



Palestine Economic Policy Research Institute (MAS)

Targeting Palestine's Poor: Current Criteria and Suggested Approaches

**Yasser Shalabi
Hassan Ladadweh**

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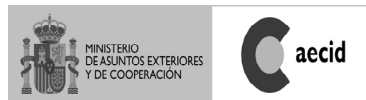
Targeting Palestine's Poor: Current Criteria and Suggested Approaches

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Palestine Economic Policy Research Institute (MAS)
Jerusalem and Ramallah

FOREWORD

Certain conservative economic schools used to argue that income transfers and redistribution policies in favour of the poor are “at best a short term palliative and at worst a waste of money.” Such policies suffer, according to these schools, from two inescapable trade-offs: equity- efficiency and insurance – efficiency trade off. According to these schools, the adverse incentives such policies can have on labour supply and savings reflect negatively on growth, and economic growth is seen as the most important element to combat poverty on the long run. Therefore, more equity corresponds with less efficiency and wider social insurance adversely affects the poor’s incentive to work hard and to seek work.

Fortunately, these arguments have lost their validity. Numerous theoretical and empirical studies have questioned the overall trade-off between redistribution and efficiency. Severe market distortions, especially in developing countries, create a solid base for “efficient” redistribution and social protection policies. Therefore, well targeted income transfers are now considered to be a main instrument for social protection and for economic growth in poor countries. The targeting criteria of assistance to the poor in the Palestinian Territories are the subject of the present study.

The PCBS recently reported that more than 56% of households that received some form of aid in the West Bank and Gaza in 2006 did not actually deserve it (leakage), while more than 28% of households that deserve the assistance received nothing (under-covered). Is this a sign of bad targeting? Most likely, if the figures are accurate. These figures however say nothing about the targeting criteria themselves (who deserves and who does not), which is one of the issues this current also study addresses.

Good targeting criteria can reduce the cost of poverty reduction (or at least the cost of achieving the goals of income transfer programmes). Although the benefits from improving targeting (reducing leakage and increasing accuracy of coverage) can be substantial, it usually incurs extra costs. More detailed and precise targeting criteria corresponds with higher administrative costs, thus lower amounts of money will be actually transferred to the poor. One study puts the administration cost of programmes that are open to all, (with no criteria to fulfill), at 2.5% of total costs. For programmes in which recipients are screened by a single

factor, income only, the cost increase to 12.5%. Programmes with a detailed and precise targeting mechanism are therefore not necessarily the most efficient (from a cost perspective). Scholars suggest that the use of two or three broad criteria, that are easy to establish and not so easy to manipulate, lead to good targeting with relatively low costs. The credit scheme of the famous Grameen Bank in Bangladesh uses just three screens: female, landlessness and rural residence. The current study questions the impact of simplifying requirements as well, with reference to the transfer and social safety programmes in Palestine.

On behalf of MAS, I would like to thank AECID and ACPP for funding this study and for their support of the Food Security Unit in MAS.

Numan Kanafani
General Director

EXECUTIVE SUMMARY

Introduction

The aim of this study is to enhance targeting criteria and targeting mechanisms directed at poor Palestinian households in social assistance programs. To meet this goal, the study makes a review of targeting criteria and mechanisms currently in use. The potential inaccuracy of specific targeting schemes and the consequent wastefulness of resources are exposed. From here, recommendations are made to minimize 'leakage' (where ineligible families receive assistance) and under-coverage (where eligible families do not get assistance).

The following methodology was adopted to meet the objectives of the study:

- ✧ Review of international experiences in targeting was studied.
- ✧ A survey was conducted of the current targeting mechanisms and criteria used by social programs serving poor Palestinian households. For this end, field interviews with institutions providing individual and household assistance were conducted
- ✧ Interviews were conducted with key persons in major institutions providing assistance in the occupied Palestinian Territory (oPt), to understand their perspective on their organization's targeting mechanism.

Enhancing assistance through efficient targeting mechanisms

Targeting aims to enhance the effectiveness of social programs, increasing the benefits the needy receive from a given total budget. Targeting sets out to strengthen efforts to alleviate poverty and, more generally, to enhance social welfare. Welfare budgets are usually very limited and targeting aims at reducing the number of beneficiaries by excluding those who do not deserve aid, and thus increasing the amount of transfers to the truly needy households.

International experience demonstrates that different situations require different targeting mechanisms. There is also no mechanism that escapes all potential flaws of targeting practices. International experience has not agreed upon permissible levels of exclusion or inclusion. The challenge, therefore, is to balance inaccuracies of over inclusion (leakage) with inaccuracies of exclusion (under-coverage).

Multiple targeting mechanisms

Needy groups of the population are typically identified first by geographic targeting and thereafter targeting concentrates on identifying eligible households. Geographic targeting aims to determine administrative units, economic areas and social domains that are believed to include households living in poverty. It involves investigating food insecurity, vulnerability, social situations and drawing poverty maps. The next stage, household targeting, adopts certain measures to assess and determine assistance needs of households within the geographic areas mentioned above. Table (1) below summarizes various targeting mechanisms and their characteristics:

Table 1: Targeting

Targeting procedure	Explanation	Strengths	Weaknesses
Geographic targeting	- Determining administrative units, economic areas and social domains	- Identifying poorer geographic areas - Quick and easy targeting mechanism - Uses secondary data	- Often based on inaccurate and misleading information about the population. - Might increase inclusion and exclusion errors
Families and individuals targeting	- Determining those most needing assistance	- Decrease in inclusion and exclusion errors	- Difficulty to conduct assessment in times of emergency - Might lead to dissatisfaction which might affect the program - Might lead to recipient stigma - Might instigate conflicts at local and community levels
Administrative targeting	-Selecting beneficiaries via agencies outside the community	- Can be neutral and transparent - Might prove effective in excluding those not in need	- Higher administrative costs - Difficulty in designing appropriate criteria - Might lead to recipient stigma
Community targeting	-Selecting beneficiaries by community leaders (such as religious figures, local organizations and stakeholders)	- Might decrease long term costs - Builds community capacity	- High starting costs due to training and invitations - Necessity of monitoring the justice in selection decisions - Difficulty in unifying targeting criteria for the different communities
Self targeting	-When an option for selecting from a number of assistance programmes is available, such as food for work	- Transparency in selection - Low costs	- The programs have to meet the needs of all who want to join. - Analyses of information as to provide best programs for the beneficiaries

Source: World Food Program – executive board, 2006. First regular session 20-23/2006, policy issues – item 5 of the agenda: targeting issue in emergency situations. Rome.

Targeting procedures and objectives may change given different situations. In times of emergency, low cost and quick targeting procedures might be more advantageous even though they might not be the most efficient. After the ease of the emergency, procedures might be modified to mitigate the errors of such quick targeting. It is important therefore, that targeting is continuously monitored and evaluated so that the mechanisms can be tweaked throughout the assistance programs.

The following table illustrates the effectiveness in pinpointing those eligible for assistance and excluding those who are not:

Table 2: Effectiveness of targeting in selecting the eligible

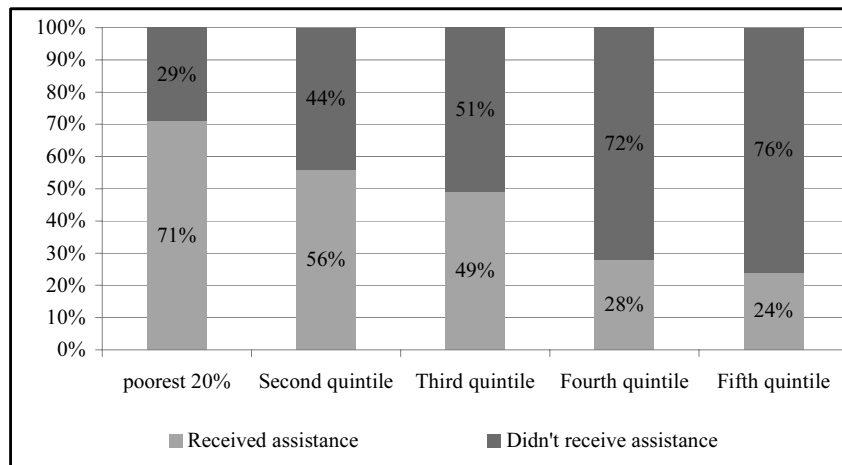
		Actual state	
		Poor	Non poor
Category	Poor	1 Good targeting (coverage of eligible)	2 Leakage (coverage of ineligible)
	Non poor	3 Under-coverage (exclusion of eligible)	4 Good targeting (excluding ineligible)

The table above illustrates that it is important to reach a balance between including the poor – who are eligible for assistance – and excluding those that do not meet the criteria. In order to achieve this, squares ‘1’ and ‘4’ should be as high as possible, while squares 2 and 3 should be as low as possible.

High targeting errors in the oPt

Studies along the terminology presented in table 2 and applied to the Palestinian context have identified the flaws in current targeting mechanisms in the oPt. One of such studies was conducted in 2008 by the World Food Program (WFP), Food and Agriculture Organization (FAO) and UNRWA, (2008). It established that 24% of the richest quintal of households (based on consumption) received assistance, whereas, 29% of the poorest quintal of households did not receive any assistance. See figure 1.

Figure 1: percentage distribution of families in the oPt by assistance received and consumption category (by quintals)



Source: World Food Program (WFP), The Food and Agriculture Organization (FAO) and UNRWA, (2008). Joint Rapid Food Security Survey in the Occupied Palestinian Territory, May 2008. Jerusalem.

The results of this study concord with data provided by the Palestinian Central Bureau of Statistics (PCBS). The PCBS also reported significant errors within humanitarian assistance programs in the oPt, reporting leakage at 56.6% and under-coverage at 28.6%, in 2006 (MAS- Economic & Social Monitor, volume 11, 2008)

Targeting mechanisms and criteria in the oPt

There are weak social safety nets in the oPt. What support does exist is generally on an ad hoc basis, without clear policy orientation and totally dependent on available funds, (which are mostly supported by foreign donors). There are three types of organizations providing aid the oPt: Palestinian Authority (PA) institutions, Palestinian Non-Governmental Organizations (PNGOs) and international organizations. To be fair, these institutions, and especially the PA, review and modify their programs regularly. For example, the Ministry of Social Affairs (MoSA) is currently working with relevant international institutions to review and develop their programs.

Administrative targeting is the most prominent and important type of targeting among the various mechanisms used in humanitarian assistance

programs in the oPt. It is usually the implementing organization – usually in coordination with the donor – that decides upon the targeting mechanisms and criteria to reach the intended eligible population, along carrying out the regular review and monitoring eligibility. Some organizations adopt community based targeting to fortify administrative targeting. This entails community involvement in setting criteria or in assessing eligibility. Such examples of this include the World Food Program (WFP) emergency assistance programs, or Zakat committee programs.

Table 3 summarizes targeting criteria and mechanisms of the main assistance programs in the oPt.

Table 3: Social assistance programs in the oPt

Program	Targeting criteria and mechanisms	Weaknesses	Strengths
Assistance for poor families program (hardship cases) MoSA	Individual case studies. Cases of chronic poverty and social exclusion, such as orphan minors; the elderly who cannot work or lack sufficient income; disabled persons with 50% or more percent disability and unable to provide a source of income for the family; females who are widowed, divorced, separated or women over the age of 40 who never married- and have no income and no ability to provide for their family; an imprisoned head of household (identified after field visits to the family)	Based on qualitative observations of the field workers and their own assessments. Difficult to rely upon as a means to justify inclusion or exclusion of families, especially since the capacity of the programs is limited by the budget and is unable to fulfill the needs of all the poor	Flexibility and low costs
Social protection programs SSNRP	Primary beneficiaries are families with no income, little income or amongst the poorest 10% of Palestinian Households	<ul style="list-style-type: none"> - High costs - Limited flexibility in by the poverty equation used - Large number of workers - Relatively time consuming 	<ul style="list-style-type: none"> - Objective - Ability to categorize the poor as to their resources and poverty level <p>This program resulted in a database covering 150 thousand Palestinian Households- facilitating developments to the program at little cost</p>

Program	Targeting criteria and mechanisms	Weaknesses	Strengths
Deprived Families Economic Empowerment Program – DEEP, currently run by UNDP and later to be under MoSA	Targets families that suffer from deep poverty and who are categorized as: very poor, unemployed, no breadwinner, disabled... Beneficiaries receive a Poverty Card with 10 points determining their eligibility for receiving different amounts of assistance. A Proxy Means Test Formula (PMTF) equation is used	- Same as SSNRP program	- In addition to those strengths in the SSNRP program, this program takes into consideration the discrepancies of the poor, and uses all available resources for them
Zakat Fund and Zakat Committees	The only eligibility determinant for the orphan programs is absence of male breadwinner (Father). However, with a male breadwinner, the determinants are: no or little income (temporarily or permanently), families with many children and little income in comparison to other similar families. All this is assessed by the Fund's representatives	- Quality criteria determined by assessments of support committees and social workers. High leakage and inclusion errors	- Based on community participation, very precise in regard to orphans
Poor and disadvantaged family assistance program, hardship cases - UNRWA	The absence of a male from a refugee family, aged between 18, who, regardless of his employment status, is capable of earning a living. The family income cannot exceed two thirds of the income of the lowest salaried UNRWA employee living in the same area with the same number of dependants. This targeting program is currently being transformed to be based on the PMTF equation	- Quality criteria, leads to high leakage and inclusion errors	- Flexibility and low costs
World Food Program (WFP), providing food aid through various ministries and institutions.	The new program uses the PMTF equation, while the older programs use specific criteria and community based targeting	- Weak community credibility - High costs of PMTF and requires many highly skilled workers - Time consuming	- Community participation

To investigate the targeting criteria and mechanisms used by assistance programs in the oPt, the study at hand examined the following:

- ❖ Objectivity of the criteria used, especially in the context of being inclusive and specific. The ability to rank those eligible for programs according to priority and need. Allowing an accepted minimal level of leakage (assisting the ineligible) whilst at the same time covering an acceptable percentage of the eligible.
- ❖ Flexibility in the criteria and mechanisms (in order to be able for successful program review and enhancement). Whether or not the field worker is given a marginal responsibility in determining who is eligible, especially where it is not that clear cut.
- ❖ Harmonization with poverty databases in the oPt.
- ❖ Administrative costs and time effectiveness.

Table 4 presents a summary assessment of the targeting criteria and mechanisms used in humanitarian assistance programs for poor families in the oPt:

Table 4: Summarized assessment of targeting criteria and mechanisms in main humanitarian assistance programs in oPt

Program	Objectivity of the standards used (inclusive and specific)	Flexibility	Time and cost to reach the eligible	Harmonization with oPt poverty databases
Assistance for poor families program (hardship cases) MoSA	Weak	Flexible	Short time and relatively little administrative costs	Database as needed: not practical for planning
Social protection programs SSNRP	Good	Relatively lower flexibility even though the targeting mechanism (a numerical equation) is periodically reviewed	High administrative costs and requires a long time	Excellent database. Contains indicators that categorize the poor in a way that assists planning efforts
Deprived Families Economic Empowerment Program – DEEP, currently run by UNDP and later to be under MoSA	Good	Limited flexibility	High administrative costs and requires long time	Excellent database.

Program	Objectivity of the standards used (inclusive and specific)	Flexibility	Time and cost to reach the eligible	Harmonization with oPt poverty databases
Zakat Fund and Zakat Committees	Weak	Flexible	Low costs	No fixed database
Poor and disadvantaged family assistance program, hardship cases - UNRWA	Old program: weak. New program: good	Old: flexible while the new program is less flexible	Low costs and speed in reaching beneficiaries while the new program comes with high administrative costs and is more time consuming	Old: needs based database, New: seeks to build an efficient database

Our evaluation of the humanitarian assistance programs served as the basis for a number of recommendations aiming to improve targeting criteria in oPt..

Improving targeting criteria and mechanisms for humanitarian assistance programs

Keeping in mind the volatile political and socio-economic affairs in Palestine, targeting criteria should be flexible and distinct. Flexible with regard to the percentage covered within the target groups. And distinct in regard to the diversity of the programs designed to meet the various needs the poor. It is important for assistance providers to clarify the target groups and the percentage covered, to clarify whether the programs aim to alleviate poverty or help families come out of poverty, and also be flexible in their programs in order to better cope with the changing situation in Palestinian. This is particularly important since the economic and political situation in the oPt changes rapidly, impacting on poverty levels and poverty characteristics. One example of this is the steep increase in unemployment due to Israeli closure policies that block Palestinian laborers from entering the Israeli labor market. Other issues include problems of movement and access between cities in the West Bank and Gaza, between farmers and their lands and the added damage to Palestinian livelihoods from the frequent destruction of crops and workshops.

Program flexibility should be the main determinants in selecting the suitable criteria and the appropriate mechanisms for targeting the poor. Other determinants include inclusiveness (i.e. to secure coverage of all

eligible, for example all the poorest 10% of population) and exclusiveness (to exclude all those that are not poor).

The proposed recommendations of this study take into account the following considerations:

- ✧ Building upon what already exist, to the greatest extent possible. The current targeting criteria and mechanisms have been formulated through years of accumulated experience of institutions working in the field. Databases and systems in use are a great source of information and human capacity is well developed in this sector. This may be due to the ongoing efforts of institutions to develop and enhance their work.
- ✧ Financing: All humanitarian assistance programs in the oPt depend on external funding. The main programs of MoSA are financed by the European Union and the World Bank who also participate in program design, (eligibility requirements and program mechanisms etc). UNRWA's funding is completely external, as is the case for all non-governmental organizations (NGOs). The NGOs are channels through which external donors finance programs in the oPt and in many cases exert influence as to designing and implementing programs therein.
- ✧ Humanitarian assistance programs in the WBGS are highly sensitive to volumes of aid and to donor policies. Programs are therefore required to factor in the chance that funding may decrease or become unavailable so as to be, as far as possible, resilient to these changes. To some degree the criteria a program adopts in targeting its beneficiaries affects its adaptability.
- ✧ Take into consideration the instability of the Palestinian economic and political situation. In many cases, it increases poverty and creates unpredictable needs, especially in emergencies. Short and long-term planning under a changing situation is inherently difficult and may hinder the effectiveness of projects aimed at poverty alleviation.
- ✧ Distinguish between programs for prisoners, families of martyrs and the wounded from programs for humanitarian and social assistance. The criteria for the former is essentially different from that used in the latter. Assistance programs for prisoners, families of martyrs and the wounded deserve to be recognized and respected outside the realm of just humanitarian and social assistance, which in some cases an individual or family may also be eligible for.

A Unified Set of Criteria with Diverse Targeting Mechanisms

The study recommends designing a unified database that uses one group of criteria that connects well with the accepted mathematical equation for poverty in the oPt. To realize this, indicators that are included in new assistance request forms (formulated by UNRWA and MoSA for social protection and family empowerment programs), and indicators already used by WFP for emergency assistance program in rural areas need to be integrated into the database. Other programs, currently using other systems should shift their project design and determine their target groups to match the unified criteria system. In sum, the study suggests unifying the criteria used in various programs, while diversifying targeting mechanisms in terms of target groups and program objectives.

A database must first be established that includes all families that fall into the poverty category. This entails using indicators that effectively describe and capture families in poverty and able to categorize them in such a way that is helpful when designing assistance programs. Institutions in the oPt working in this sector have successfully built-up databases, advertising and build their human capacity. It is therefore feasible and not too costly to follow up and continue these efforts.

Poverty based criteria, in accordance with the poverty equation in use, have the benefit of being able to separate out the poor according to different determinants such as those of expenditure and consumption of the Palestinian families. Furthermore, these determinants can be tested for accuracy and significance via statistical measuring. Criteria can be modified and updated using the results of the regular PCBS Palestinian Expenditure and Consumption Survey. Priorities can be therefore redefined and determinants added or removed.

Accordingly, when designing assistance programs to alleviate or fight poverty, these criteria can be used to classify the poor into two main categories. The first classification focuses on needs of the families or levels of poverty. It can be used to determine the level of benefits a family receives from a program. The second classifies families according to resources available to them.

Targeting criteria in social protection programs includes data regarding: family members, their demographic, social and economic

characteristics, housing conditions, family standard of living and their economic situation, resources and assistance received.

A database which includes the abovementioned information regarding poor families will provide a solid base which enable program design according to different geographic locations and different poverty groups. It would also help improve the efficiency of these programs in their aim to combating poverty.

In many cases, it is hard to separate those families who are eligible for assistance from those who are not. This can, to a large extent, be mitigated by integrating more flexibility in mechanisms, by delegating more responsibility onto the field workers and by giving greater attention to their feedback. In addition, there is a need to formulate a method of assessing why assistance applications from certain families have been refused. Community participation could help in follow-up efforts and in revision since they can provide insightful assessment of family needs. Allowing greater participation of the community in the application process and hearing feedback will inevitably improve targeting. Practically, this can be achieved by integrating administrative targeting and auditing mechanisms with social targeting and community participation.

A database based on poverty indicators would be of great help in designing a range of assistance programs. Such programs need to have clear objectives, such as: to alleviate poverty, support families to rise above the poverty line, provide emergency assistance or assist in empowering poor families. It is expected that the different programs use a variety of targeting mechanisms, or integrate administrative targeting with social targeting, to best suit their objectives.

The study found that the success of targeting mechanisms and programs depends upon the availability of a system for follow up and evaluation. This will greatly enhance programs' effectiveness and help mitigate targeting errors.