and awareness
• Registration
• Verification
• Classification
• Results
• Complains
• Case management
• Evaluation
Design & Implementation

Overall evaluation

• Conduct case management
• Assess cost effectiveness and efficiency
• Assess competency: Use mechanisms to identify levels of inclusion and exclusion errors
• Identify level of satisfaction from the beneficiary standpoint
Questions