



## **UNIVERSAL INSTITUTE OF PROFESSIONAL MANAGEMENT**

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Poverty targeting, defined as the use of policy instruments to channel resources to a target group identified below an agreed national poverty line, is used by all governments in Asia in one form or another, either to 'protect' the poor from adverse shocks or 'promote' their long-run move out of poverty. Such measures typically include reaching the poor with credit, food, employment, access to health and other social facilities and occasionally cash transfers.

The UIPM has conducted surveys of the experiences with poverty targeting in a number of large economies in South Asia (India), South East Asia (Thailand, Philippines and Indonesia) as well as in the People's Republic of China (PRC). In some of these countries poverty targeting has a relatively lengthy history stemming from longstanding social welfare concerns (India and to some extent the Philippines and PRC), whilst elsewhere it originated principally in the late 1990's in response to the impact of the regional Financial Crisis (Thailand and Indonesia).

Errors of targeting can in principle arise for several reasons: inaccurate specification of who are in fact poor; poorly designed programs that do not reach the target group even if it is known accurately; and poor governance in the implementation of schemes so that benefits leak to the non-poor. Since targeting has been widely used over the past two decades there is now a relatively long record of experience that can be surveyed.

Experiences in the five case-study countries suggest that errors have been very significant, leakage rates have been high and many of the poor have not been covered, with the implication that in some cases these programs have had only a minor impact on poverty reduction. One cannot conclude from this, however, that no special efforts should be made to promote or protect the poor, rather that the impact and cost-effectiveness of all schemes need to be reviewed regularly.

Best regards

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