

Targeting Efficiency of Poverty Reduction Programs in Pakistan

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The study is mainly aimed at examining the targeting efficiency of nationally implemented three largest poverty reduction programs:

- *Distribution of Zakat*
- *Microfinance*
- *Provision of health services through Lady Health workers Program (LHWP)*

Zakat and microfinance are narrow target program with mechanisms of identification of poor whereas LHWP is aimed at broad targeting.

According to data and literature available the year of 1987/88 was a turning point for trends in poverty. There was an upward trend in poverty estimates in 1990's. The poverty levels were especially higher in rural areas than in urban areas, highest levels of poverty were observed in Sindh and Southern Punjab. Various schemes were launched over the past many decades for enhancement of people's well-being and had two common features (1) missed the financial targets because of governments cut on development expenditures during fiscal adjustment without the assessment of cost and benefit analysis, and (2) public perception that no real qualitative change in standard of living especially in rural areas.

There is a need for government intervention to take steps for enhancement of resources that are distributed as public Zakat, the selection procedure for zakat mustahiqeen should be improved that will help the poor beneficiaries to receive full benefits of zakat. More than one-third of zakat recipients reported that they didn't received full amount(2000/PSES). The proportion of zakat that could not be transferred to beneficiaries was 14% in rural areas and 21% in urban areas.

Development of a transparent mechanism based on household physical and social assets that could help identify the poor and ensure that cash/in kind benefits are transferred to such households.

Microfinance program was somehow beneficial to the poor as there was a considerable proportion of credit beneficiary who experienced an increase in their income after receiving the loan. The impact of microcredit on rural participants was quite significant and made a positive progress for the households close to the poverty line. The LHWP could be made further effective by adopting targeting at the district level that will increase the concentration of poor households.

Zakat covers only fewer households than the actually eligible number. It is because of the insufficient that could provide all poor households with their basic needs. There is a significant amount of leakage because many beneficiaries don't receive the full amount, they are entitled to receive due to bribery and corruption involved in its disbursement. Microfinance programs have also failed to deliver because there is no mechanism for identification of the poor. Similarly, the third largest program for poverty alleviation that is LHWP has not produced significant results because it has not reached to the poorest of the poor households. There is a need to develop a well targeted expansion strategy to ensure that these programs serve rural and urban poor more efficiently.