

**POVERTY ALLEVIATION THROUGH ZAKAT AND
BAIT-UL-MAL IN PAKISTAN: A REGIONAL CASE
STUDY OF DANDOT BAIT-UL-MAL**



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Submitted in partial fulfillment of the requirements for the

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يَعْلَمُ مَا يَعْمَلُونَ

APPROVAL SHEET

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DECLARATION

I hereby declare that this thesis, neither as a whole nor as a part thereof, has been copied out from any source. It is further declared that I have carried out this research by myself and have completed this thesis on the basis of my personal efforts under the guidance and help of my supervisors. If any part of this thesis is proven to be copied out or earlier submitted, I shall stand by the consequences. No portion of work presented in this thesis has been submitted in support of any application for any other degree or qualification in International Islamic University or any other university or institute of learning.

G. M. Sajid

ABSTRACT

This study is designed to assess the targeting efficiency, evaluate the welfare impact on the lives of the poor and explore the public perceptions about the performance of Dandot Bait-ul-Mal (DBM), Official *Zakat* System (OZS) and Benazir Income Support Program (BISP). To achieve the objectives, primary data is collected from households, through a survey conducted in Dandot and Dhalwal towns of district Chakwal, province Punjab, Pakistan. A total 800 households are interviewed by using stratified and simple random sampling techniques. To address the objectives, different measures of targeting efficiency and propensity score matching methods are employed.

The findings reveal that DBM is the most efficient program since its targeting count gap is the lowest, followed by BISP and OZS. Targeting ratio of BISP is the lowest than that of other two programs but its beneficiaries also belong to the richest households. The results show that all programs succeed to some extent in targeting poor, however an evidence of type-I and type-II errors is found. No leakage of funds is found in DBM. Third quintile of beneficiaries of OZS doesn't receive 24.5% of funds while about one-fifth of funds are not received by the poorest segment of BISP beneficiaries. About one-third of the beneficiary households get help to register their names with programs.

The estimates of matching methods reveal that per adult equivalent food and per capita health expenditure of cash recipients are significantly higher than those of the non-recipients. The significant difference in educational expenditures is also observed between recipients and non-recipients of DBM and BISP. The poverty status of the BISP beneficiary households is not only higher than the non-beneficiary households but also statistically significant. The cash transfer of BISP is unable to provide any relief in terms of poverty to its beneficiaries. A significant proportion of the beneficiary households feel better off as compared to their position last year. Almost all the respondents report that the DBM has the potential to overcome poverty provided that proper 'rehabilitation schemes' are introduced and the 'well-to-do people are motivated to contribute' to the program funds. The majority of respondents suggest that the 'allocation of funds should be raised', and 'survey for the identification of the poor should be properly conducted' to improve the role of the programs. The study implies that these programs can play a vital role in improving the lives of the poverty-ridden segments of the society but it needs sincere efforts on the part of the stake-holders.

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G.M. Sajid

DEDICATION

To

My “Father (late)” and Mother

*For being my first teachers, who’s affection, love, support and
prayers make me able to get any success in my life,*

Along with my sweet and loving

Children & Wife

TABLE OF CONTENTS

DECLARATION	I
ABSTRACT	II
ACKNOWLEDGMENTS	III
DEDICATION.....	IV
LIST OF TABLES	XIII
LIST OF FIGURES	XVI
ACRONYMS	XVII
CHAPTER-1.....	1
INTRODUCTION	1
1.1 Background of the Study.....	1
1.2 Poverty Estimates in Pakistan: An Overview	2
1.3 Poverty Reduction Measures	7
1.4 Dandot Bait-ul-Mal: An Introduction.....	12
1.4.1 Main Features of Dandot Bait-ul-Mal.....	13
1.5 Rationale for the Study.....	14
1.6 Objectives of the Study	16
1.7 Research Questions of the study	17
1.8 Limitations of the Study	19
1.9 Significance of the Study	19
1.10 Layout of the Study.....	20
CHAPTER-2.....	22
SOCIAL WELFARE FPROGRAMS IN PAKISTAN: A CRITICAL APPRAISAL.....	22
2.1 Introduction.....	22
2.2 Causes of Poverty in Pakistan.....	22
2.3 Rural Development Programs/Schemes	24
2.3.1 The Village Agricultural and Industrial Development Program.....	25
2.3.2 The Basic Democracies System.....	25
2.3.3 Rural Works Program	26
2.3.4 Integrated Rural Development Program	27
2.3.5 People's Works Program	28
2.3.6 Five-Point Special Development Program (1985-88).....	29

2.3.7	Taameer-e-Watan Program	29
2.3.8	People's Program [(1989-90) and (1993-96)].....	30
2.3.9	Social Action Program.....	30
2.3.10	Khushhal Pakistan Program (2000-02).....	31
2.3.11	Agha Khan Rural Support Program (1982)	32
2.3.12	Rural Support Program Network	34
2.3.13	National Rural Support Program	34
2.3.14	Provincial Rural Support Programs	36
2.3.14.1	Sarhad Rural Support Program	36
2.3.14.2	Baluchistan Rural Support Program	37
2.3.14.3	Sindh Rural Support Program.....	39
2.3.14.4	Punjab Rural Support Program	40
2.4	Land Reforms (1959, 1972 and 1977)	41
2.5	Growth and Macroeconomic Policies for Alleviating Poverty	43
2.6	Employment Creation Schemes based on Direct Credits	44
2.6.1	Credit Programs	44
2.6.2	Self-Employment Programs.....	45
2.7	Targeted Income Transfer Schemes/ Social Safety nets	46
2.7.1	Zakat and Ushr	46
2.7.2	Bait-ul-Mal.....	47
2.7.2.1	Islamic Perspective	47
2.7.2.2	Pakistan Bait-ul-Mal	49
2.7.2.2.1	Individual Financial Assistance	49
2.7.2.2.2	Establishment of Pakistan Sweet Homes	49
2.7.2.2.3	Special Friends of Pakistan Bait-ul-Mal	50
2.7.2.2.4	Child Support Program	50
2.7.2.2.5	National Centers for Rehabilitation of Child Labor	51
2.7.2.2.6	Vocational Training Centers (VTC)	51
2.7.2.2.7	PBM Greater Homes (Old Homes).....	51
2.7.2.2.8	Prime Minister's National Health Insurance Program.....	52
2.7.2.2.9	PMB Thalassemia Centre	52
2.7.3	Benazir Income Support Program (BISP) 2008.....	52
2.7.3.1	Waseela-e-Rozgar (Technical and Vocational Training)	54

2.7.3.2	Waseela-e-Haq (Microfinance).....	54
2.7.3.3	Waseela-e-Sehat (Life and Health Insurance).....	54
2.7.3.4	Waseela-e-Taleem (Primary Education)	55
2.8	Social Security Schemes/ Social Protection Programs	55
2.8.1	Employees Old-age Benefits Institution (EOBI)	56
2.8.2	Worker Welfare Fund (WWF).....	56
2.9	Pakistan Poverty Alleviation Fund (PPAF).....	57
2.10	Poverty Reduction Strategy Papers	57
2.11	Devolution Plan (2000)	58
2.12	Food Distribution and Pricing Mechanism to Help the Poor	59
2.13	Non-Governmental Organization.....	60
2.14	Concluding Remarks	60
	CHAPTER-3.....	62
	LITERATURE REVIEW	62
3.1	Introduction.....	62
3.2	Review of Studies Investigating Targeting Efficiency of Cash Transfer Programs	62
3.2.1	Review of Studies Investigating Targeting Efficiency of Cash Transfer Programs in Countries Other than Pakistan	63
3.2.2	Review of Studies Investigating Targeting Efficiency of Cash Transfer Programs in Pakistan.....	68
3.3	Review of Studies Evaluating Effect of Cash Transfer on Recipients' Welfare ..	76
3.3.1	Review of Studies Investigating Impact of Cash Transfer Programs in Countries Other Than Pakistan.....	78
3.3.2	Review of Studies Investigating Impact of Cash Transfer Programs in Pakistan .	85
3.4	Review of Studies Exploring Public Perception.....	92
3.4.1	Review of Studies Exploring Public Perception in Countries Other Than Pakistan	92
3.4.2	Review of Studies Exploring Public Perception in Pakistan	96
3.5	Review of Studies Exploring the Effect of <i>Zakat</i> on Poverty and other Aspects of Beneficiaries.....	101
3.6	Gap in the Literature.....	109

CHAPTER-4.....	111
THEORETICAL PERSPECTIVES, FRAMEWORK AND METHODOLOGY	
..... 111
4.1 Introduction.....	111
4.2 Theoretical Perspectives	112
4.2.1 Cultural/Behavioral Theories of Poverty	112
4.2.1.1 Membership Theory of Poverty	114
4.2.1.2 Social Darwinist Theory of Poverty	115
4.2.2 Structural/Economic Theories of Poverty.....	116
4.2.2.1 Situational Theory of Poverty	117
4.2.2.2 Social Exclusion and Social Capital Theory.....	117
4.3 Theoretical Framework: Social Exclusion and Poverty in Pakistan.....	120
4.4 Data Source.....	122
4.4.1 Household Survey.....	123
4.4.1.1 Questionnaire Designing.....	123
4.4.1.2 Sampling and Fieldwork	129
4.5 Methodology of Assessing Targeting Efficiency, Estimating Poverty line and Measuring Poverty Incidence; Indicator Targeting	131
4.5.1 Methodology of Assessing Targeting Efficiency of the Programs	131
4.5.2 Methodology of Estimating Poverty	134
4.5.2.1 Measures of Wellbeing	135
4.5.2.2 Consumption is Better Outcome Indicator of Wellbeing than Income.....	135
4.5.2.3 Consumption is Better Promising Measure of Welfare than Income	135
4.5.2.4 Consumption May Better Reflect the Household's Actual Standard of Living and Ability to Fulfill the Basic Needs.....	136
4.5.3 Methodology of Choosing and Estimating Poverty Line	136
4.5.3.1 Estimating Poverty Line	138
4.5.4 Methodology of Measuring Poverty	141
4.5.4.1 Head Count Index (HCI).....	141
4.5.4.2 Poverty Gap Index (PGI)	142
4.5.4.3 Squared Poverty Index (SPI)	143
4.6 Methodology of Propensity Score Matching (PSM)	144
4.6.1 Matching Estimators of the ATOT Based on the Propensity Score	150

LIST OF TABLES

Table 5.1	Program and Area Wise Distribution of Beneficiary and Non-Beneficiary Households.....	159
Table 5.2	Distribution of Respondents by Gender, Head and Their Relation to Head of Household (%)	160
Table 5.3	Distribution of Households Members by Gender and Marital Status; and Heads by Gender (%).....	160
Table 5.4	Overall and gender wise distribution of members and heads of households by literacy status (%)	162
Table 5.5	Distribution of Members and Heads of Households by Level of Education (%)....	163
Table 5.6	Unemployment rate, Labor Force Participation rate and Employment Status of households' members and heads by gender and financial assistance (%)	165
Table 5.7	Distribution of Members and Heads of Households by Health Status (%) ...	167
Table 5.8	Estimates of Poverty Incidence (%).....	168
Table 5.9	Causes of Poverty in the Towns (%).....	170
Table 5.10	Descriptive Statistics of Some Important Variables Used in the Analysis....	173
Table 6.1	Type-I and Type-II error	177
Table 6.2	Distribution of Non-Beneficiary Households by Self-assessed Eligibility for Financial Assistance and Reason(s) for Eligibility (%).....	179
Table 6.3	Distribution of Beneficiary Households by Reasons for Receiving Financial Assistance (%)	181
Table 6.4	Distribution of Beneficiaries and Non-Beneficiaries by Expenditure Quintile (%). 182	
Table 6.5	Targeting Ratio of Cash Transfer Programs	184
Table 6.6	Estimates of Type-I and Type-II Error and Targeting Count Gap for the Programs	186
Table 6.7	Distribution of Beneficiaries by Frequency of Receiving Funds (%).....	188
Table 6.8	Annual Average Amount of Financial Assistance Received from All Programs by Quintile	189
Table 6.9	Evaluation of Performance of the Programs by 'MY' Ratio	191

Table 6.10	Percentage of Leakage of Funds from All Programs by Quintile.....	193
Table 6.11	Distribution of Beneficiaries and Non-Beneficiaries by Household's Head Characteristics (%).	194
Table 6.12	Distribution of Beneficiaries and Non-Beneficiaries by Housing and Household's Characteristics (%).	198
Table 6.13	Distribution of Beneficiaries by Ways of Registering Names (%).	200
Table 7.1	Determinants of Financial Assistance at Overall and Program Level: A Logistic Regression.....	206
Table 7.2	Estimates of Welfare Impact of Cash Transfer on Beneficiaries by Various Measures.....	211
Table 7.3	Distribution of Beneficiary Households by Needs Fulfilled through Financial Assistance (%).	217
Table 7.4	Beneficiaries' Distribution by Means of Fulfilling Needs before Receiving Cash Transfer (%).	217
Table 7.5	Distribution of Beneficiary Households by Needs Unfulfilled and Average Monthly Funds Required Fulfilling Them (%).	218
Table 7.6	Beneficiaries' Distribution by Their Feelings due to Financial Assistance as Compared to Last Year	219
Table 8.1	Distribution of Respondents by Perception about Existence and Objectives of Programs (%).	223
Table 8.2	Distribution of Respondents by Perception about Existence and Duration of Working of Committees (%).	224
Table 8.3	Distribution of Respondents by Perception about procedures, satisfaction and reasons for Non-Satisfaction with procedures of formation of Committees (%).	226
Table 8.4	Distribution of Respondents by Perception about Procedure for Inviting Applications and Criteria for granting Assistance followed by Committees (%).	228
Table 8.5	Distribution of respondents by Perception about Satisfaction With and Reasons for Poor Performance and Nature of Unfairness of the committees (%).	230
Table 8.6	Distribution of Respondents by Perception about Causes of Failure of Alleviating Poverty, Potential and Ways to Overcome Poverty by the Programs	232

Table 8.7	Distribution of Respondents by Perception about Success, Continuation, Reasons for Non-Continuation and Suggestions for Improvement of the Programs (%)	234
Table 9.1	Program Wise Summary of Key Findings with Respect to Sub-Objectives of 1 st Objective	240
Table 9.2	Program wise Summary of Key Findings with Respect to Sub-objectives of 2 nd Objective	243
Table 9.3	Summary of the Key Findings of Public Perception of Different Aspects of the Programs	244
Table A1	<i>Nisab and Zakat</i> Rate of camel, Sheep and Cows	297

LIST OF FIGURES

Figure 1.1	Poverty trends with old methodology	5
Figure 1.2	Poverty trends with new methodology	6
Figure 5.1	Histogram of age distribution	172

ACRONYMS

ADP	Annual Development Plan
AJKRSP	Azad Jammu and Kashmir Rural Support Program
AKRSP	Aga Khan Rural Support Program
ARDL	Auto Regressive Distributive Lag
ATE	Average Treatment Effect
ATOT	Average Treatment Effect on Treated
ATUT	Average Treatment Effect on Untreated
BDS	Basic Democracies System
BISP	Benazir Income Support Program
BNDI	Basic Needs Deficiency Index
BRSP	Baluchistan Rural Support Program
CB	Community Based
CBIF	Community Based Investment Funds
CBN	Cost of Basic Needs
CCT	Conditional Cash Transfer
CO	Community Organizations
CPI	Consumer Price Index
CLPI	Community Level Physical Infrastructure
DBM	Dandot Bait-ul-Mal
DD	Double Difference
DESA	Department of Economics and Social Affairs
DFID	Department for International Development

DI	Dera Ismail
DO	Development Officer
E & M	Evaluation and Management
EOBI	Employees Old-age Benefits Institution
FAO	Food and Agriculture Organization
FATA	Federally Administrative Tribal Areas
FGT	Foster, Greer and Thorbecke
FIDA	Foundation for Integrated Development Action
FSS	Food Subsidy Scheme
GBTI	Ghazi Barotha Taraqiat Idara
GDP	Gross Domestic Product
GNP	Gross National Product
GOP	Government of Pakistan
GPI	Gender Poverty Index
HBFC	House Building Finance Corporation
HCI	Head Count Index
HDR	Human Development Report
HIES	Household Integrated Economic/ Income Expenditure Survey
IDBMC	Islamic Development Bank's Member Countries
IDR	Indonesian Rupee
IFA	Individual Financial Assistance
IMF	International Monetary Fund
IRDP	Integrated Rural Development program
IRM	Institute of Rural Management
KM	Kernel Matching

KPK	Khyber Pakhtun Khawa
KPP	Khushal Pakistan Program
LEP	Livelihood Enhancement and Protection
LHWP	Lady Health Workers programs
LSO	Local Support Organization
LZC	Local <i>Zakat</i> Committee
MACCA	Masjid Council for Community Advancement
MDRP	Ministry of Development, Reforms and Planning
MNA	Member National Assembly
MZ	<i>Mustahaqueen-e-Zakat</i>
NAC	Northern Areas and Chitral
NGO	Non-Governmental Organization
NNM	Nearest Neighbour Matching
NRSP	National Rural Support Program
NSER	National Socio-Economic Registry
OIC	Organization of Islamic Countries
OLS	Ordinary Least square
ORS	Oral Rehydration Solution
OZS	Official <i>Zakat</i> System
PBM	Pakistan Bait-ul-Mal
PCO	Public Call Office
PDSM	Participatory Development through Social Mobilization
PES	Pakistan Economic Survey
PIU	Produce Index Unit
PMT	Proxy Means Test

PPAF	Pakistan Poverty Alleviation Fund
PRSP	Punjab Rural Support Program
PRSPs	Poverty Reduction Strategy Papers
PSES	Pakistan Social and Economic Survey
PSLM	Pakistan Social and Living Standard Measurement
PWP	People's Works Program
RBC	Reinforce Bricks and Cement
RCC	Reinforce Concrete and Cement
RDP	Rural Development Program
RM	Radius Matching
RSPN	Rural Support Program Network
RWP	Rural Works Program
SAP	Social Action Program
SGA	Sindh Graduates Association
SLICP	State Life Insurance Corporation of Pakistan
SM	Stratification Matching
SPDC	Social Policy Development Centre
SRSC	Sarhad Rural Support Corporation
SRSO	Sindh Rural Support Organization
SRSP	Sarhad Rural Support Program
STEP	Special Talent Exchange Program
TCG	Targeting Count Gap
TIG	Targeting Income Gap
TPI	Tornqvist Price Index
TRDP	Thardeep Rural Development Program

UC	Union Council
UCCT	Unconditional Cash Transfer
UN	United Nations
UNDP	United Nations Development Program
UNICEF	United Nations International Children's Emergency Fund
UPE	Universal Primary Education
USA	United States of America
USAID	United States Agency for International Development
USC	Utility Stores Corporation
V-AID	Village Agricultural and Industrial Development
VTC	Vocational Training Centers
WWF	Worker Welfare Fund

CHAPTER-1

INTRODUCTION

1.1 Background of the Study

Poverty is not a new phenomenon. It is as old as humanity itself. The world is determined to reduce poverty to 3% of the population by 2030 under the agenda of Sustainable Development Goals (SDGs) adopted in 2015. The world has succeeded to reduce extreme poverty at the rate of one percentage point on the average per year from 36% in 1990 to 10% in 2015. The South Asia has also made progress on this account but still 216 million people are poor in the region. The reduction in extreme poverty is attributed to rigorous worldwide growth and rise in wealth of many developing countries of East Asia, Pacific and South Asia (World Bank, 2018a). Most of the poor households are residing in rural areas. The World Bank is also of the view that not only poverty incidence reduced but also the severity of poverty lessened (Ibid). Pakistan has also witnessed similar trends in poverty. Public as well as Private sector has been striving to alleviate poverty in Pakistan. The literature evaluated government efforts and highlighted the potential role of private sector to this end. However no formal study has been conducted to explore the impact of private charity on welfare of the beneficiaries. This study intends to evaluate the welfare impact of Dandot Bait-ul-Mal which is unconditional cash transfer program of the private sector. It is worth mentioning that Official *Zakat* System (OZS) and Benazir Income Support Program (BISP) have also been working lessen the hardship of poor. The present study is designed to take up the issue of poverty, targeting efficiency of these

welfare programs and their impact on the lives of residents in a stipulated rural area of Pakistan. The study also probes to make public the perception of the residents of the area about the working of the programs. The significance of the study lies in the fact that Dandot Bait-ul-Mal provided basis for Pakistan Zakat and Ushr system because at the time of implementation of Zakat system, the then President of Pakistan particularly mentioned Dandot Bait-ul-Mal in his introductory speech.

1.2 Poverty Estimates in Pakistan: An Overview

Pakistan is one of the developing countries which have been facing the challenge of poverty¹. Pakistan lies in lower middle income category of countries (World Bank, 2015b) and it is the sixth most populous country in the world with more than 212 million population (Government of Pakistan, 2018).

The estimates of poverty worked out on the basis of old official methodology (calorific approach) of computing poverty line using HIES²/PSLM³ data indicate that poverty in Pakistan has reduced from 34.5% to 22.3% over a period of five years from 2000-01 to 2005-06. This declining trend in poverty continued in the remaining part of the first decade of 2000. It further declined to 17.2% in 2007-08 and to 12.4% in 2010-11. This unprecedented decline in poverty is attributed to a number of factors such as increase in (i) allocation of funds for social safety nets like Benazir Income Support Program (BISP) and Pakistan Poverty Alleviation Fund (PPAF), (ii) agricultural yield due to improved varieties of crop seeds and better support price for agricultural products, (iii) female employment in rural areas, (iv) inflow of remittances

¹ Poverty is “a state or conditions in which a person or community lacks the financial resources and essentials to enjoy a minimum standard of life and well-being that’s considered as acceptable in society” (Government of Pakistan, 2014).

² Household Integrated Economic Survey/Household Income Expenditure Survey

³ Pakistan Social and Living Standard Measurement

owing to better workforce, export policies, targeted intervention, subsidies and (vi) philanthropy, both at individual and corporate level (Government of Pakistan, 2014). The claim of the government of Pakistan about the reduction of poverty estimates is also supported by the World Bank (2010). Both the absolute number and percentage of people living below poverty line gradually dropped for most part of 2000s. Poor people reduced from 67% to 13% over the period of 1990 to 2010 with poverty line of US\$1.25 a day at 2005 purchasing power parity (World Bank, 2015a) despite the fact that population has increased from 108 million to 170 million over the same period (Department of Economics and Social Affairs [DESA], 2015).

These official estimates and extent of poverty reduction in the country are contended by different segments of the society. Some are of the opinion that official estimates are misleading i.e.; poverty has increased overtime while others opine that poverty estimates are not misleading but the degree of reduction in poverty is arguable. To some stakeholders, official poverty line suffered from technical and political problems. They argue that reduction in poverty is not commensurate with other macroeconomic indicators, political conditions in the country and trends in other dimensions of wellbeing (Malik, Nazli, Mehmood, & Shahzad, 2014a; Khan, Naveed, Samman, Sarwar, & Hoy, 2015). In addition, it has been argued that the decline in per capita real GDP growth rate, increase in stunting and wasting of children under five years and food insecurity and vulnerability (58%) do not support poverty reduction statistics. The deprivation situation of the people can also be observed from Human Development Report (2011) by Klugman (2011), according to which 49.4% of Pakistanis are suffering from multiple deprivations and extra 11.5% are vulnerable to multiple deprivations.

The multiple poverty index of Pakistan is 0.246. Pakistan ranked at 145th out of 187 countries in 2011 as compared to 125th in 169 nations in last year⁴.

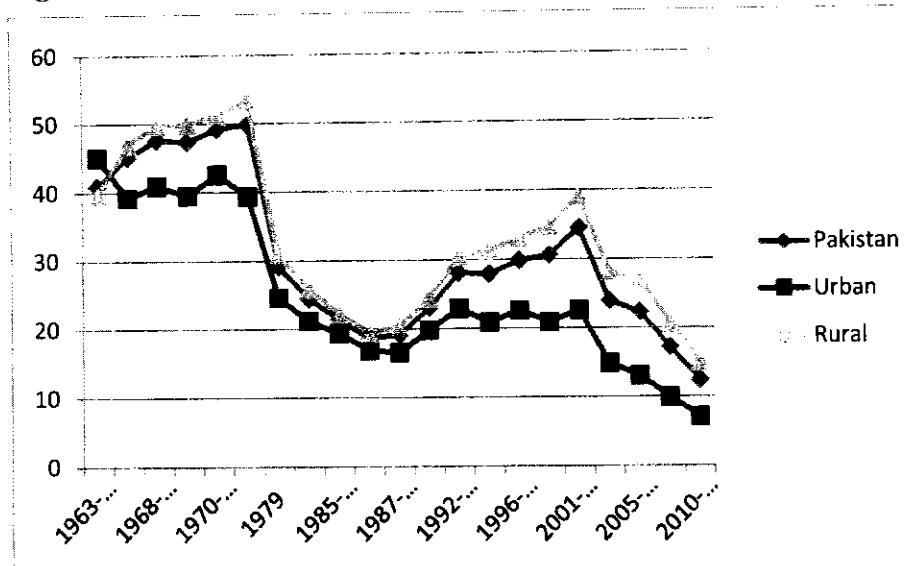
Government of Pakistan faced difficulty to defend low estimates of poverty in the face of world financial crisis and domestic economic downturn. Ministry of Development, Reforms and Planning (formerly known as Planning Commission) constituted a Technical Committee of experts in 2012 to review the official methodology to estimate poverty. Keeping in view the recommendations of Technical Committee, the ministry adopted Cost of Basic Needs (CBN) approach to estimate poverty line afresh from HIES 2013-14 data which turns out to Rs3030 per adult equivalent per month. With this new poverty line, 29.5% of the population (55 million) was lying below the poverty line in Pakistan in 2013-14. At regional level, poverty incidence was 18.2% and 35.6% for urban and rural areas of Pakistan respectively. The effort of the Ministry to revise methodology and to update poverty line and poverty estimates did not go without criticism⁵. Similar estimates of poverty are worked out by the World Bank (2018b) for Pakistan⁶. Casting the new poverty line back to 2010-11, overall 36.8% people were found below the poverty line. Likewise 43.1% of rural and 22.8% of urban population was assessed to be poor for the year 2011-12. In contrast, only 12.4% of population was declared as poor with old methodology (Government of Pakistan, 2016b).

⁴ United Nation Development Program [UNDP] (2018) reveals that 43.9% of Pakistani are suffering from multiple deprivations and extra 14.5% and 24.9% are vulnerable and severely vulnerable to multiple deprivations respectively. The multiple poverty index of Pakistan is 0.288. Pakistan ranked at 150th out of 189 countries in 2017 as compared to 148th in 188 nations in 2015

⁵ See Malik, Nazli & Whitney (2014b); Jamal (2017) for the criticism.

⁶ The estimates of poverty worked out by World Bank (2018) reveal that poverty incidence in Pakistan has declined from 64% in 2000-01 to about 30% in 2013-14. The estimates also show that poverty in rural areas (36%) was double than that of urban areas (18%).

Figure 1.1 Poverty trends with old methodology⁷



Source: Poverty estimates from 1963 to 1994 are taken from Ali and Tahir (1999), from 1996 to 1999 from Arif and Farooq (2011) reported in Shirazi and Obaidullah (2014) and from 2001 to 2011 are derived from Government of Pakistan (2013-14).

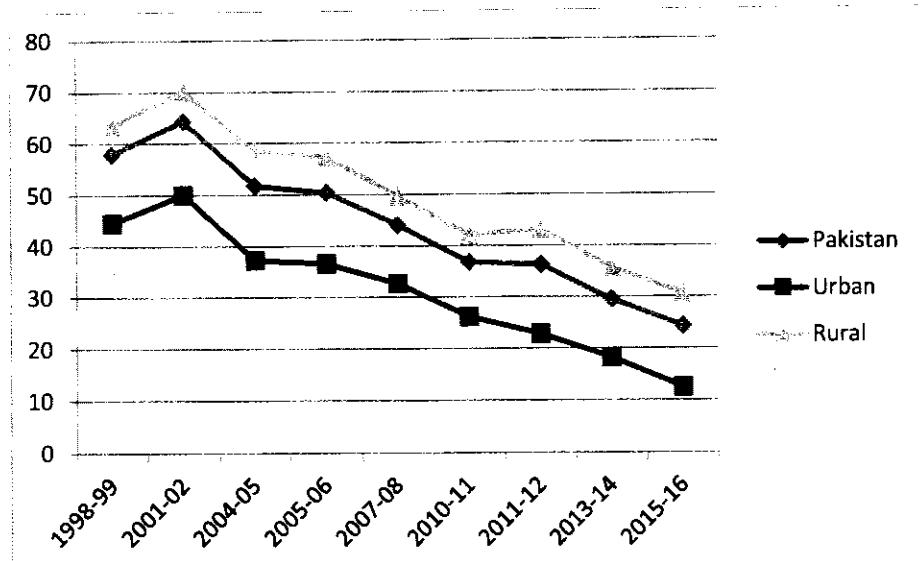
- It is pertinent to mention that Planning Commission of Pakistan officially started to measure poverty in 2002 (Naseem, 2012; Malik et al., 2014b)

The poverty trends with old and new methodologies are presented in figure 1.1 and 1.2 respectively. It is evident from figure 1.1 that poverty in the 1960s was higher but it started to decrease in the 1970s and continued to decline throughout the 1980s. The factors like economic growth and foreign remittances were responsible for the decline in poverty during the 1970s and the 1980s decade. The system of *Zakat* and *Ushr* also played its role in the reduction of poverty in 1980s (Shirazi, 1994). It followed an upward trend in the 1990s and was highest in 2000-01. The political uncertainty, economic instability, huge fiscal and current account deficits and poor economic growth were the main contributors to increase in the poverty during the 1990s. After 2000-01, poverty started to come down. Similar trend is observable in poverty incidence after 2000-01 with new methodology (Figure 1.2). The fact that after 2000-01, poverty estimates

⁷ It is worth mentioned that poverty estimates are taken from different studies which have used different methodologies to have poverty estimates. For example, Ali and Tahir (1999) used grouped data while others studies used micro-data.

decreased irrespective of the definition and estimation methodology. This is also supported by these two figures.

Figure 1.2 Poverty trends with new methodology



Source: Poverty estimates are taken from Government of Pakistan (2014) and for 2016 from Government of Pakistan (2016).

This continuous decline in the poverty estimates since 2004-05 can be attributed to high and inclusive economic growth, more political stability and peace, continuous inflows of remittances and BISP combined with increasing public sector spending on education, health and infrastructure (Government of Pakistan, 2016a; Shirazi & Obaidullah, 2014). The above discussion carried out on poverty for Pakistan and the related literature safely helps to conclude that

- i. Poverty has witnessed a significant and persistent decline over the last 15 years irrespective of definition and estimation methodology of poverty.
- ii. Poverty has been housing mainly in rural areas of Pakistan.
- iii. A considerable fraction of population continuously remains below the poverty line over the whole history of the country.

However, in spite of the tremendous progress in poverty reduction arena, the incidence and severity of poverty with huge poverty gaps prevailing between rural and urban areas are still serious issues in view of the fact that 55 million Pakistani were poor in 2014.

1.3 Poverty Reduction Measures

In order to overcome poverty in the country, the policy makers introduced a number of measures but there is no universal social security system in the country. An umbrella institution is not present that would extend social protection and safety nets to the poor and the vulnerable (World Bank, 2007). Different multipurpose policies and programs, both at the micro and macro level, have been launched by the government from time to time with an objective to alleviate poverty⁸ but the fact remains that poverty still persists especially in rural areas. Some of the main measures adopted by the government to help the vulnerable are Rural Development/Rural Support Programs, Land Reforms, Pakistan Poverty Alleviation Fund (PPAF), Pakistan Strategy Paper I and II, Microfinance Programs, Food Subsidies and Food Support Program; BISP, the *Zakat* Program and the Pakistan Bait-ul-Mal (PBM) Program.

The evaluation of these programs regarding the impact on poverty showed mixed results. Land reforms (1959 and 1972) in Pakistan failed to alleviate poverty because they suffered from a number of loopholes (Hussain, 1982). McCulloch and Baulch (2000) remarked that the impact of giving a piece of land of less than two hectares to rural households in Pakistan had no effect on income poverty.

⁸ For detailed discussion of poverty alleviation programs in Pakistan see Amjad and Kemal (1997), Pasha, Jafarey & Lohano (2000), Qureshi (2001), World Bank (2002b), Irfan (2003), Arif (2006), Tahir (2006), Jamal (2010), Naseem (2012), Shirazi and Obaidullah (2014). We have reviewed the programs and their impact on poverty in chapter 2 of this document.

The Rural Support Programs (RSPs) plays a significant role in improving the conditions of the marginalized segment of the rural society. The projects under RSPs have directly helped 14 million people and 1.95 million households. The RSPs have access to 5.8 million rural households having population of more than 38 million (Khalil, Mansoor & Saadi, 2010). The households who are members of community organizations of National Rural Support Program (NRSP) are able to earn 7.5% more annually and their poverty status was lower (Rasmussen, Piracha, Bajwa, Malik & Mansoor, 2004). The NRSP also reduces child labour occurrence among member households (Frölick, Lundmann, Midkiff, & Breda, 2014). The Sarhad RSP also reduced poverty in the KPK province. The evaluation showed that before intervention 85% of the poor households were in the first two bands of poverty which condensed to 40% after intervention within a period of three year. Sixty eight percent of the beneficiaries of Community Based Investment Funds of Sindh RSP had come out of first three bands of poverty (Umrani, Mamon & Ramzan, 2017). Similar results were also found by Saadi (2011) and Khan (2011) for other districts of Sindh. The assessment of Baluchistan RSP's Livelihood Enhancement and Protection program indicated that 54% of beneficiary households have come out of poverty as per public perception of poverty (Khan, 2015). Anwar, Zafar & Hussain, 2006) noted that Punjab RSP has also increased the income of poor and reduced poverty in the province of Punjab.

Microfinance programs also reduced the poverty in Punjab (Asad, Malki & Imai, 2011; Iqbal, Iqbal & Mushtaq, 2015). Malik, Kiran and Alam (2013); Naqvi, Sabir, Shamim and Tariq, (2014) resolved that BISP played significant role in reducing poverty of its beneficiary households while Cheema, Hunt, Javeed, Lone and O'Leary (2016) documented their view by finding that BISP beneficiaries were seven percentage points less poor as compared to non-beneficiaries.

The above assessment of different programs shows that they are partially successful but could not alleviate poverty, particularly from rural areas, where RSPs and other programs have focused. A number of reasons for their marginal effect on poverty have been reported in the literature. One of the reasons is that these programs cannot offer the packages to the people as per their requirements. Another shortcoming of these programs is the scarcity of the funds and lack of participation by the local people in the implementation and decision-making process (Syed as cited in Abbas, Lodhi, Aujla & Saadullah, 2009). These programs are unable to come up to the expectations due to lack of institutional mechanism for their reconciliation, mutual comprehension and teamwork within the nation-building departments, appropriate supervision, follow-up, research and evaluation of projects (Maqbool & Bashir, 2009).

The main instruments of social security system in Islam are *Zakat*, *Ushr* and *Bait-ul- Mal* which provide help to poor, needy, disabled, widows and destitute. The salient feature of this Islamic Social Security System (*Zakat*) is that it does not require the beneficiaries to contribute in the funds contrary to the conventional social security systems which require the beneficiaries to pay premium and contributions in order to have share in the benefits. *Zakat* is more effective weapon against poverty and inequality than redistribution instruments used by modern states (Salih, 2001). In addition to the primary belief in Allah, no other issue is highlighted in the Holy Qura'n so much as the case of poverty alleviation through *Zakat* and *Infaq* (Yasin & Khan, 2016). It is regrettable to note that these important institutions have been totally ignored by the Muslim Ummah after the World War II. Presently only a few Islamic countries have officially introduced system of *Zakat*⁹.

⁹ Indonesia, Brunei, Libya, Pakistan, Saudi Arabia, Sudan, Yemen are the countries where the overall structure of *Zakat* is managed by the state (Fozia, 2013; reported in Ismail, 2018).

In Pakistan, the System of *Zakat* and *Ushr* was officially introduced through a Presidential Ordinance on June 20, 1980 whereas the Bait-ul-Mal was established in 1992. Not all the expectations have come up true because the system has not been implemented in its true spirit. *Zakat* has the potential to root out poverty from the country if it is implemented in letter and spirit (Hussain & Shirazi, 1994; Malik, Hussain, Shirazi & Khan, 1994; Shaikh, 2015) while Mohammad (1991) holds that even potential *Zakat* collection in the present structure is unable to fulfill basic needs of the poor. Khan, Zaman and Hussain (1999) conclude that only one-fourth of the respondents believe that the existing *Zakat* system can be effective in eliminating poverty from the society. Arif and Bilquees (2007) maintain that *Zakat* system in its present form is unable to bring recipients out of poverty in Pakistan. Shirazi (1994 & 1995) find that charities (*Sadaqat*) have negative impact on poverty in Pakistan and that *Zakat* alleviates poverty by 2.1% in 1987-88. Akram and Afzal (2014) also find inverse relationship between *Zakat* and poverty, both in short run and long run.

The question is why *Zakat* system could not make a dent in poverty. The literature has pointed out a number of problems and inefficiencies in the implementation, collection and distribution of *Zakat* and also in the role of *Zakat* committees, particularly local *Zakat* committees (Mohammad, 1990a); Shirazi, 1996a). The poor *Zakat* collection is one of the main problems in the prevailing system. Several studies argue that main reasons for poor *Zakat* collection are (i) inefficiency of the institutions responsible for *Zakat* collection, (ii) poor propagation of *Zakat* as a religious duty, (iii) loss of confidence between *Zakat* payers and *Zakat* institutions, (iv) loopholes and wide spread evasion, (v) large number of exemptions and (vi) telephonic reminder by bank management to the account holders for withdrawal of cash before the start of month of Ramzan. *Zakat* system in Pakistan failed because it was not based on fundamental principles shrined by *Quran* and *Sunnah* and above all political will and determination is absent in implementing/reviving *Zakat* system in the country.

Nonetheless, since its inception, thousands of people have benefited and are benefiting- directly or indirectly. In addition to these official arrangements of Zakat to enhance welfare of the citizen, private sector has also been contributing to the end. The impact of private transfer toward poverty alleviation is quite substantial. There are several successful examples of well-organized arrangement of Zakat collection (philanthropy) and its distribution in the private sector in Pakistan both at present and in the past. However the impact of these efforts is seldom known to the world, even to Pakistanis. We may quote a few cases which deserve formal study.

- i. Dandot Bait-ul-Mal (DBM)¹⁰, District Chakwal
- ii. Shoukat Khanum Memorial Hospital, Headquarter at Lahore
- iii. Sugharan Hospital, Narowal (Sahara Trust)
- iv. Edhi Trust, Headquarter at Karachi
- v. Deeni Madaris spread through length and breadth all over Pakistan
- vi. Special Talent Exchange Program (STEP), Islamabad and Milestone Society for Special Persons, Lahore
- vii. Ansar Burney Welfare Trust, Karachi
- viii. Hamdard Foundation, Karachi

Most of the philanthropic institutions are operating in urban areas of Punjab and Sindh ignoring rural areas (World Bank, 2007). Dandot Bait-ul-Mal (BM) is one of the institutions working in rural areas of Punjab. No doubt a few studies are available that highlight the potential of private philanthropy in the country, for instance, (Mohammad, 1990b; Bonbright & Azfar, 2000). However no formal effort has been made to analyze the impact of private charity on overall

¹⁰ Bait-ul-Mal means treasury in Arabic. It is common reservoir/place where donations or funds are collected and from where financing to poor and needy takes place.

poverty and welfare of the residents of the area. DBM, which did a lot of welfare activities, has not been studied so far. The most important reason to select DBM for this study is that management, contributors and beneficiaries belong to the same area and they know each other. This is not the case for other poverty reduction programs.

1.4 Dandot Bait-ul-Mal: An Introduction

Dandot is a small town of Tehsil Cho-en-Seden Shah, district Chakwal, North Punjab, Pakistan. It is situated in the south of Chakwal on the road from Chakwal to Cho-en-Seden Shah and Pind Dadon Khan. It is at a distance of 3-4 Km from main road of Cho-en-Seden Shah to Pind Dadon Khan. Its population is 10718 individuals with 1910 households¹¹. The people of the town launched a social welfare program on their personal initiative under the Dandot Development Institute. This is a social welfare organization, having its own administrative set up comprising of a president and other members. The management is selected with the consultation of different sects of the town. Raja Muhammad Afsar Khan was the founder president of the organization. Later on, he became the member of the National Assembly in 1985.

A Bait-ul-Mal was established on June 19, 1974, under the chairmanship of Raja Muhammad Afsar Khan, to overcome the problem of abject poverty and other financial emergencies faced by the people of the town. A committee, comprising seven members, was constituted to look after the affairs of Bait-ul-Mal. The committee started collection and disbursement of *Zakat* from the same year. The administration, members of the committee and well-to-do people of the town participated in the program considering it a religious obligation. The volume of the

¹¹ Government of Pakistan (2017b)

funds so collected and distributed increased subsequently. In the first year Rs36000/- were collected in the Bait-ul-Mal. In the 2nd and 3rd year Rs52000/- and Rs80000/-were collected respectively and in the coming years, funds exceeded to Rs.100000/-. It was claimed that there was no beggar and no needy person in Dandot town (Khan, 1989).

1.4.1 Main Features of Dandot Bait-ul-Mal

The following were the main features of the system mentioned by Khan (1989).

- i. Provision of financial assistance to every poor of the town. The amount so disbursed was sufficient to cover the basic needs of the deserving people.
- ii. Provision of scholarships to the poor students. The amount was sufficient to cover the expenses of the text books, tuition/admission fee and clothing, where necessary.
- iii. Provision of funds for health care in case of emergency including surgery expenditures, if any, for the deserving patients.
- iv. Provision of assistance in cash and kind for 'dowry' of the orphan grooms.
- v. Provision of financial assistance in emergencies like accidents and deaths.
- vi. Provision of financial assistance and training for rehabilitation (purchase of sheep and goats and sewing machines, bicycles).

It is interesting to note that the system of *Zakat* and *Ushr* in Pakistan, which was introduced through a Presidential Ordinance in June 1980, was supposed to base and operate on the lines of DBM because at the time of implementation of *Zakat* system in the country, the then President of Pakistan particularly mentioned DBM in his introductory speech. The successful experience of DBM indicates that the system of *Zakat*, even in these modern days, is capable of bearing its fruits in terms of rooting out poverty as it did in early days of Islam. After four years of the inception and practice of the said organization, no poor could be found in the town

(Khan, 1989). The system is still in operation in one or the other form and contributing to the welfare of the indigent, disabled, poor, students, orphans, and widows. The main sources of revenue are Fitrana¹², Sadqaat¹³ including *Zakat*, animal hides at the time of *Eid-ul-Adha* and earnings from catering services run under Dandot Development Institute. Rs700 per month were being paid to seventy nine households in 2012-13¹⁴. The beneficiaries were paid financial assistance regularly in the first week of every month. Therefore, there is a need to study the system in some depth.

1.5 Rationale for the Study

As discussed above, the DBM was launched on private initiatives in 1974 and since then it is being run successfully by locally administered social welfare organization, Dandot Development Institute. The aim of the research is to investigate the effects of DBM on the welfare of local residents, and particularly in terms of poverty alleviation from the town. In order to evaluate the impact of DBM on the living standard of the residents, there is need for a baseline data; that is unfortunately not available. To accomplish the objective, Dhalwal town is selected as a control group which has socioeconomic conditions similar to that of Dandot town. Dhalwal town is situated on the road from Chakwal to Cho-en-Seden Shah and Kalar Kahar. It is at a distance of 10-12 Km from Cho-en-Seden Shah. Its population is 11553 individuals with 2207 households¹⁵. It is pertinent to mention that Official *Zakat* System (OZS) and Benazir Income Support Program (BISP) have also been working in both towns. BISP was

¹² It is an annual compulsory charity which is required from every Muslim whether male or female, minor or adult as long as he/she has the means to do so at the end of fasting month *Ramzan* or before offering *Eid ul Fitar* prayer.

¹³ It is plural of *Sadaqah* which is an Arabic word. It is voluntary charity of any amount / value in cash or kind which can be given to poor and needy and any time

¹⁴ Presently Rs1000 is being paid per month to eligible households.

¹⁵ Government of Pakistan (2017b)

launched in 2008 under which an eligible family was granted Rs3000¹⁶ per quarter. The comparative study of DBM, OZS and BISP and the impact of financial assistance on the welfare of the recipients further makes the site of Dandot an interesting case for research.

The review of literature presented in chapter 3 of this study reveals that large number of studies have been conducted theoretically as well as empirically, to assess the role of cash transfer programs such as *Zakat*, Bait-ul-Mal, BISP and others which intend to improve the welfare of the recipients. The public as well as private sector (NGO) has been striving for elimination of poverty and improving the living standard of people of Pakistan.

The studies although admitted the role of private sector but did not assess this role quantitatively or empirically. This provides us with a scope to evaluate the role of an NGO (DBM) in poverty alleviation. The literature review also leads us to conclude that no attempt has been made to unveil the impact of DBM on welfare of the residents of the town. We can also conclude from the literature review that no attempt has been made to comparatively evaluate the targeting efficiency¹⁷ of DBM, OZS and BISP. The literature review also assists us to determine that no study has been carried out to assess the welfare impact of all these programs in comparative fashion. One more gap in the literature is evident that no study has been made to explore the general public perception about the working, performance of the

¹⁶ Presently Rs4834 are being paid quarterly to eligible household (Government of Pakistan, 2017a).

¹⁷ Targeting efficiency of a program is what fraction of the program benefits received by poor than relatively well-off segment (Sumarto, Suryahade & Widyanti., 2001) while Lavallée, Olivier, Pasquier-Douiner and Robilliard. (2010) is of the view that efficiency is the ability of the targeting to minimize both exclusion and inclusion errors.

management committees and the effectiveness of these three programs. This study has made an attempt to fill these gaps in the literature.

1.6 Objectives of the Study

The study specifically attempts to

1. Evaluate targeting efficiency of DBM, OZS and BISP. It is classified into four sub-objectives which intend to evaluate
 - a. Targeting efficiency of the programs by expenditure quintile.
 - b. Targeting efficiency of the programs in terms of targeting ratio, type-I and type-II errors, total count gap and regularity in disbursement of funds.
 - c. Targeting efficiency of the programs in terms of leakage of funds.
 - d. Indicator targeting of the programs in terms of head, housing and household characteristics
2. Investigate the effects of cash transfer of DBM, OZS and BISP on the welfare of the recipient households. This main objective has followings sub-objectives which aim to assess the impact of cash transfer of;
 - a. DBM on food, health and education expenditures; and poverty status of the beneficiary households.
 - b. OZS on food, health and education expenditures; and poverty status of the beneficiary households.
 - c. BISP on food, health and education expenditures; and poverty status of the beneficiary households and
 - d. The feelings of the beneficiary households about the impact of the programs on their welfare.

3. To explore the public perception about the working and performance of DBM, OZS and BISP. The followings are the sub-objectives of this main objective. The sub-objectives attempt to explore;
 - a. The public awareness about the existence of the programs and their objectives.
 - b. The public awareness of the existence of the management committees to run them, duration of working of the present committees, ways of formation, satisfaction and reasons for non-satisfaction with the ways of formation of management committees of the programs.
 - c. The public perception of the procedure to invite application and criteria followed by the committee to grant financial assistance.
 - d. The public perception of the causes of failure of alleviating poverty, potential and ways to overcome the poverty by the programs.
 - e. The public perception of satisfaction with and reason for poor performance and nature of unfairness of the programs.
 - f. The public perception about success, continuation, reasons for non-continuation and suggestions for the improvement of the programs.

1.7 Research Questions of the study

On the basis of the objectives mentioned above, the following research questions are investigated.

1. Upto what extent DBM, OZS and BISP are successful in targeting poor households? This question is classified into four main sub-questions.
 - a. Which of the three programs grants more benefits to the lower expenditure quintiles of the households?

- b. Which of the three programs has better targeting in terms of targeting ratio, type-I and type-II errors; total count gap and regularity in disbursing the funds?
 - c. Which of the three programs has least leakage of the funds?
 - d. Which of the three programs performs better in targeting poor in terms of indicators?
- 2. Do DBM, OZS and BISP improve the welfare of the cash recipients? The following sub-questions are addressed under this main question.
 - a. Does cash transfer of DBM improve food, health and education expenditures; and poverty status of the beneficiary households?
 - b. Does cash transfer of OZS improve food, health and education expenditures; and poverty status of the beneficiary households?
 - c. Does cash transfer of BISP improve food, health and education expenditures; and poverty status of the beneficiary households and
 - d. What are feelings of the beneficiary households about the impact of the programs on their welfare?
- 3. What perception the respondents have about working and performance of DBM, OZS and BISP? The following sub-questions are proposed under this main question.
 - a. Do the programs exist in the town? If so what are their objectives?
 - b. Do management committees exist to run the programs? If yes, for how long present management committees are working? What are the ways of their formation? Are you satisfied with them? If not, what is reason(s) for non-satisfaction with ways of formation of committees?
 - c. What are the procedures to invite applications and criteria followed by the committees to grant financial assistance?

- d. Why do these programs fail to alleviate poverty? Do the programs have potential to overcome poverty? If yes, what are the ways to overcome the poverty?
- e. Are you satisfied with the performance of the committees? If not, what are the reasons for their poor performance? What is the nature of unfairness?
- f. Do the programs succeed to achieve their objectives? Should they continue? If not, what are the reasons for non-continuation? What suggestions do you make for improving their performance?

1.8 Limitations of the Study

- 1. This study does not intend to offer any model on poverty. So, no related empirical test is deemed necessary. Instead, this study leverages on models in past literature as far as determinants of poverty are concerned.
- 2. The study does not involve any parametric or non-parametric tests and hypothesis testing. Thus, the readers are duly reminded about the inference quality of the reported observations.

1.9 Significance of the Study

As mentioned above, the Government of Pakistan is determined to enhance the welfare of the citizens of the country. To accomplish the objective, a number of programs and incentives have been introduced during the past six decades. The common perception of the public is that these interventions failed to bring about any significant change in the lives of the people, particularly in the rural areas of the country (Arif, 2006). In the face of government's resource constraint, limited efficacy of the instruments and limited capability to get in touch with the underprivileged people, Bari et al. (2005) is of the view that private sector can perform better

role to provide social protection, both via private philanthropy and by means of non-profit sector (NGOs) as a delivery device for social protection as well as income generating schemes. This research brings forth the performance of the three programs; two of them -OZS and BISP- are run by the government and third one (DBM) is being run absolutely on private initiatives. They also differ in source of funding. DBM and OZS have no burden on the exchequer whereas BISP is being managed on loan provided by international institution and community. On the basis of the evaluation of targeting efficiency, impact evaluation and public perception of the three programs, we will be able to suggest the ways and means to the stakeholders and policy makers to enhance the welfare of the people by bringing the improvements in these programs in the light of findings of the study. According to Desai and Kharas (2008), "Private aid is less susceptible to "leakage" due to bribery and dishonesty, more cost efficient and larger share of private aid than official aid reach the poor". This research would also help us to examine the said claim because DBM is being managed privately whereas the other two are officially governed.

1.10 Layout of the Study

After the introduction, following layout is observed in rest of the study. Chapter-2 deals with a brief appraisal of officially managed welfare programs adopted from time to time in Pakistan to improve the standard of living of the masses. The literature which evaluates the targeting efficiency, impact of cash transfer programs on the welfare of the recipients and public perception about the working of the welfare programs is reviewed in chapter-3. Chapter-4 discusses theoretical perspective, framework, data source and the methodology of assessing targeting efficiency of the programs, estimating poverty line and poverty and methodology of estimating propensity score matching adopted in the study. Chapter-5 describes the socio-economic profile of the sampled households and descriptive statistics of main variables used

in the analysis. The assessment of targeting efficiency of DBM, OZS and BISP is evaluated in chapter-6. Chapter-7 estimates propensity scores by binomial logit regression. It also evaluates welfare impact of the programs by different matching techniques as well as in terms of perception of beneficiary households. Chapter-8 discusses the public perception about the working, performance of the management committees and success of the programs. The summary and conclusions of the study, and suggestions for future research are provided in the last chapter as usual.

CHAPTER-2

SOCIAL WELFARE PROGRAMS IN PAKISTAN: A CRITICAL APPRAISAL

2.1 Introduction

Government of Pakistan has been striving to improve quality of life of its citizen since the independence of the country. This intention of the government is obvious from different policies, projects and plans adopted from time to time over the last 70 years. However, there has not been comprehensive integrated policy that would extend social protection and social safety nets to the poor and the vulnerable (World Bank, 2007). Before appraising different programs implemented by the Government from time to time, it seems appropriate to shed light on the causes of poverty in Pakistan.

2.2 Causes of Poverty in Pakistan

In order to prescribe the policies to defeat poverty in the country, it is indispensable to get acquaintance about the causes of poverty. The literature has highlighted a number of factors responsible for poverty in Pakistan. These factors vary from study to study and time to time and no consensus is found among poverty theorists. Dismal growth rate and pattern of growth was made responsible for prevalence of poverty in the country (Ali & Tahir, 1999; Jan, Chishti & Eberle, 2008). Amjad and Kemal (1997) believed that low economic growth, small remittances and unemployment were the main predictors of poverty in the 1990s. Easterly

(2001) while explaining as to why high growth could not reduce poverty in Pakistan, argued that presence of economic inequality and ethnicity could not permit the growth policies to work. State Bank of Pakistan (2002) held that main predictors of poverty in rural areas of Pakistan were highly skewed pattern of land holding, asset destruction, income inequality, lack of human capital, and high growth and age structure of population whereas Chaudhry, Malik and Ashraf (2006) suggested that inflation and unemployment were the main drivers of poverty in rural areas of Pakistan. Bad governance, slow economic growth, regressive social services and degradation of resources were main determinants of poverty in Pakistan (Aftab, Hamid & Prevez, 2002).

The instrumental factors of poverty in Pakistan included the pattern of land ownership, mal distribution of assets, inequality, poor rates of growth and capital formation (Nadvi and Robinson, 2004). Landlessness was among the major reasons of poverty in Pakistan (Carraro, Weinzierl & Hunt, 2004); Anwar et al., 2006). Carraro et al. (2004) and Anwar et al. (2006) conclusions about causes of poverty are also supported by USAID (2017). The macro factors such as feudal system in rural areas, reduction in subsidies to agriculture sector and non-availability of crop insurance, wage structure, fiscal and monetary policies; and inflation were the main culprits of poverty in Pakistan (Shah, 2009) whereas Mainkhail (2009) noted that bad governance, neglect of agriculture sector, trade deficit, prejudiced education policies, corruption and biased allocation of resources were the causative factors of poverty. Awan and Iqbal (2010) documented that informal sector employment, household size and female headed households were the factors responsible for poverty. Socio political and economic structures along-with feudal culture create poverty in Pakistan. Feudal culture not only propagates poverty and unequal distribution of resources but also brings about corruption

(Sheikh, Ahmad & Farooq, 2016). Causes of poverty in Pakistan, among others, are lack of skill and human capital; and household size (Idrees, 2017).

The discussion made above helps us to conclude that pattern of growth, landlessness, lack of human capital and skill, large population, larger household size, informal sector employment, low real wages, unemployment, bad governance, corruption, sharecropping system, lack of political will, trade and budget deficits are some of the important contributing factors for poverty in Pakistan. To overcome poverty, different policies and programs have been exercised by the governments, NGOs and private sector. Some of them were discontinued, some have been replaced with the new ones and some are polished and continued. The most important programs applied to overcome poverty are briefly reviewed in the following pages.

2.3 Rural Development Programs/Schemes

The rural areas of Pakistan remained backward over the entire history of the country. The main causes for their backwardness are the low growth of agriculture sector, perpetual division of land holding and inability of industrial and commercial centers to absorb rural labor (Qureshi, 2001). Keeping in view the fact that the country wide poverty cannot be eradicated without improving conditions of rural areas, the Government of Pakistan embarked upon a number of rural development programs to increase the productivity of agriculture sector, generate income for rural inhabitants by utilizing surplus labor via increasing agricultural production, setting up village based small scale industrial units, creating employment opportunities through the construction of local infrastructure and promoting technical education in educational institutions. A review of some of the main rural development programs introduced over the history of Pakistan is presented below.

2.3.1 The Village Agricultural and Industrial Development Program

Village-AID program was launched in 1952 with financial assistance from USAID and the World Bank. The program was universal covering whole rural population. The program was designed to solve the problems of intended group through organizing village councils, building roads, schools, wells, bridges, drains and culverts, disseminating improved agricultural technology, improving health facilities and livestock's production strategies, and planting trees. The farmers were provided with credit, production and marketing facilities through cooperatives societies. Social centers were set up to impart skill to women in the areas of home management, child and maternal care, food and fruit preservation, sewing, knitting, embroidery. (Abbas et al., 2009). V-AID was carried out in 79 out of a total 85 development areas opened up in 20% of total villages in the country. Initially the program got a good deal of success to create awareness among rural people about self-reliance and self-help to solve their problems but could not maintain its pace and eventually failed owing to lack of coordination among allied departments, lack of technically trained staff, weak structure, top-down decision making strategy and political change in the country (Malik, 1990; Mallah, 1997; Qureshi, 2001; Chaudhry, 2002). In 1961, the program was abolished without any systematic and formal assessment of its performance (Irfan, 2003). With the closure of the Village-AID program, rural development became a part of the Basic Democracies (BD) System.

2.3.2 The Basic Democracies System

The Basic Democracies System in Pakistan came into existence in 1959 as a step toward democratic rule. One of its objectives was to remove deficiencies that had characterized

V-AID program and to utilize hidden unemployment¹⁸ in the rural sector (Gill, Mustafa & Jehangir, 1999). The other objectives of this system were to provide a chance to villagers to take part in community development programs and promote democracy at the grass roots level (Mallah, 1997); Qureshi, 2001). The whole rural population was the target of the program. The system was organized into five tiers where the union council (UC) was the lowest tier. On the average, each union council covered a population of 8,000 people (Government of Pakistan, 1971). The union councilors were responsible to solve the issues of the people related to education, infrastructure, agriculture and sanitation (Waseem, 1982; Chaudhry, 2002). Though BD system succeeded up to some extent to develop mass awareness and local leadership among the rural people (Chaudhry, 2002), the system failed to emphasize agricultural development and bring autonomy in the local government. It also suffered from incompetent local leadership and lack of adequate funds for the development (Waseem, 1982; Chaudhry, 2002). It was brought to an end along with change in political regime in 1970 (Government of Pakistan, 1971). A new rural development strategy was introduced under the title “Integrated Rural Development Program” (IRDP).

2.3.3 Rural Works Program

A pilot project of community development in East Pakistan undertaken by Pakistan Academy of Rural Development provided the basis for Rural Works Program (RWP) in West Pakistan in 1963. This program was also universal covering whole rural population. Its objectives were to encourage rural people to participate in the

¹⁸ It refers to those individuals (i) who have given up looking for work, (ii) who work less than they would like (iii) who work at jobs in which their skills are underutilized and are not officially counted among the unemployed. These groups constitute hidden unemployment. Official unemployment figures only include people with no job but who are actively seeking work.

development process, make rural people's lives economically and socially better and to provide them jobs at their door steps by creating infrastructure such as roads, bridges, irrigation channels (Waseem, 1982; Mallah, 1997; Chaudhry, 2002). The program was financed with funds generated by selling wheat donated by the USA under PL-480 food grain program, funds available under BD system and provided by the government of Pakistan. The community was not required to contribute anything to the program (Irfan, 2003). The irregular flow of funds badly affected its progress. One of its strong points was that it completed over 60,000 projects at very low average cost as compared to previous programs. It also succeeded to provide jobs at door steps and reduce seasonal unemployment (Anwar et al., 2006). It enjoyed full political support of government of the time. After the down-fall of Ayub Khan's rule, RWP suffered a lot and became political orphan. The program failed due to poor selection, formulation and implementation of projects, delay in release of funds and lack of public interest, and hence was abolished in 1970. In 1972, it was renamed as People Works Program (Irfan, 2003; Abbas et al., 2009).

2.3.4 Integrated Rural Development Program

In early 1970, due to change of political state of affairs and the problems with the previous developmental strategies, the new government launched a new development program, the Integrated Rural Development Program (IRDP). The main objective of the program was to raise agricultural productivity by employing modern methods in small and medium size farms and providing credit, storage, and transport and marketing facilities. The source of funding was public budget. The farmers (small and middle-level) were the target of the program. The organizational and geographical concept of IRDP was the Markaz (Centre) which acted as a place of meeting for the officials of all the concerned departments under one roof.

Since there were no elected local councils, IRDP established multipurpose cooperative societies at the village level. Moreover, IRDP was established as a subsidiary of agriculture department, which provided leadership to the program. The agricultural graduates were recruited to run the program. The development funds were in the hands of Local Government Department. This dichotomy in code of behavior not only resulted ample tension between the two agencies but also created frustration among the workers of this newly launched program (Waseem, 1982; Malik, 1990; Mallah, 1997; Chaudhry, 2002). One of the principal functions of IRDP staff member was to integrate the functioning of various line departments and facilitate farm service delivery to the farmers at one point. This coordinating role could not be accomplished successfully for hard departmental boundaries. The program was abolished in 1977 due to non-cooperative behavior of the concerned officials, and was merged into Department of Local Government (Anwar et al., 2006).

2.3.5 People's Works Program

People Works Program was a blend of old RWP with an added urban component. It was launched in 1972. This program was universal, covering whole population of the country. The main aims of the PWP were to provide maximum participation to the people in planning and execution of development programs so that awareness and confidence could be developed among people to run their own affairs without help from the government (Mallah, 1997; Cahudhry, 2002; Irfan, 2003). The program also envisaged to make rural people's socio-economic status better by providing schools, dispensaries, link roads, low-cost housing, drainage, water supply, tree plantation and industrial homes (Government of the Punjab, 1983; Waseem, 1982; Chaudhry, 2002).

The Planning Commission of Pakistan evaluated PWP in 1975 and found several serious issues in its concept and implementation (Malik, 1990; Mallah, 1997; Chaudhry, 2002). The people's capacity for self-reliance was diluted by making the program more dependent on the government through the intervention of political figures. About 90% of the projects in PWP had no local participation. In most cases larger projects were preferred which were executed through contractors and the actual utilization of funds did not follow the priorities determined in the original allocation (Anwar et al., 2006). The People's Works Program was abolished by early 1980s, unfortunately, due to withdrawal of governmental support (Qureshi, 2001).

2.3.6 Five-Point Special Development Program (1985-88)

A Five-Point Special Development Program was initiated in 1985 with rural component covering education, health, road, electrification, water supply, sanitation, seven marla residential plots and special development programs (Irfan, 2003). The emphasis was on the establishment of an Islamic democratic political system, promotion of an equitable Islamic democratic economic order, elimination of illiteracy, eradication of bribery, injustice and corruption; and consolidation of national integrity and sovereignty (Qureshi, 2001). The target population of the program was rural people. With a political change, this program lost its original title and integrated into People's Works Program.

2.3.7 Taameer-e-Watan Program

This program was launched in July 1991. The basic concept and approach was to engage Senators and MNAs to identify the development needs of the area. The targeting of the program was universal covering whole population. The objective of the program was to make sure the provision of basic facilities such as drinking water,

health, sanitation, rural roads, electrification and education, supply of natural gas and establishment of public call offices. It seemed successful but political interference and exploitation earned bad name for it. It was renamed People's Program in 1993 (Qureshi, 2001); Irfan, 2003).

2.3.8 People's Program [(1989-90) and (1993-96)]

The first phase of the program originated from Five-Point Special Development Program. The targeting of the program was universal covering whole population. It was supposed to grant financial support to the provinces and local organizations at their request to augment existing local development projects such as construction of additional classrooms in school buildings, upgrading health facilities, water supply schemes and roads, executed by other line agencies. The second phase of the program came from Taameer-e-Watan Program in December 1993. The program was completely under the control of the federal government. An amount of Rs9684 million was estimated to be utilized under the program during the period from December 1993 to November 1996 (Qureshi, 2001). People's Work Programs-I and -II were initiated again by Peoples Party when it came into power in 2008. In 2012, expenditure worth of Rs4.3 billion or 0.02 per cent of GDP was made on the People's Works Program-I. The budget for People's Works Program-II was Rs33.6 billion or 0.16 per cent of GDP. In 2009, 132,207 jobs were created through 2,288 such development schemes (Government of Pakistan, 2013b).

2.3.9 Social Action Program

The Social Action Program-I (1993-96) was conceived in 1992 and formally launched in 1993 with the financial support of international agencies to expand access to elementary education, basic health care particularly for women and girls, rural water

supply and sanitation. In total Rs106.4 billion were spent on SAP-I; of this, Rs13.1 billion was foreign assistance. The Planning and Development Ministry was given the responsibility to execute the programs. The program targeting was universal covering whole population. Conflicting views are found in the literature about the performance of SAP-I. However, Qureshi (2001) opined that SAP-I had been successful in increasing primary school participation rate, adult literacy rate, immunization of children, population coverage under rural water supply and sanitation, life expectancy, and in reducing infant mortality rate, population growth rate and total fertility rate.

After the successful conclusion of SAP-I (1993-96), the Government commenced the SAP-II project for five years (1997-2002). The overall size of SAP-II was Rs498.8 billion, out of which Rs434.1 billion were provided by the provinces, which reflected that SAP was basically the provincial matter. Like SAP-I, the main focus of the SAP-II was also on the five priority areas which were elementary education, primary health care, nutrition, rural water supply and sanitation, and family planning. The impact of SAP during 1998-99 was quite encouraging. However, Irfan (2003) did not agree with Qureshi (2001). Irfan (2003) was of the view that performance of SAP was unsatisfactory and it was unable to achieve the targets. The evaluation of SAP by World Bank (2003) termed the program as partially successful.

2.3.10 Khushhal Pakistan Program (2000-02)

The Government of Pakistan initiated the Khushhal Pakistan Program (KPP) for poverty alleviation in April 2000. The program catered to a number of infrastructure development schemes both in rural and urban areas. The program targeting was universal covering whole population. The identification and implementation of the

schemes were carried out by Punjab Rural Support Program (PRSP) through its Community Organizations (COs) which were made responsible for identification of the scheme(s), selection of village project committee, maintenance of financial and administrative record of the scheme, playing active role from the start of planning, operation to completion and maintenance of the scheme. Eighty percent of the funds were provided by the government whereas remaining 20% of the funds were the responsibility of the community. An amount of Rs10 million was allocated to each region of PRSP¹⁹. KPP has generated employment of about 0.4 million in 2000-01 and 0.27 million in 2001-02 and 0.3 million in the first six months of 2002-03 (Sayeed, 2004). It was not clear whether the targeting was made on the basis of infrastructure needs or on the basis of the poor in a particular region. The vague program design did not make the management accountable. Self-targeting rather geographical targeting technique was employed to identify individuals (Yusuf, 2007).

2.3.11 Aga Khan Rural Support Program (1982)

Aga Khan Foundation initiated rural development efforts in the Northern Areas of Pakistan in 1982 under the tag of Aga Khan Rural Support Program (AKRSP). Its objectives were to alleviate poverty and enhance the quality of life of the rural community. The target population of the program was rural people of the northern areas of Pakistan. To realize its objectives, participatory rural development approach has been employed, which consists of collective management of resources through social mobilization, capital-building through regular savings and upgrading human skills through training. The noteworthy success of AKRSP was an increase in income of the

¹⁹ <http://www.prsp.org.pk/Projects/KhushalPakistan.aspx>

residents of the area in general. Per capita income of Northern Areas and Chitral (NAC) was 31% of national average income in 1991 which became 58% of national per capita income in 2001. The high growth rate (87%) in per capita income of NAC areas reduced poverty from sixty seven percent to thirty four percent over a period of ten years from 1991 to 2001 (Rasmussen et al., 2004; p.10 table 1& 2). Rasmussen et al. (2004) also upheld that the households, who were the member of village organization, had fifteen to twenty percent higher income than those of non-member households. This difference in income was positively related to number of member per household and the length of membership of village organization. The rate of return on investment in AKRSP varies from 16% to 24% (World Bank, 2002a). AKRSP not only improved economic conditions of the participants but also enhanced education and health status of the communities of the area since literacy rate increased from 14% to 33% over a period of four year from 1994-98 whereas infant mortality rate decreased from 126 to 33 per 1000 live birth from 1986-97 (Rasmussen et al., 2004). This successful experience of AKRSP proved that organization of the poor was the best means to alleviate poverty and community participation ensured development of, for and by the people. The World Bank (2012) also documented the excellent performance of the program.

The widespread acknowledgment of the services to the targeted community of AKRSP motivated national and provincial stakeholders to replicate the AKRSP methodology in other parts of the country. As a result, the Sarhad Rural Support Corporation (SRSC) was established in 1989. The federal government also set up National Rural Support Program in early 90s with a directive to work in selected districts of all provinces and Azad Jammu and Kashmir. The Baluchistan, Sindh and Punjab Rural Support Programs were set up in 1991, 1995 and 1998 respectively with the help of the provincial governments.

2.3.12 Rural Support Program Network

With the start of Rural Support Programs (RSPs) at provincial levels, the need was felt to support these emerging organizations. Rural Support Programs Network (RSPN) was established with help of Department for International Development (DFID) in 2000 to support RSPs. The RSPN consists of twelve members²⁰ which adopt a common approach of social mobilization to rural development. In mid 2000s, the World Bank and Government of Pakistan provided funds worth of US\$60 million for Participatory Development through Social Mobilization project given to the Pakistan Poverty Alleviation Fund for execution largely by the RSPs. The key role of RSPN is to promote coordination among RSPs, enhance capacity building, share knowledge, provide policy advocacy, raise funds and mobilize resource for RSPs (Rahman and Maria, 2013). Since the inception of AKRSP, RSPs have undertaken 23,072 Community-level Physical Infrastructure (CLPI) projects worth of Rs9.3 billion. These projects have directly benefited about 14 million and 1.95 million population and households respectively (Khalil et al., 2010). With the help of its 12 members, it has been implementing programs in 115 districts of the country and five Agencies of FATA. It has approached to 5.8 million rural households covering a population of 38 million²¹

2.3.13 National Rural Support Program

Keeping in view the success story of AKRSP, National Rural Support Program (NRSP) was founded in 1991 and registered under section 42 of Companies Ordinance 1984 as

²⁰ These RSPs are Aga Khan Rural support Program (AKRSP), Sarhad Rural support Program (SRSP), National Rural support Program (NRSP), Ghazi Barotha Taraqiat Idara (GBTI), Thardeep Rural Development Program (TRDP), Punjab Rural Support Program (PRSP), Baluchistan Rural Support Program (BRSP), Sindh Graduates Association (SGA), Sindh Rural Support Organization (SRSO), Institute of Rural Management (IRM), Azad Jammu and Kashmir Rural Support Program (AJKRSP) and Foundation for Integrated Development Action (FIDA).

²¹ <http://nrsp.org.pk>

non-profit organization. The target group of NRSP is rural poor all over the country. Its objective is to improve the quality of life in rural areas. In terms of coverage, workforce and development activities, it is the largest Rural Support Program in the country. NRSP helps through microfinance, human resource development, physical infrastructure and technology development; and social sector services. The philosophy of NRSP is based on the principles of Raiffeisen²² which were also adopted by the SaemaulUndong movement in the Republic of South Korea. As of December 2017, NRSP Microfinance Bank operates in 95 districts in all the four provinces including Azad Jammu and Kashmir through regional offices and has approximately 426,411 active borrowers with Rs20.93 billion gross advances. The number of active savers is 892912 with savings base of Rs23.67 billion (NRSP, 2017). NRSP is currently²³ working with more than 3.3 million poor households organized into a network of 212,078 Community Organizations. It is emerging as Pakistan's leading engine for poverty reduction and rural development.

The estimates revealed that membership in a community organization made the households to earn 7.5% more annually. Poverty incidence was lower in member households (Rasmussen et al., 2004). Hussain (2003) concluded that 68% of the respondents ate their fill daily while alike percentage of the respondents felt better than before. Improvement in the health was felt by one-half of the respondents whereas persistent increase in income was experienced by 82% of the respondents after having access to credit. The evaluation of 35 rural water supply schemes in Punjab revealed

²² (*Economics*) Designating, or pertaining to, a form of co-operative bank founded among the German agrarian population by Friedrich Wilhelm Raiffeisen (1818-88); as, Raiffeisen banks, the Raiffeisen system. The banks are unlimited-liability institutions making small loans at a low rate of interest, for a designated purpose, to worthy members only

²³ Retrieved from www.nrsp.org.com on 13th November 2018

that NRSP schemes were better in performance and sustainability than that of the schemes launched by the government. Yusuf (2010) evaluating 30 welfare programs in 15 developing countries concluded that Rural Support Program of Pakistan was mildly progressive; 40% beneficiaries were poor while 28.1% of population was poor. He noted that monitoring, transparency and accountability were the features of the program whereas elite capture, discretion and corruption were absent from program. Frölick et al. (2014) ascertained that NRSP reduced child labor incidence but did not have significant effect on school attendance, health status and household welfare.

2.3.14 Provincial Rural Support Programs

A number of projects and programs taken up by RSPs have been working on the principles of participatory rural development. The programs, which are financed by government in each province of the country, are discussed below.

2.3.14.1 Sarhad Rural Support Program

Sarhad Rural Support Corporation (SRSC) was established in 1989 which was renamed as Sarhad Rural Support Program (SRSP). It targets poor of rural areas of the province. It is the largest non-profit organization of KPK. The SRSP was entrusted with the responsibility to serve the deprived communities of the poverty stricken districts of KPK through community physical infrastructure projects. It is operational in all 25 districts of KPK and 13 tribal areas. Up till now SRSP has completed 10000 infrastructure projects, benefiting 2 million people, under different phases of Pakistan Poverty Alleviation Fund support. These infrastructure projects include drinking water supply, sanitation,

irrigation, roads & bridges, micro hydroelectric units and flood protection walls.

Overall distribution of funds to 7000 households is Rs86 million (SRSP, 2017).

The evaluation of SRSP indicated that pre-intervention of SRSP, 89% of poor households were lying in two bands of poverty which reduced to less than 40% after intervention over a period of three years. Ninety percent of the beneficiary households believed that SRSP had significantly reduced poverty while 89% were of the view that it had brought positive change regarding employment and self-employment. Seventy percent of beneficiary households reported that SRSP had improved livestock and agriculture activities. Enhancement in social cohesion and cooperation was noted by 82% of the beneficiaries. Microfinance had significantly and moderately increased the income of 57% and 37% of the respondents respectively. So far community based organizations are 42770 with a million households consisting of 7.7 million population (Semiotics Consultants, 2014).

2.3.14.2 Baluchistan Rural Support Program

Baluchistan Rural Support Program (BRSP) was registered in 1991 under section 42 of Companies Ordinance 1984 as a non-profit organization which has been striving for the betterment of residents of the rural areas of Baluchistan. Basically history of BRSP recedes to "Pak-German self-help initiative" project which was launched in 1983. The project was put into operation by the Local Government Department of Baluchistan with the help of German Agency for Technical Co-operation. BRSP worked well covering 13 districts of Baluchistan upto mid-90s. With the withdrawal of German Agency's support, the project had to be cut down substantially in the subsequent years. It remained dormant

for a long time. It resumed its working in 2001 with financial assistance from Pakistan Poverty Alleviation Fund (PPAF). BRSP adopted the strategy of social mobilization whose spirit was to motivate men and women to make a group known as Community Organization (CO). A properly functioning CO can socially bring people together to work for the goal of poverty alleviation²⁴.

The study of Livelihood Enhancement and Protection (LEP) project in district Pishin and Kharan of Baluchistan revealed that the project had noteworthy impact on the lives of the beneficiary households. The findings of district Pishin study disclosed that 50% of households of each group were ultra and vulnerable poor. The post intervention results revealed that 29% and 32% of ultra-poor and of vulnerable poor respectively had become non-poor. The results also revealed that 12% of each ultra-poor and vulnerable poor shifted to vulnerable and transitory poor respectively whereas 8% of ultra-poor graduated to transitory poor. Only 5% and 2% of ultra-poor and vulnerable poor remained in their respective groups (BRSP, E&M unit, 2014). The impact of the project in district Kharan was evaluated by Khan (2015). He evaluated the impact of the project on poverty depending upon the public perception about poverty. According to 56% of the respondents, 'a poor is a person who does not have basic needs to fulfill. The baseline data indicated that 303 households were poor in 2012 before the implementation of the project which reduced to 138 in 2015 which means that 54% of the poor households had come out of poverty. Pre project survey revealed that 20% of the respondents thought that poor could not get rid of

²⁴ <https://www.brsp.org.pk/index.php> retrieved on 24/7/17

poverty as it was their fate. After the implementation of the project, only 2% of the respondents held this view. The findings of the study also supplemented that the income of the beneficiary' households on the average had increased by Rs2489.

2.3.14.3 Sindh Rural Support Program

Sindh Rural Support Program (SRSP) was set up in 1995 to reduce poverty in Sindh particularly in its rural areas. It is also a non-profit organization registered under section 42 of the Companies Ordinance 1984. Presently SRSP is working in nine districts which are considered as remote and impoverished areas. It targets the poor of far flung and underprivileged areas of the province. It played very active role through financial support, training, research and advocacy for poverty alleviation in Sindh. Umrani et al. (2017) evaluated the impact of Community based Investment Funds (CIF) under the Union Council Based Poverty Reduction Program of Government of Sindh. They divided households into four categories- beneficiary of only CIF, of both CIF and BISP, of only BISP and non-beneficiary. The poverty scorecards were used to measure poverty incidence. The assessment report highlighted that 68% of the beneficiaries of only CIF had graduated from first three bands of poverty to higher bands. The results also revealed that this graduation rate was higher (70.58%) among the beneficiaries of both CIF and BISP. BISP beneficiaries' and non-beneficiaries of any program experienced only about 14% graduation rate. Improvement in women empowerment, income, health, food intake and residential conditions was also observed. Similar studies were conducted by Saadi (2011); Khan (2011) for Kashmore-kandhkot and Shikarpur districts of Sindh. Khan (2011) concluded that 70% of beneficiaries moved from low band

to high band of poverty. As of December 2016; it had 67566 active borrowers, gross loan portfolio of Rs1223.5 million with 26721 numbers of loans. Rs662.5 million loan was granted from July to December 2016 (Government of Pakistan, 2016a).

2.3.14.4 Punjab Rural Support Program

Punjab Rural Support Program (PRSP) was established in June 1998 under section 42 of the Companies Ordinance 1984 as a non-profit organization. It started working in eight regions of the Punjab. Currently it is working in 20 districts of the Punjab through a number of interventions in partnership with government and donors. The main objectives of the PRSP are eradication of poverty, enhancement of income, empowerment of women and general improvement in the quality of life of the rural poor of the province (Anwar et al., 2006). It has 65020 active borrowers with gross loan portfolio of Rs1171.2million. Its beneficiary communities have saved Rs131.672 million from its inception to June 2018. It has 1109672 members with 66058 COs. It has granted loans worth of Rs19550.18 million through 1130878 loans. The credit-worthiness of the poor is evident from 99.85% recovery rate of credit distributed by PRSP²⁵. Its assessment by Anwar et al. (2006) for Lahore region revealed that provision of credit is good aspect of the program. It augmented income of poor and reduced poverty in the province; however, still there was room for improvement.

²⁵ www.prsp.org.pk retrieved on 2nd November 2018

2.4 Land Reforms (1959, 1972 and 1977)

Majority of the poor in Pakistan are residing in rural areas. The literature documents that main reason of rural poverty is the landlessness and small holding of land. Most of the agricultural land was owned by big landlords but cultivated by large number of peasants. It was conceived that land reforms could play an important role in reducing income inequality and poverty in the country. The tenants/peasants were the target of land reforms. Three land reforms had been introduced in Pakistan with this objective. The first one was introduced in 1959 by Martial Law regime of General Muhammad Ayub Khan. An individual/a family member could not hold more than 1000 acres of un-irrigated land and 500 acres of irrigated land. Thus 2.5 million acre of land was taken up by the government, out of which 57% was uncultivated. Out of these, 2.3 million acre was distributed among 180000 families of peasants/cultivators (Hussain, 1982; Qureshi, 2001).

The second land reform was introduced in 1972 by Z.A. Bhutto. The land holding ceiling was reduced to 300 and 150 acres of un-irrigated and irrigated land respectively. It also allowed holding of land equivalent to 12000 PIU²⁶ which was based on 1940 revenue settlements. No compensation was given for the land confiscated by the government. Exemptions given for orchards and stud farms in 1959 reform package were taken back. The government attained possession of 1.3 million acre of which 0.9 million was distributed among 76,000 tenants (Hussain, 1982; Qureshi, 2001). The third and last land reform was announced in 1977 which re-fixed the land holding ceiling at 150 acre of irrigated and 200 acre of un-irrigated land or equivalent to 8000 PIU. The regime of Zia ul Haq abolished the land reforms that were initiated

²⁶ A PIU is a measure of gross value of output per acre of land by type of soil and hence is a measure of land productivity (Hussain, 1982).

by Z.A Bhutto on the basis that Islam does not allow pilfering of one's property without compensating to its lawful owner. The question of capturing surplus land was put in the Federal Sharia Court on the grounds that it was against the Islamic injunctions. The question was also endorsed by the Supreme Court of Pakistan. Since then the question of land reforms has been aborted and no political government could take steps to proceed further (Gazdar, 2009).

Regarding the impact of the land reforms on poverty, Hussain (1982) was of the view that land reforms in Pakistan could not succeed to achieve its goal (alleviation of poverty) because of loophole such as (i) the basis of ceiling was individual rather than family (ii) additional land holding allotment for orchards, horse/cattle farms and preying fields such that an individual could hold land more than the ceiling so long as his holding was equivalent to 36000 produce index unit. (iii) Government could reoccupy only 35% of the total excess declared land. Out of resumed land, 57% was barren under 1959 reform at Pakistan level while 59% was uncultivated for 1972 reform only at Punjab level. (iv) 1.9 million and 0.6 million acre land was available with government to distribute among tenants under 1959 and 1972 reforms respectively. (v). McCulloch and Baulch (2000) remarked that the impact of giving land of less than two hectares to rural households in Pakistan had no effect on income poverty. It might be due to political power in the hand of landowners. Third reform of 1977 was suspended by Zia-ul-Haq. Mechanization of farm during the period of reform further aggravated the conditions of rural tenants. It increased not only the unemployment but also poverty. Above all, insignificant effect on poverty was lack of political will of the government (Qureshi, 2001).

2.5 Growth and Macroeconomic Policies for Alleviating Poverty

The objective of macroeconomic policies in Pakistan has been to reduce poverty by enhancing growth but the literature on growth and poverty in Pakistan documented that there was no specific link between poverty and growth. There might be number of reasons to explain why growth failed to overcome poverty. The period for which this phenomenon occurred was characterized by growth with decreasing real wages of low paid workers, increasing unemployment of unskilled workers and decrease in public expenditure, particularly, on social sector (Ali & Tahir, 1999). The effect of growth on poverty also depends upon the type of sector in which growth occurs. During 1950s and 1960s, growth rate was high but poverty was also rising since development policy was directed to increase the size of the cake. Though the size of the cake increased but the owners of the cake did not allow distribution of the cake and hence the trickle down hypothesis failed (Shah, 2009). During 1970s, emphasis of the development policy shifted to growth with distribution. Although growth rate was dismal but poverty declined.

The decade of 1980's witnessed high growth and low poverty; however the process reversed during 1990s where the economy's growth rate was low but poverty was high (Amjad & Kemal, 1997; Ali & Tahir, 1999; Arif, 2006; Chaudhry et al., 2006). Different macro-policies were used to reduce poverty during different political regimes. They included deregulation, trade liberalization, privatization of public enterprises, reduction in fiscal deficit, nationalization and denationalization; and inflow of foreign capital and remittances. The targeting of the policies was universal covering whole population of the country. Amjad and Kemal (1997) noted that structural adjustment policies made the poverty counts worse because of dismal growth, withdrawal of subsidies, and increase in indirect taxes and decrease in public expenditures. Ali and Tahir (1999) provided evidence that growth and poverty were inversely

related while inequality enhanced poverty in Pakistan irrespective of region. Unemployment and inflation were the main drivers of poverty in rural areas of Pakistan (Chaudhry et al., 2006). Though growth-poverty nexus exists in Pakistan but fruits of growth are reaped by rich. The consumption disparities became worse over time (Jan et al., 2008).

2.6 Employment Creation Schemes based on Direct Credits

The schemes consist of following direct credit provision and self-employment schemes. The objective of these schemes was to reduce poverty by self-employment schemes which were financed by direct credit

2.6.1 Credit Programs

They are operated by Small Business Finance Corporation and Regional Development Finance Corporation which have been merged to form Small and Medium Enterprises Bank. The credit programs are also worked through the Youth Investment Promotion Society, Punjab and Sindh Small Industries Corporations, Khushali Bank, Zari Tariqiat Bank. The microfinance industry in Pakistan comprises of (i) Micro Financing Banks in Private Sector (such as First, Apna, Kashf and NRSP microfinance banks limited), (ii) Micro Finance Institutions;(e.g. Akhuwat, KASHF foundation), ASA and Development Action for Mobilization and Emancipation, (iii) Rural Support programs., (iv) Commercial Financial Institutions and (v) Non-Governmental Organizations. In 2016, 4572245 and 23091250 were active borrowers and savers with lending and saving worth of Rs136.943 billion and Rs121.383 billion respectively. The number of policy holders were about 5.9 million with sum ensured Rs150.4 billion (Government of Pakistan, 2017a). Asad et al. (2011) assessing the role of microfinance in reducing poverty in Punjab concluded that microfinance significantly reduced poverty. Their

findings were also supported by Iqbal et al. (2015) that microfinance reduced poverty in district Bahawal Nagar, Punjab, Pakistan.

2.6.2 Self-Employment Programs

They consist of Public Transport Revamping Schemes (Yellow and Green Cab Schemes), The First Women Bank's Small Loans Schemes, The National Self Employment Program and Awami Tractor Scheme. The people who have skill but no capital are the target of these schemes. The funds are granted by State Bank of Pakistan at concessional rates. Low recovery rate and leakage of funds to well off people are the problems suffered by these schemes (Qureshi, 2001). The poor also could not get the benefits from these schemes owing to deficiency in skills and want of collateral guarantee. It was also criticized by international institutions such as the World Bank and IMF. Hence Government of Pakistan had to reduce the spread between market and lending rates of interest.

The theory of effect of credit programs on poverty is very simple. Availability of credits makes the creditors to purchase capital. When this capital is combined with labor, employment increases and poverty reduces. Microfinance created self-employment and reduced poverty in Pakistan (Awan & Ibrahim, 2015). Khan, Rahman and Wright, (2016) proposed a substitution hypothesis which states that credits substitute self-employment for paid employment however they did not find any support for substitution hypothesis for Pakistan which means that credits created employment in Pakistan.

2.7 Targeted Income Transfer Schemes/ Social Safety nets

The scheme consists of *Zakat* and *Ushr* (1980-81), Pakistan Bait-ul- Mal (1992) and BISP (2008). We briefly discuss as under:

2.7.1 *Zakat* and *Ushr*

Zakat is one of the five pillars upon which the edifice of Islam is created. It is specific form of worship commanded with financial assistance to the poor and needy of the society. *Zakat* has always been one of the important sources of revenue of Bait-ul-Mal. It is incumbent upon every capable Muslim to pay *Zakat* and *Ushr*, collectively if there is Muslim government and individually if there is non-Muslim government or Muslim government has not implemented system of collecting and disbursing them. The evidence indicates that donors prefer to donate their charities (*Sadaqat*) directly to private individuals or poor families (Salih, 2001). A detailed account of *Zakat* is provided in the appendix (A). The main objective of the scheme is to provide financial assistance to widows, orphans, disabled, needy and poor people irrespective of sex and caste. The targeting population is indigent and impoverished Muslims of the country. The source of funding is special levy on bank accounts and agricultural output or private contribution. The funds are distributed either directly through Local *Zakat* Committees or indirectly through Deeni Madaris, Vocational and Educational Institutions and Hospitals.

Hussain and Shirazi (1994), Malik et al. (1994) and Shaikh (2015) are of the view that *Zakat* has the potential to root out poverty from the country if it is implemented in letter and spirit while Mohammad (1991) holds that even the collection of potential *Zakat* is unable to fulfill basic needs of the poor. Khan et al. (1999) conclude that only one-fourth of the respondents believe that the existing *Zakat* system can be effective in

eliminating poverty from the society while Arif and Bilquees (2007) maintain that *Zakat* system in its present form is unable to bring recipients out of poverty in Pakistan. Shirazi (1994 and 1995) find that *Zakat* has negative impact on poverty in Pakistan and that *Zakat* has alleviated poverty by 2.1% in 1987-88. Akram and Afzal (2014) also find inverse relationship between *Zakat* and poverty, both in short run and long run.

In 2017, Rs7570.91 million was disseminated among all provinces and other administrative areas of Pakistan (Government of Pakistan, (2017a). The *Zakat* matter has been handed over to provinces under Eighteenth Constitutional Amendment however federal government has been entrusted *Zakat* collection and disbursement by the decision of Council of Common Interest.

2.7.2 Bait-ul-Mal

2.7.2.1 Islamic Perspective

The Bait-ul-Mal is an Islamic Treasure Institution intended for community development as well as to provide assistance to the poor, needy, helpless, handicapped, invalids, widows, orphans and destitute. The institution of Bait-ul-Mal was established by the Prophet of Allah (peace be upon him). Ghafari (1990) has cited the ascertained opinion of Dr. Hameed Ullah that there was a room adjacent to Masjid Nabvi that was strictly looked after. Official goods and commodities were stored there. This was the first Bait-ul-Mal and Hazrat Bilal (RA) was the first Finance Minister of first Islamic Government. This opinion is also supported by Ibn Qayyem²⁷. He narrated that Hazrat Bilal (RA) was the supervisor of the Prophet's expenditures. Rehman (1980) wrote that the Prophet

²⁷ Zad-ul-Maad, Volume 1, p. 23

(peace be upon him) always provided financial assistance to the needy and the poor from the Bait-ul-Mal. Hazrat Abu Bakar (RA), first Caliph, strictly followed the policy initiated by the Holy Prophet (peace be upon him) and all citizens were given equal share in the income of Bait-ul-Mal during his Caliphate.

Bait-ul-Mal was formally established during the Caliphate of Hazrat Umar (RA). Khalidoon (1981) wrote that in fifteen Hijra, 500,000 dirham came in the form of Kheraj from Bahrain. Hazrat Umar (RA) conferred with companions about this huge amount. Hazrat Ali Abi Talib (RA) said that whatever amount received must be distributed among the people during that year and there was no need to keep it in the treasury. Hazrat Uthman Bin Aafan (RA) opposed this opinion. Hazrat Umar (RA) accepted Usman's opinion and set up Bait-ul-Mal in *Madina*. Abdullah Bin Arqam (RA) was appointed for its supervision and record keeping. A well-managed and coordinated financial system was evolved by Hazrat Umar (RA). The income and expenditure accounts were maintained. Hazrat Umar (RA) paid scholarships from Bait-ul-Mal to the poor, the destitute, the slaves, the orphan and the widows irrespective of their religion (Khan, 1989). Free guest houses were built in cities whose expenditures were paid from Bait-ul-Mal. Disabled were provided with servants to look after them. Hazrat Uthman and Ali (RA) followed Umar (RA) practice. The *Zakat*, *Ushr*, *Kharaj*, *Ushoor* and *Ghanima* were the major sources of revenue. All these ideals materialized during the reign of Pious Caliphate (Al Qardawi, 1981; Salih, 2001). The system remained operative in one or other form till the end of Khilafah Uthmania in 1944. This institution has the potential to eradicate poverty if it is revived and effectively implemented.

2.7.2.2 Pakistan Bait-ul-Mal

It was established in 1992 with the intention to provide financial assistance to the poorest of the poor irrespective of gender, caste, creed and religion. Its objective was to provide funds for fighting hunger, receiving education and medical treatment, sponsoring and promoting self-employment. The public budget is source of funding. In 2016-17, overall Rs2183 million was given out (Government of Pakistan, 2017a). The brief discussion of the programs being run by Pakistan Bait-ul-Mal is made below.

2.7.2.2.1 Individual Financial Assistance

Individuals are provided financial assistance for education, medical treatment and general assistance under this scheme. Wheel chairs are also given to disabled. During July 2015 to March 2016, an amount of Rs.1456.93 million has been disbursed among the deserving (Government of Pakistan, 2016a).

2.7.2.2.2 Establishment of Pakistan Sweet Homes

Pakistan is the signatory of Convention on the rights of children 1989. In order to fulfill its obligations, Government of Pakistan set up orphanages to take care of children without parental support. Therefore, Pakistan Bait-ul-Mal set up thirty three sweet homes where 3430 orphans have been residing including 100 girl. Food, nutrition, medical treatment, education up to matric, lodging and boarding are being provided free of cost. During a period of July-March 2015-16, Rs261.94 million has been utilized for this purpose (Government of Pakistan, 2016a).

2.7.2.2.3 Special Friends of Pakistan Bait-ul-Mal

Under this program, Pakistan Bait-ul-Mal provides wheel chairs to every disabled in the country. A family with two or more than two special children is known as “special family” which gets Rs25000 annually. More than 66600, 2026, 2500 and 800 wheel chairs, tricycles, white canes and hearing devices respectively have been distributed (Government of Pakistan, 2015). It is worth mentioning that Government of China gifted 40000 wheel chairs to Pakistan Bait-ul-Mal. During July to March 2016, Rs58.67 million was spent on Special Friends.

2.7.2.2.4 Child Support Program

It is one of conditional cash transfer (CCT) programs of the country. The objectives of the program are to improve enrolment rate at primary level, raise attendance level, decrease dropout rate and promote the investment in human capital to alleviate poverty. The poor families which send one child aged 5-16 year to school get Rs300 per month whereas families with two or more than two children in school get Rs600 per month. The program was operational in thirteen districts in year 2016-17 and Rs29 million has been spent for the purpose by March 2017. With the technical assistance of United Nation Institute for Children and Emergency Funds (UNICEF), biometric verification has been introduced for the payment of subsidy in district Khairpur. Gallup Pakistan Evaluation (2010) indicates that enrollment increases by 11.65% for both male and female however the increase in enrollment rate for female was fairly higher than that of male. The Rs68.33 million in year 2015-16 has been reduced to Rs29 million in

2016-17 which is about 57% less compared to last year (Government of Pakistan, various issues of PES).

2.7.2.2.5 National Centers for Rehabilitation of Child Labor

These centers have been operating all over the country since 1995. The main objective of the program is to eliminate child labor by taking away children of age 5-6 year from unsafe labor and enrolling them in schools. The number of centers working in the country is 159 while 19372 children have been enrolled in these centers. It is worthwhile to mention that 17285 students have completed their education by December 2012 while 11916 students proceeded for further education in Government schools. Under this scheme, there is also decrease in funds utilization by 71% from Dec 2012- to March 2016 (Government of Pakistan, various issues of PES).

2.7.2.2.6 Vocational Training Centers (VTC)

Vocational Training Centers have been working throughout the country since 1995. Free training in different skills such as computer skill, office equipment, fax, photocopy and printing, Interior decoration, fishing tie & dye and glass painting is being provided to poor girls, widowed and orphans. These centers have imparted training in different skills to 59897 students and 6453 are still engaged. Rs182 million has been spent on this project from July to March 2017.

2.7.2.2.7 PBM Greater Homes (Old Homes)

These homes are set up for those senior citizens who either have no care taker or their families have kicked them out of home. The goal of these homes is to provide security, love, care and shelter to them. They are

delivered with basic necessities of life such as free boarding, lodging, food, cloth and medical services. During July-March 2017, Rs19 million has been spent on the project (Government of Pakistan, 2017a).

2.7.2.2.8 Prime Minister's National Health Insurance Program

Health card are given to 3.1 million deserving households under health insurance program. They are eligible for free treatment upto Rs50000 and Rs250000 for secondary care and tertiary care respectively as per specified diseases. PBM provides funds to those families who will utilize their basic limit (Government of Pakistan, 2017a).

2.7.2.2.9 PMB Thalassemia Centre

Thalassemia is inherited blood disorder disease in which either red or white cells are not formed. PBM has financed 1500 Thalassemia's patient. Keeping in view the critical importance of disease and to cater the needs of Thalassemia's patients, PBM established Thalassemia centers at Islamabad and Chakwal. Free of cost medicine and blood transfusion services are being provided to the eligible patients (Government of Pakistan, 2017a).

In addition to above mentioned schemes, PBM has also arranged parks for special friends, stitching units for women, school uniform and lunch boxes to special children and celebration of Mega Sport Gala with orphans of Pakistan Sweet Homes on 23rd March in each year.

2.7.3 Benazir Income Support Program (BISP) 2008

In addition to *Zakat* and PBM, the targeted and the largest unconditional cash transfer scheme in the country is BISP which was introduced in 2008 by the Government of Pakistan led by People Party to acknowledge the services of ex-Prime Minister Benazir

Bhutto. It is one of the schemes which are not only continued but amount of funds are also raised by subsequent government of Pakistan Muslim League (N). The main objective of the program was to offset the adverse effect of the sharp rise in fuel and food prices, rupee depreciation and financial crisis, and to provide immediate relief to poor and vulnerable households enabling them to absorb the shock of rising process of food and fuel, and to realize the goals of elimination of severe and never-ending poverty. It extends its benefits to female headed families with a total monthly income of less than PKR 6,000; and with some other conditionality. Public budget is its source of financing. It is one of the most efficient social protection program of the country in which targeting is based on Proxy Means Test (PMT) rather on community based targeting. In financial year 2016, Rs4834 per quarter are delivered to a beneficiary household. Overall Rs115 billion was distributed among 5.42 million beneficiaries during the year. The good feature of the program is that 975 beneficiaries are being paid cash through innovative technology based payment system. Another salient feature of BISP is the adoption of Biometric Verification System in nine district of the country. Upto December 2016, 662077 beneficiaries got their payment through Biometric Verification System (Government of Pakistan, 2017a).

Nayab and Farooq (2014) did not find significant effect of BISP cash transfer on poverty. Malik et al. (2013); Naqvi et al. (2014) resolved that BISP played significant role in reducing poverty of its beneficiaries. Cheema et al. (2016) came to the conclusion that BISP reduced poverty of BISP beneficiaries by seven percentages points as compared to non-beneficiary households who have characteristics similar to beneficiaries. The BISP did not significantly affect household food consumption and other non-durable goods; however, it has significantly improved non-food expenditures such as health and housing. It has also improved indicators of women empowerment

(Jalal, 2017). The results of Ambler and Brauw (2017) supported the findings of Jalal (2017) regarding the empowerment of BISP beneficiaries' women. In addition to cash transfer, BISP has also initiated following graduation programs for the beneficiaries to bring them out of poverty trap.

2.7.3.1 Waseela-e-Rozgar (Technical and Vocational Training)

Under this scheme beneficiary women or any nominee from her family is imparted free of cost vocational training through public and private training institutions across the country. Each trainee is also granted Rs6000 as stipend. About 58528 beneficiaries have got training upto March 2016 of which 57% were women (Government of Pakistan, 2016a).

2.7.3.2 Waseela-e-Haq (Microfinance)

This program of BISP provides loan to the beneficiaries chosen on the basis of computerized random draw. The selected beneficiaries are entitled to soft long term refundable loan worth of Rs300000 on the basis of social capital as collateral to set up a small enterprise. So far 13455 beneficiaries have been granted loans amounting to Rs2.2 billion whereas 11570 loan recipients have started their own business (Government of Pakistan, 2016a).

2.7.3.3 Waseela-e-Sehat (Life and Health Insurance)

The objective of this program is to provide health care to the beneficiary families and life insurance to one male bread winner of beneficiary families. It was started in 2012 with collaboration of State Life Insurance Corporation of Pakistan (SLICP), BISP started group insurance worth of Rs100000 for the bread winner of beneficiaries' family. So far, 4.1 million beneficiaries have been provided group life insurance. SLICP has already dealt with death claims

of about 7000 families. Health care covers hospitalization upto maximum Rs25000. After 18th amendment, health becomes provincial subject. Federal Government started health insurance Later on Benazir Health Cards have been given out to 58000 deserving families (Government of Pakistan, 2015).

2.7.3.4 Waseela-e-Taleem (Primary Education)

The analysis of NSER 2010-11-BISP showed that 71% of total children of age 5-12 years from poor families never entered in school. The program was launched to bring out of school children of age 5-12 year to school and to retain enrolled children. In order to achieve this objective, BISP took an initiative and decided to provide a stipend of Rs250 per child upto three children if they were admitted in school with 70% attendance. As a result of this incentive, more than 1.3 million children have been admitted and Rs2.9 billion has been paid in stipend (Government of Pakistan, 2017a). BISP has brought 144199 children to school under this project from January to September 2018²⁸.

2.8 Social Security Schemes/ Social Protection Programs

The following schemes are designed to provide social security to the citizen of Pakistan: Provincial Employees Social Security Schemes in the private sector, Employee Old-age Benefits Institution, Pension of Government Servants, The Workers Welfare Fund, Workers' Profit Participation Scheme, The Workers' Children Education Ordinance and Compulsory Group Insurance Schemes. Keeping in mind space, a brief account of only two schemes is as under:

²⁸ The News Sep. 13, 2018

2.8.1 Employees Old-age Benefits Institution (EOBI)

To fulfill its obligations stated under article 38(c) of constitution of Pakistan, the Government of Pakistan set up Employees Old-age Benefits Institution in 1976. The employers contribute 5% of wages of insured workers with a matching contribution of 5% from the federal government. Employees also contribute Rs20 per month. It extends its benefits to workers employed by industrial, commercial, and other establishments with 10 or more employees irrespective of their wage. The objective of the institution is to provide safeguards to the employees such as old-age pension on attaining superannuation, invalidity pension on sustaining invalidity affecting insured person's earning more than one third of the normal, survivors pension in case of death of insured/pensioner, old age grants not meeting the bench mark for old-age benefit. During July-March 2017, Rs17921.669 million was disbursed to 405460 beneficiaries by EOBI for Old-age, Invalidity and Survivor Pensions, and Old-age Grants (Government of Pakistan, 2017a).

2.8.2 Worker Welfare Fund (WWF)

Worker welfare fund was set up under Worker Welfare Fund Ordinance in 1971. Fund established under the Companies Profits Act 1968 which is applicable to all companies having 50 or more workers, or a paid-up capital of Rs2 million or more or having fixed assets valued at Rs4 million or more. The workers of registered firms earning less than Rs5,000 per month are eligible for benefits. It facilitates the industrial workers and their children in the area of housing, health, education. In addition to these facilities, financial assistance is also provided in the form of marriage and death grants at rate of one lac and five lac rupees respectively. The workers and their children are also equipped with technical and vocational training. Its source of funding is contribution of industrial establishments in the private sector by two per cent of computable income beyond

Rs100000 in any year. The Fund also gets amounts left over after distribution of the workers' share in the Workers Participation. The expenditures worth of Rs338.801m, Rs9.470m and Rs495.75m were made on the heads of scholarships and marriage grants for 95 families and death grants for 26 deaths respectively for the year 2016-17 (Government of Pakistan, 2017a).

2.9 Pakistan Poverty Alleviation Fund (PPAF)

It was established in 2000 to provide credit facilities to poor and micro enterprises. It is operated through NGOs and rural support programs. Loans are given at market rate of interest without collateral. It targets poor and disadvantaged people, particularly women in the country. Its specific objective is to improve standard of living of marginalized population by removing extreme poverty and hunger, reducing gender inequality, promoting women empowerment and universal primary education, improving maternal health, reducing child mortality, and establishing community organizations and NGO to achieve above mentioned objectives. Its sources of funding are multilateral and bilateral agencies. Since its inception in 2000 to December 2017, PPAF has disbursed Rs184.94 billion to its 134 associated institutions in 130 districts whereas 8.4 million people have benefited from the schemes. During July–March 2017, PPAF established 132500 communities' organizations whereas 111000 members are trained. PPAF also provides funding for BISP's poverty graduating programs. Overall PPAF has disbursed Rs9.207 billion to partner organizations and about 0.9 million marginalized members, of which 54% are women, have been benefited (Government of Pakistan, 2017a).

2.10 Poverty Reduction Strategy Papers

These papers were initiated in 1999 by international donors for highly indebted poor countries. They are country-driven, comprehensive, and result-oriented and partnership based strategies

in long term perspective for poverty reduction. In Pakistan, PRSP was initiated in November 2001 and full PRSP was released in December 2003. The program targeting was universal covering whole population. Its objective was to reduce poverty and it was realized that poverty reduction could not be accomplished by a single department of the government; rather it should be a collective effort of the society on all fronts. Total budgetary spending made under I-PRSP increased from Rs16.73 billion in 2001-02 to Rs57.3 billion in 2007-08 (Government of Pakistan, 2010). After high growth period of five years, the economy of Pakistan suffered from instability because of fiscal, current account and trade deficit, deteriorating law and order situation, rising inflation, decreasing growth and international financial crises in 2007-08. With this backdrop, IMF agreed to grant US\$7.6 billion to revive the economy. The spending under PRSP-II were projected from Rs57.2620 billion in 2007-08 to Rs185.0391 billion for 2012-13 (IMF, 2010) while actually Rs191.3287 billion were spent. People's Rozgar Program was also initiated under PRSP-II. National Bank of Pakistan offered Community Transport, Community Utility Stores, Community Mobile Utility Stores, and PCO/Tele-Centers, Commercial Vehicle Financing under this program. The evaluation of PRSP indicated that overall picture of the economy had improved. The macroeconomic indicators also registered improvement. During fiscal year 2015-16, Rs2697.578 billion were spent which was 9.3% of GDP (Government of Pakistan, 2017a).

2.11 Devolution Plan (2000)

After overthrowing elected government of Nawaz Sharif in October 1999, to legitimize his military coup, General Pervaiz Musharraf immediately announced a Reconstruction Plan. A National Reconstruction Bureau was established to draft the new plan. After extensive discussion and debate, on August 2001, it was termed as 'Local Government Plan 2000'. It was based on three tiered local government that institutes (i) people-centered (ii) right and

responsibilities-based and (iii) services oriented. To monitor its performance Community Board (CBs) and Public Safety and Justice Committees were formed. The judiciary was separated from executive. Civil Service Reforms were introduced. The key feature of the system was empowerment of marginalized segment of the society since 33% and 20% of the seats were reserved for women and workers respectively (Khan, Rehman, Shah& Khan, 2009). The system was abolished in 2008-09 after the change in political regime. A number of problems with Devolution Plan 2000 were highlighted in the literature. Some of them were lack of check and balance between and across elected bodies, clash of interest between elected bodies and provincial representatives, particularly, if they belong to opponent political parties and creation of a group of collaborative politicians through this local government system which extended support to Musharraf in referendum and candidates of Muslim League (Q) in general election 2003 (Mezzera, Aftab, & Yusuf, 2010). Non-party local government election gave rise to biradari (same caste) (Hasnain, 2008) and traditional conflicts at local level (International Crisis Group, 2004). Funds were allocated by Nazim²⁹ to those areas where his political supporters were present (Malik, 2009).

2.12 Food Distribution and Pricing Mechanism to Help the Poor

Under different schemes, selected households are entitled to two coupons per month, each coupon make them to buy 20 Kg bag of Aata (wheat flour) at price less than market rate. The list of such schemes includes Aata (wheat flour) subsidy scheme, Food Stamp Schemes e.g., Food Coupon Scheme and Food for work and education, the Punjab Chief Minister's 'Sasta Aata Scheme, and Ramzan Bazars where Aata (wheat flour) was provided at subsidized rate.

²⁹ Nazim is executive head of a district or a town in Pakistan

The poor households were the beneficiaries of the schemes. The Sasta Aata Scheme was better targeted and less potential for corruption since several persons involved in the identification of beneficiary households (Bari et al., 2005). The funds for schemes are earmarked in the budget. Rs12.4 billion were spent on Food Support program in 2008-09 (Government of Pakistan, 2010). Sasti Roti (cheap bread) scheme was introduced by Punjab government in 2008 to provide relief to the poor to make them able to absorb the impact of rising prices of food and fuel. The price of the bread was fixed at Rs.2. The flour was provided to 12000 licensed bakeries at Rs250 per 20 Kg bag. Any consumer could buy bread from the bakery. No record of number of beneficiaries and impact assessment was available (Gazdar, 2011).

2.13 Non-Governmental Organization

According to a study conducted by Social Policy Development Centre (2000), there are 45000, registered and non-registered, non-profit institutions in the country. 46% of them are working in the area of education and research, 18% in civil rights and advocacy; 8% in social services; 6% in health; 5% in religion and remaining are dispersed in several other sectors. e.g. Bait-ul-Mal Dandot (District Chakwal), Edihi Trust (Headquarter at Karachi), Deeni Madaris spread all over Pakistan, Special Talent Exchange Program (STEP), Milestone Society for Special Persons, Ansar Burney Welfare Trust and Hamdard Foundation.

2.14 Concluding Remarks

The above discussion of social welfare programs helps us to conclude that top-down decision making approach was pursued by the entire programs discussed in this chapter. Nevertheless one of the major reasons of their marginal effect on poverty reported in the literature is that the programs could not offer the packages to the people as per their requirements, rather they were handed over a list of packages and benefits suggested by the top officials from which they were

supposed to choose one³⁰. Another shortcoming of these programs was the squander of the funds and lack of participation by the local people in implementation and decision-making process although the word “participation” was the main theme of these programs (Syed as cited in Abbas et al., 2009). These programs were unable to come up to the expectations due to lack of institutional mechanisms. Therefore, many programs not only failed to produce the desired results, but also inflicted loss to other programs. Non-availability of strong and coordinated institutional framework; lack of mutual comprehension and teamwork within the nation-building departments and with the departments of rural development; absence of efforts to develop rural leadership from the grassroots; lack of appropriate supervision, follow-up, research and evaluation of projects were some other common factors/reasons of failure of the programs (Maqbool & Bashir, 2009).

³⁰ Government of Pakistan appointed a team of rural development specialists to investigate the causes of failure of rural works programs. The team visited a far flung area of the province of Punjab and interviewed a field worker about the issue. The worker replied, “The main cause of failure is that we do not provide packages to the people based on their felt needs but people has to wait for the list of packages and benefits from the government”.

CHAPTER-3

LITERATURE REVIEW

3.1 Introduction

This chapter provides a review of the studies available, both nationally and internationally, on targeting efficiency, welfare impact and public perception of welfare programs. The chapter consists of following sections. Section 3.2 reviews those studies which investigate targeting efficiency of cash transfer programs both at national and international level. Section 3.3 provides the review of those studies which are conducted to evaluate the impact of cash transfer on the welfare of cash recipient households. The review of studies which attempt to capture the public perception of different concepts and aspects of welfare programs is presented in section 3.4. Section 3.5 offers the review of those studies which are carried out to explore the effect of Zakat on poverty and different aspects of Zakat recipients. The last section concludes the chapter and highlights gaps in the literature.

3.2 Review of Studies Investigating Targeting Efficiency of Cash Transfer Programs

Targeting efficiency of a program is what fraction of the program benefits received by poor (Sumarto et al., 2001) while Lavallée et al. (2010) is of the view that efficiency is the ability of targeting to minimize both exclusion and inclusion errors. One of the objective of the study is to examine the targeting efficiency of DBM, OZS and BISP. This section comprises two sub-

sections. The first subsection provides review of those studies which are conducted on targeting efficiency of welfare programs in countries other than Pakistan while second sub-section reviews those studies which are conducted on targeting efficiency of welfare programs implemented in Pakistan.

3.2.1 Review of Studies Investigating Targeting Efficiency of Cash Transfer Programs in Countries Other than Pakistan

Sumarto et al. (2001) conducted a study on social safety nets programs [Jaring Pengaman Social (JPS)] of Indonesia. They concluded that programs failed to deliver the benefit to intended target groups. All social safety nets programs of Indonesia suffered from undercoverage as the programs could not extend the benefits to large number of poor. These programs also encountered the problem of leakage as the non-poor received a large fraction of the benefits of the programs. The effectiveness of the programs varied across programs and regions, however, they evidenced that subsidized rice program had the highest coverage and upper secondary school scholarship program had lowest coverage. They also noted that medical services and nutrition programs were the most and the least successful respectively in terms of targeting.

Daly and Fane (2002) were of the view that the social security net (SSN) programs in Indonesia did not have sound targeting of the poor since the richest quintile also received significant proportion of the benefits. The health care program was the most precisely targeted program whose targeting ratio was 2.0. It means that it covered twice as many people in the two lowest deciles as in the remaining eight deciles. This targeting ratio was only about 1.5 for most of the other programs. The targeting of the subsidized rice program was poor than that of any other program except nutrition. They contended that the health care was the most successful programs in targeting whereas rice subsidy and education programs did not qualify as successful programs. Park,

Wang and Wu (2002) demonstrated that type-I error declined from 0.094 to 0.004; and type-II error and total count gap (TCG) increased from 0.05 to 0.218 and from 0.144 to 0.222 respectively over a period of ten years from 1986-1995. It means that overtime the accuracy of targeting and impact of the programs on the income of the rural households has declined in China. Park et al. (2002) results are supported by Wang (2004) who also evaluated targeting efficiency of anti-poverty programs in China.

The findings of the study of Wang (2004) indicated that targeting efficiency worsened gradually over time since type-I error decreased while type-II error increased. He further concluded that after the new poor county designations in 1993, targeting gaps noticeably jumped under official poverty line. The percentage of counties that were mistargeted increased from 14% to 22% and from 15% to 19% with official and relative poverty lines respectively. The failure to designate a poor county as poor was nearly twice as compared to designating a non-poor county as poor in 1986. The opposite was true in 1995 with the relative poverty line. Nearly all mistargeting was due to leakage using the official poverty line. Keeping in view that about one fifth of counties were mistargeted, the total income gap (TIG) of 77 yuan in 1995 for the official line indicated that the average magnitude of mistargeting in these counties was about 385 yuan, or about two thirds of the poverty line. In 1986, 25% of leakage (type-II error) in the TCG was due to minority counties and 35% to revolutionary base counties. By 1995, the comparable figures were 35 and 19%. Weiss (2004) surveyed the experience of poverty targeting programs of five countries³¹. He noted that many programs had the problems of undercoverage and leakage. The available evidence made him to conclude that some

³¹ The countries are People Republic of China, India, Indonesia, Thailand and Philippines

schemes might have had a modest positive effect on the poor, however, the general trends in poverty reduction were caused by macro-economic developments in countries under study rather than by targeted interventions.

Srivastava (2004) assessed the five Indian poverty targeting programs namely, rural employment program (REP), self-employment scheme (SES), rural housing scheme (RHS), national old age pension scheme (NOAPS) and drought prone areas program (DPAP). The general conclusions drawn by him were that not only a fraction of benefits of these programs were kept away from beneficiaries by illegal means but also benefits were enjoyed by well off segment of the society. At program level, REP suffered from both type-I and type-II errors. Heavy use of capital intensive mode of construction and payment of wage in cash rather than in kind gave rise to type-I error which excluded poor from receiving benefits of the program. The funds were diverted toward corrupt officials and middlemen who were not eligible for funds. The corruption, leakage of funds and poor governance diluted the impact of these programs on poverty reduction efforts. SES although successful, but its impact was marginalized due to non-availability of technical, advisory, marketing and insurance services. RHS was successful program since it created valuable assets for the beneficiaries. Its targeting performance was good because only 2.2% of the beneficiaries were not eligible for benefits. It improved sense of security and economic and social status. However, it faced implementation problems since lump sum payment of Rs20000 was enough to give rise to patronage mechanism for supporters. NOAPS was well functioning scheme in terms of targeting and implementation. It had low targeting error of both type-I and type-II. DPAP also worked well but was not free of problems.

Coady, Grosh and Hoddinott (2004) appraised 122 anti-poverty programs implemented in 48 countries during 1985-2003. The median targeting performance was 1.25 which signified that median program transferred 25% more to the poor households through targeting. Yusuf (2010), while examining performance of 30 community targeted programs in developing countries, found that 10, 16 and 4 programs across 7, 9 and 3 countries were progressive, mildly progressive and regressive in targeting respectively. Hudayati and Tohirin (2010) concluded that a more centralized *Zakat* institutions in Muslim countries were better than decentralized. The paper sketched out a methodology of collection, disbursement and expenditure within the modern setting to bring the benefits of *Zakat* to the Muslim Ummah. He claimed that *Zakat* funds could play a vital role in integrated approach to economic development through eradication of illiteracy, diseases, epidemics and poverty.

Lubis, Yaacob, Omar, Dahlan and Rahman (2011) claimed that distribution mechanism of *Zakat* was not efficient since 15% *Zakat* revenue remained undistributed each year in Malaysia while collection was growing every year. The findings of the study also indicated that substantial number of *Zakat* recipients and payers were not satisfied with the *Zakat* management process. They proposed geographical information system approach to enhance the capability of *Zakat* distribution. Their finding also supported the point of view of Hudayati and Tohirin (2010) that in Malaysia *Zakat* collection system was efficient. The results of the study conducted by Mahmud, Hassan, Sohag and Alam (2011) for Bangladesh revealed that *Zakat*, under Hasana Program of

MACCA³², had insignificant effect on income, expenditure and saving of the beneficiaries.

Siska and Siswantoro (2012) analyzed the factors that influence the *Zakat* payers to pay *Zakat* on their income. They documented that in Indonesia only 6% of the potential *Zakat* could be collected in 2010 because only 27% of *Zakat* payers trusted the *Zakat* collectors whereas 73% preferred to pay *Zakat* themselves. Seventy one percent of the respondents understood the difference between monthly and annual payment of *Zakat*. They also concluded that those who understood the system, preferred to pay *Zakat* annually. The empirical results showed that motivation had positive impact on monthly *Zakat* payment whereas misperception negatively influenced the preferences.

Garcia-Jaramillo and Miranti (2015) selected 25 child focused programs from data base of Coady et al. (2004). They found that Yemen's social welfare fund cash program had highest targeting performance (2.15) while Bulgaria child allowance program had lowest performance (0.95). The objective of the study conducted by Kasri (2016) was to investigate effectiveness of *Zakat* targeting in reducing poverty in Indonesia. To address the objective, primary data from *Zakat* recipients in Greater Jakarta was collected. The results of the research indicated that *Zakat* institutions were successful to target the most underprivileged people such as the uneducated and unemployed. He reached the conclusions that *Zakat* had positive contribution and effective targeting in reducing poverty in Indonesia. Talaat (2018), while evaluating targeting efficiency of the Egyptian food subsidy program (FSP), found that it suffered from 78% and 9% error

³² Masjid Council for Community Advancement (MACCA)

of inclusion and exclusion respectively. He was of the view that 77% of the population got benefit from FSP while only 26% of the population was poor.

3.2.2 Review of Studies Investigating Targeting Efficiency of Cash Transfer Programs in Pakistan

In this section we review those studies which evaluate targeting efficiency of Zakat BISP and other cash transfer programs in Pakistan. Cornia and Stewart (1993) evaluated Pakistan subsidized system of rations for an inferior quality of flour which was replaced in 1987 by general subsidy on wheat. They found that rationing shop system suffered from large F-mistakes and smaller E-mistakes. They were also of the view that about 69% of the subsidized wheat did not receive by ration shops. Khan (1993) evaluated the legal, administrative and financial control of the Zakat system in Pakistan. After thorough study of the system, he came to the conclusion that legal documents in Pakistan did not have any control objective. The administrative set up caused inefficiency in the system and delay in distribution of Zakat. The financial controls were also not effective. He reported that Rs3.172 billion were lying idle in the current account of the State Bank of Pakistan which was a proof of lack of initiatives and absence of rehabilitation schemes. Auditor General of Pakistan's report for year 2009-10 disclosed that Rs14.103 billion was accumulated balance on June 30, 2009 in the account of Central *Zakat* Fund maintained by the State Bank of Pakistan. It indicates that the institutions responsible for the disbursement of funds are not fulfilling requirements of the *Zakat* and *Ushr* Ordinance (Butt, 2012).

Beall (1995) carried out a study to examine the opinion of the poor through a participatory assessment approach in 10 villages of Sindh and Punjab. She concluded that social safety nets in Pakistan failed to target the poor so the poor had to seek assistance from informal systems of support. On targeting, Beall's was of the view that

Zakat Committees used subjective measures to identify eligible persons. Shirazi (1996b) found that *Zakat* and *Ushr* programs in Pakistan had excellent targeting since 94.3% of total funds were received by first decile. On account of coverage, only 2.7% of the total households were covered and 18.1% of funds were received by lowest quintile. Pasha et al. (2000) evaluated social safety nets³³ in Pakistan including Zakat, on the basis of ten criteria³⁴. They were of the view that most of schemes had weak institutional structures, uncertain funding, inefficient targeting, and limited coverage. They also came to the conclusion that Zakat performed fairly well as a social safety net owing to low administration costs and financially sustainable because of access to an earmarked source of revenue. Targeting inefficiency and substitution for private transfer, serious delays in the disbursement of the allowance to beneficiaries and absence of any monitoring arrangements were some of the problems of Zakat system highlighted by the research. The limited coverage was one of the biggest problems with Bait-ul-Mal. The World Bank (2002) was of the view that the targeting mechanism of PBM was not satisfactory.

Shirazi (2003) was also of view that misutilization of Zakat funds was well documented in the literature. This phenomenon (misutilization) was not only the feature of Zakat but also happening in social welfare programs in developed countries such as USA. About 8% of the households in USA who received food stamps were not poor (Rosen, 2002). On the basis of data available in HIES (1998-99), Irfan (2003) demonstrated that

³³ Other social safety nets evaluated in the paper were Wheat Subsidy, EOBI Social Security, HBFC Housing Finance, HBL-NRSP Micro credit Scheme.

³⁴ The following ten criteria were used for the appraisal of social safety nets: Targeting Efficiency, Extent of Program Coverage, Degree of Ease of Access, Share of Program expenditure dictated to benefits, Adequacy of Support, Income equivalence of transfer, Absence of Negative Incentive Effects, Extent of Self Financing, Degree of independence from private transfer and degree of Impact on Development.

22% of the Zakat recipient households were in top three quintiles and 19% of the total Zakat benefits were received by these quintiles which clarified significant mistargeting. Informal social arrangements as well as public forms of social protection have failed to protect the poor from the consequences of their vulnerability. Neither Zakat nor PBM has transparent and answerable system for targeting. Social insurance schemes, which are confined to formal economy and the urban working class, cover less than 5 per cent of the total employed labour force in Pakistan (Sayeed, 2004).

Toor and Nasar (2004), while exploring the impact of Zakat on the welfare of beneficiaries on the basis of survey data, upheld that Zakat program in Pakistan suffered from low ease of access, low coverage, and leakage of funds to non-poor and targeting problems. The targeting issues with Zakat and PBM were also highlighted by Asian Development Bank [ADB] (2004). The report claimed that targeting was poor and funds were received by well off segment of the society. The report also pointed out corruption in the transfer of funds as bribery demanded. The bureaucratic hurdle further aggravated the targeting problem in social assistance programs.

Bari et al. (2005) observed that inadequate targeting was the hallmark of existing social safety net programs in Pakistan. The targeting of the programs had to work with the repercussions of weak governance. There was ample potential for patronage and misuse as beneficiaries were selected on the basis of administratively determined criteria and identification procedures. It might politicize selection processes which would give rise to exclusion and inclusion error. This could be avoided by using proxy means tests for identification and selection of beneficiaries for benefits of different programs. It would help assess the extent to which beneficiaries met the eligibility criteria. They recommended that the transparency and targeting of existing safety net schemes could

be improved by community involvement in the distribution of benefits. A number of problems associated with inadequate targeting mechanisms could be improved by making bureaucracy answerable and rule based. They further recommended that the effective bureaucratic and judicial reforms must be introduced in the country, otherwise even with better policy design and information flows, the targeting of social protection schemes would stay ineffective. They pointed out that such flaws in design, along with unequal power structures and lack of transparency, inflicted significant costs on those who were most in need of assistance and gave rise to corruption.

Arif (2006) evaluated the targeting efficiency of three poverty reducing programs, namely disbursement of Zakat, microfinance and provision of health services through the lady health workers programs (LHWP). Three criteria were used to evaluate targeting efficiency of disbursement of Zakat, (i) Coverage of Zakat (ii) Efficiency of public Zakat system targeting poor and (iii) leakage of Zakat funds. The source of data was Pakistan Social and Economic Survey (PSES) 2000-01. The study found that current coverage of public Zakat was far less than the eligible population. Regarding the efficiency of public Zakat system targeting the poor, the results of the study suggested some success in Zakat targeting, particularly in rural areas, but some portion of Zakat funds was received by relatively better off households, particularly in urban areas. The study also found that no Zakat beneficiary belonged to fifth quintile of income distribution. Regarding the leakage from the Zakat funds, the results of the study showed that Zakat recipients (overall 35%, in urban areas 40% and 34% in rural areas) reported that they did not receive full amount of Zakat due to them. Most of the households who reported that they did not receive full amount of Zakat belonged to first and second quintiles. It was estimated that 14% and 21% of Zakat disbursed could not be transferred to the beneficiaries in rural and urban areas respectively. He also noted

that 35% of the *Zakat* funds were not received by beneficiaries of first two deciles and 42% of beneficiaries were recommended by elites of the community. The *Zakat* was also received by relatively well-off household.

Tahir (2006) evaluated the social safety nets in Pakistan. He was of the view that public spending on the key safety net programs were only 0.5% of the GDP in 2006. Even this low spending was not used efficiently. *Zakat* and *Bait-ul-Mal* covered less than 35% of the households living below the poverty line. *Zakat* and *Bait-ul-Mal* added just 4% to the income of the households bordering on the poverty line and met less than 40% income of the 20% poorest households. The World Bank (2006) evaluated child support program of Pakistan. The program used proxy means test (PMT) for targeting beneficiaries' households of food support program with children of age 5-12 year. The findings of the study indicated that overall enrollment rate increased by 11.5 percentage points, out of which female and male enrollment rate increased by 13.74 and 9.06 percentage points respectively. When the impact of the program on enrollment was evaluated in term of income distribution, 12.3 percentage points more children of 40% poor households enrolled while enrollment rate for top 60% households' children increased by 8.5 percentage points.

World Bank (2007) was of the view that existing publicly financed social protection programs in Pakistan were inadequate in terms of targeting efficiency. *Zakat* and food support program, managed by Pakistan *Bait-ul-Mal* (PBM), were two main cash transfer programs in Pakistan, covered about 3.2 million households in 2006/07. Both programs had weak targeting of the poor. The poorest 40% of the population received only 43% of total *Zakat* expenditures and 46% of total expenditures of *Bait-ul-Mal*. Between 2004/05 and 2006/07, social protection was about 3-4% of pro-poor PRSP

expenditures. They sharply increased to 13.4% in 2007/08. However, this increase in expenditure was due to increase in social security expenditures and a significant increase in food subsidies, both likely targeted to the non-poor. Given that 75% of total social protection expenditures were social security spending and the significant leakage of safety net benefits to the non-poor, a major share of social protection expenditures (excluding food subsidies) in Pakistan was received by the non-poor. The World Bank also pointed out that about 27% and 37% of monthly cash transfer and rehabilitation grants of Zakat funds respectively were not received by poor.

Kabeer, Mumtaz and Sayeed (2010) supported the findings of the World Bank (2007) by conducting a qualitative fieldwork over a period of four weeks in Sindh and Punjab but they did not agree with recommendations of the World Bank to address the issues faced by social protection programs in Pakistan. They observed a sign of political interference and support which reinforced the existing social, sectarian and religious rifts. Yusuf (2007) described that targeted programs (social safety nets) in Pakistan suffered from high level of inefficiency and high rate of leakage; and were heavily politicized. The Zakat program did not require public disclosure of beneficiaries and had no system of appeals or public accountability. The targeting of Zakat program in Pakistan was based on community knowledge and its beneficiaries were selected from entire population. *Zakat* program in Pakistan qualified as mildly progressive program since the elements of monitoring, accountability and transparency were absent while elite capture, discretion and corruption were present. Only 21.6% of the benefits of *Zakat* went to bottom quintile (Yusuf, 2010).

Gazdar and Mallah (2010) also undertook a research in five villages in Sindh and Punjab. In terms of targeting, the research noted that though BISP targeted poor, the

poorest were deprived of due to a lack of political connections. They also observed that residents of a village were excluded from the benefits of the program due to their support for rival political parties. Jamal (2010) was of the view that lack of targeting was one of the major problems faced by all social protection programs in Pakistan. He claimed that Zakat and Pakistan Bait-ul-Mal were the principal instruments in terms of beneficiaries (71%) whereas social security schemes of formal sector only helped about 7% of the total beneficiaries of the existing social protection schemes. He was of the view that all social assistance programs in Pakistan had been suffering from a lack of targeting. OZS and PBM had no transparent and answerable mechanism of targeting. He stated that the objective of these programs was to target needy/deserving people but no objective method was used as targeting tool. Yusuf, Shirazi and Ghani (2016) made an attempt to evaluate the targeting efficiency of the microfinance programs in Pakistan, The findings of the study revealed that only about 30% of the borrowers were poor.

World Bank (2013) found that only 45% and 42% of the beneficiaries of the PBM and the Zakat respectively belonged to first two quintiles while about 40% of the recipients were in the last two quintiles. The Bank was also of the view that BISP targeting was far better than that of Zakat and PBM whether the identification was by parliamentarians or poverty scorecards. With parliamentarians' identification, 65% of the beneficiaries were in the first two quintiles. Targeting with utilization of poverty scorecards significantly improved and about 80% of the beneficiaries belonged to the lowest two quintiles. The targeting by scorecard not only reduced type-I error but also substantially reduced type-II errors since less than 10% of the beneficiaries were in the richest two quintiles. Khan (2014) evaluated the social protection programs implemented by government of KPK and Pakistan; and international agencies in province KPK of Pakistan. The methodology of the study was the combination of

appraisal and assessment approaches. She concluded on the basis of the field survey, focus group discussions and key informant interviews that the programs had perception of corruption and embezzlement, low coverage, weak targeting mechanisms, inadequate monitoring and supervision, lack of coordination in implementation and follow up initiatives. Social protection (SP) initiatives were duplicated by government departments and development agencies. The political interference and bureaucratic delays were perceived, especially in Bacha Khan Poverty Alleviation Program (BKPASP), BISP and PBM.

Sayeed (2015), evaluating social protection programs in Pakistan, demonstrated that Zakat and PBM observed declining trend in their funds though the reasons for declining trend were different. The benefits delivered by them were small and their targeting mechanism was subjective and prone to large errors. A World Bank study forecasted that PMT methodology adopted by BISP to identify the poor would produce 52.1% undercoverage (type-I error) when it would be used to target 25% of the poorest households of Pakistan. The anticipated leakage rate (type-II error) would be 37.1% (Vishwanath & Yoshida, 2009) however Jalal (2017) using 2011 survey data of BISP found that BISP suffered from 52.6% undercoverage which was very close to the rate forecasted by staff of World Bank. The overcoverage rate (type-II error) noted by Jalal (2017) on the basis of 2011 BISP survey was 73.6% which was about double than that of predicted leakage rate of World Bank.

The studies reviewed above in the context of Pakistan are confined to targeting efficiency of *Zakat*, Pakistan Bait-ul-Mal, BISP and other social protection programs implemented in

Pakistan over number of decades. However no study³⁵ has been conducted so far on the comparative targeting performance of DBM, OZS and BISP. The studies conducted on targeting efficiency of social safety net programs in Pakistan did not evaluate the programs by estimating type-I, type-II errors, total count gap and other ratios available in the literature. This study is an attempt to fill this gap in the literature on Pakistan.

3.3 Review of Studies Evaluating Effect of Cash Transfer on Recipients' Welfare

Cash transfer are direct, regular and predictable non-contributory cash payments that help poor and vulnerable households to supplement raise and smooth their income (DFID, 2011). Ghosh (2011) is of the view that cash transfer is socially desirable and can play a significant role in helping the elderly and disabled persons and children who are unable to earn their livelihood and depend on others for support. Cash transfer has been increasingly implemented as vital factors of national poverty reduction and social safeguard programs. The cash transfer programs are believed to be powerful instruments for reducing poverty and they are getting creditability as safety net instruments (Nayab & Farooq, 2014). The key raison d'être behind the provision of social safety nets is to help the destitute to better cope risk and stop them from taking any coping strategy to sell the assets they have. The significance of these safety nets has been documented not only from economic and social viewpoints but also as a means to enhance political stability and control crime and social unrest. These safety nets help people resolve short-term stress and insecurity, which if properly managed, can also help reduce poverty (Nayab & Farooq, 2014). Today 130 low and middle income countries are espoused to non-contributory unconditional cash transfer (Bastagli et al., 2016). A number of studies are

³⁵ Khan and Qutab (2010) conducted a study on Benazir Income Support Program and *Zakat* but their focus was on political economy analysis of gender rather than on targeting performance of these two interventions.

available in the literature which evaluate the welfare impact of different cash transfer programs- both conditional and unconditional cash transfer- in different countries of the world including Pakistan.

The literature has also raised concern about the dependency/contentment, which may be created by social safety nets among households receiving cash transfer (Künnemann & Leonhard, 2008). Samson (2009) defines dependency as “the choice by a social cash transfer beneficiary to forego a more sustaining livelihood due to the receipt of the cash transfer”. The evidence, however, shows that members in beneficiary households look for employment more intensively than those from comparable poor households not receiving any such cash assistance (Barrientos, 2006; Kidd, 2006; Posel, Fairburn, & Lund, 2006; Samson & Williams, 2007; Künnemann & Leonhard, 2008; Samson, 2009). The literature also debates over the issue whether cash transfer should be conditional or unconditional. Conditions are behavioural requirements that beneficiaries must fulfil in order to be eligible for cash transfer. A detailed discussion of the pros and cons of conditional and unconditional transfer is made by Nayab and Farooq (2014). Following traditional economic theory, Bassett (2008) and Barrera-Osorio, Bertrand, Linden and Perez-Calle (2008) contend that cash transfer should be unconditional. The programs under consideration are unconditional cash transfer programs.

This section also consists of two subsections. The studies which explore the impact on the welfare of social protection programs in countries other than Pakistan are reviewed in first subsection while second sub-section provides a review of those studies which investigate impact of welfare programs put into operation in Pakistan.

3.3.1 Review of Studies Investigating Impact of Cash Transfer Programs in Countries Other Than Pakistan

Duryea and Morrison (2004) examined the impact of conditional cash transfer programs in Costa Rica by using propensity score matching. The objective of these programs was to provide poor families with a subsidy for buying food provided that children regularly attended school. They found strong evidence that the program attained its objective of improving school attendance but evidence regarding school performance was much weaker. It did not reduce the likelihood that child would work. Attanasio and Mesnard (2005) assessed the effect of conditional cash transfer program on total consumption and its components of poor household in Colombia. The World Bank and the Inter-American Development Bank provided loans for the program. The beneficiary households received a ‘nutritional’ grant amounting \$15 per month provided that they had children aged 0 to 5 and the mothers participated in the health component of the program. In addition to it, the mothers were also entitled to \$5.5 and \$11 for each child if they had been regularly attending primary and secondary schools respectively. They employed difference in difference method to address the objective. They observed, both in rural and urban areas; a significant increase in total consumption and its main components, food consumption of cash recipients’ households. The program enabled the beneficiaries to take quality food. The program had redistributive effect in favor of children in the form of educational and clothing expenditure. They did not find any significant effect on the goods used by adult. However, the magnitude of these effects was different in rural and urban areas. Rawlings and Rubio (2005) investigated impact of conditional cash transfer programs on enrollment and health care in Colombia, Mexico, and Nicaragua. They found clear evidence of success from the first generation

of programs in increasing enrollment rates, improving preventive health care, and raising household consumption.

Agüero, Carter and Woolard (2006) evaluated the impact of South Africa's unconditional child support grant (CSG) on nutrition of children aged less than 7 year. They found that program significantly boosted child's nutrition measured in terms of child height-for-age. Reimers, Da Silva, and Trevino (2006) while reviewing the evidence on educational attainment of conditional cash transfer, concluded that most of the programs positively affected primary school enrollment though the impacts varied from program to program. Despite a number of concerns about educational effects of conditional cash transfer, there might be good reasons to provide cash to the poor to help them survive. Specifically cash transfer made the poor households to buy food and other necessities of their own choice. It is sensible that households who don't have resources to eat would be better off if provided with resources. Baird, Chirwa, Garfien, and McIntosh (2007) investigated the impact on Malawian young girls of Zomba cash transfer program that directly paid secondary school fees and granted US\$10/month provided that they attended school regularly or returned to school. They observed that the scheme significantly increased school enrolment rate, particularly for those who were not in school before the program. The percentage of initial dropouts who returned to school was 61.4% and 17.2% of the treatment and control groups respectively. The rate of reduction in dropout in treatment group was lower (7%) than that of control group (10.9%).

Soares, Ribas and Osório (2010) intended to review the targeting performance of Bolsa Família (cash transfer program) and its impact on inequality, poverty, consumption, education, health care and labor force participation in Brazil. They concluded that Bolsa

Familia and other conditional cash transfer programs had an impressive targeting performance. Although it did not have impressive effect on consumption but it had increased expenditures on food and children clothing. However, increase in food expenditures did not necessarily mean improvement in child or adult nutrition. The program helped increase school attendance and decrease in dropout rate. They also concluded that it reduced inequality and extreme poverty, improved educational outcomes without having negative effect on labor force participation but could not succeed in achieving its target of health and nutrition. Barrera-Osorio et al. (2008) examined the impact of multiple variants of conditional cash transfer in developing countries. They evaluated their impact on school attendance, student's graduation and tertiary enrollment. They observed that, on the average, the combined incentives raised school attendance, pass rates enrollment, graduation rate and tertiary enrollment. The change in timing did not change attendance rate relative to basic treatment but significantly enhanced enrollment rate both at the secondary and tertiary level. They also concluded that cash transfer could cause a reallocation of responsibilities within recipient households.

A study by DFID (2011) concluded that households receiving cash transfer spent more on food which resulted into considerable gain in children's weight and height in several countries. The cash transfer helped increase school enrollment and use of health services. The effects were stronger in low income countries which had low baseline level. The study concluded that cash transfer were unable to achieve graduation from poverty without providing skill and training. DFID found strong proof for a number of countries that cash transfer could reduce inequality and severity of poverty. Manley, Gitter and Slavchevska (2012) reviewed the literature that evaluated the impact of cash transfer on nutritional status of children of recipient households in developing

countries. They reviewed eighteen studies comprising fifteen social protection programs in ten countries. Height for age Z-score was used as an indicator of child nutrition. The paper also attempted to pinpoint the factors which made the program successful/unsuccessful. For this purpose, they collected data on recipients, program, studies under review; and country characteristics. They found that marginal effects were higher for more disadvantaged areas and that girls benefited more than boys in terms of height for age measures. They observed that countries with poorer health care systems had higher marginal effects. However, they did not find any significant difference between the impact of conditional and unconditional cash transfer programs.

Saavedra and García (2012) also reviewed evidence available in forty two studies which investigated the impact of conditional cash transfer programs on enrollment, attendance and dropout in fifteen developing countries. They came to the conclusions that average effect sizes on all outcomes (enrollment, attendance and dropout) were not only positive but also statistically significant and these effects were larger in magnitude for secondary than for primary schooling. They observed variation in the size of the effects for all outcomes and schooling levels. They also noticed that higher the amount of transfer, larger the primary and secondary enrollment effects. They also noted that the programs, which made transfer infrequently than monthly, had greater effect on both primary and secondary school enrollment and attendance. The program which conditioned the benefits with attainment beyond the standard attendance conditions was positively associated with larger secondary enrollment and attendance effects. They found evidence in support of publication bias and selective reporting. Ham (2014)

investigated the impact of three programs³⁶ in Latin America countries on educational inequality of opportunity, measured in terms of primary enrollment. The method of difference in difference was used to analyze data. The findings indicated that vulnerable groups gained much in terms of access to education and that these programs reduced inequality of opportunity in education. However the programs did not remove it.

Begum, Alam. Haque and Akhter (2015) attempted to estimate productive impact of different cash transfer such as old age allowance, allowances for the widowed, destitute and deserted women and conditional cash transfer programs such as stipend for primary students, secondary students schemes implemented by government of Bangladesh by employing propensity score matching technique on HIES 2010 data. The results indicated that different programs had different outcomes. Benhassine, Devoto, Duflo, Dupas, and Pouliquen (2015) investigated the effect of label and conditional cash transfer on school attendance and enrollment in Morocco. They came to the conclusions that programs gave large increase in school attendance and enrollment. They also observed that adding conditionality of delivering cash transfer to mothers rather than fathers did not make any difference in the effectiveness of the programs. A weak understanding of what households must do to qualify for the cash transfer might weaken the potential for conditionality to matter.

Kabeer and Waddington (2015) systematically presented the review of the evidence about the impact of conditional cash transfer (CCT) programs on household economic outcomes. They reviewed forty six studies with eleven programs in nine countries. The

³⁶ Honduras's Programa de Asignación Familiar (PRAF), Mexico's Programa de Educación, Alimentación y Salud (PROGRESA), and Nicaragua's Red de Protección Social (RPS).

statistical meta-analysis and analysis of program mechanisms were implemented to investigate difference in impacts between and within programs. They concluded that child labour declined, household consumption and investment increased; and consumption smoothing improved for beneficiaries' households of CCT program. They found mixed results about adult labour supply in beneficiary households while no significant evidence was noted on locality-wide impacts in beneficiary communities. They documented that transfer raised the savings and investment of the beneficiaries' households by about 10% to 20% of the size of the transfer.

Bastagli et al. (2016) reviewed evidence in the literature on the impact of cash transfer on monetary poverty; education; health and nutrition; savings, investment and production; employment; and empowerment. Fifty six different cash transfer programs were reviewed, of which 55% and 25% of the programs were conditional cash transfer (CCTs) and unconditional cash transfer (UCCT) mostly placed in Latin America and Sub-Saharan Africa respectively. Of the remaining programs, 9% were the combination of CCTs and UCCT. Social pensions and enterprise grants were 7% and 4% respectively. The evidence took out from the review of literature indicated that cash transfer had significantly increased total and food expenditure and reduce monetary measures of poverty. Overall, the evidence derived from literature review underlined a strong association between cash transfer receipt and increased school attendance but weak relationship was found between cash transfer and learning outcomes.

The evidence regarding the impact of cash transfer on health indicators showed that the cash transfer programs reviewed played a significant role in increasing the use of health services, dietary diversity and a lower proportion for anthropometric measures. They also concluded from the review that cash transfer positively affected savings, ownership

and sale-purchase of livestock and use of agriculture inputs while the impact on borrowing, agricultural productive assets and business enterprise was found ambiguous. The evidence extracted from the review about employment indicated mixed results. Over half of the studies on adult work showed that the cash transfer did not significantly affect employment. Majority of the studies, which reported a significant effect on adults of working age, found an increase in work participation and intensity. The available evidence made them to conclude that transfer could decrease physical abuse of women by men, but they might increase non-physical abuse, such as emotional abuse. The evidence supported both the theory that increased income decreases stress-related abuse and the theory that increased income enables the woman to bargain out of abuse. The relatively strong evidence that decision-making power increased for women in the beneficiary households supported the later theory.

Saavedra and Garcia (2016) also reviewed the latest evidence about the impact of CCT programs on poverty reduction, human capital accumulation and wellbeing. He concluded from the review of existing evidence that CCTs programs reduced poverty of beneficiaries in Latin America. He also documented that enrollment, attendance and dropout, particularly for secondary schooling, statistically improved, however overall improvements in educational access due to these programs were relatively small. The CCTs did not have significant impact on school achievement outcomes and subjective wellbeing of the beneficiaries. He was also of the view that conditions played a role in the effectiveness of the programs which do not support the conclusion reached by Manley et al. (2012) that there is no difference in the impact of conditional and unconditional cash transfer in developing countries.

3.3.2 Review of Studies Investigating Impact of Cash Transfer Programs in Pakistan

A useful discussion on safety net programs implemented in Pakistan can be found in Bari et al., 2005; Irfan, 2003; Arif, 2006; World Bank, 2007; & Jamal, 2010). We have also reviewed some of the important programs in chapter 2 of this document implemented by the Government of Pakistan from time to time.

Shirazi (2003) noted that notwithstanding many limitations in the execution of the system, assistance from Zakat provided a social protection to a large number of unprivileged, deprived, destitute and needy people. He suggested that if we wanted to reap the fruits of Zakat, the system should be made broad based and all exemptions to Zakat payers should be withdrawn. The government's Zakat and Bait-ul-Mal programs, which are intended for the poor and indigent, would appear to have real redistributive potential because they are tax-financed social transfer. The World Bank (2003) observed that limited aggregate effect of *Zakat* and Bait-ul-Mal programs would not discount a significant effect on vulnerability if the transfer used to achieve consumption smoothing in the face of shocks because they amounted to just 0.2% of the GDP and reached less than 4% of those who were officially below the poverty line. They failed as both redistributive and risk management mechanisms because of prejudiced social relationships which fragmented access to informal social protection within the community. Informal social arrangements as well as public forms of social protection have failed to protect the poor from the consequences of their vulnerability (Sayeed, 2004).

Chaudhury and Parajuli (2007) explored the direct impact of a female school stipend program in Punjab, Pakistan. To address the objective question, the data from the provincial school censuses of 2003 and 2005 was used. Difference-and-difference

(DD), triple differencing (DDD), and regression-discontinuity design (RDD) techniques were employed to assess the net growth in female enrollments in grades 6-8 in stipend eligible schools. The results indicated a modest but statistically significant impact of the program. They concluded that the average impact between 2003 and 2005 was an increase of six female students per school and 9% in female enrollment in terms of absolute and relative change respectively. The results from two rounds of a nationally representative household survey before and after the intervention also substantiated evidence of the impact using school census data. It was deduced that cash transfer improved enrollment rate by 11 percentage points from a baseline of 29% for girls aged between 10-16 years. Hasan (2010) examined the indirect impact of a gender-targeted conditional cash transfer program on the time allocation of mothers in eligible households in Rural Punjab, Pakistan by using a fixed effects difference-in-differences technique. He concluded that program increased 120 minutes of housework per typical school day by mothers of eligible children in the stipend district as compared to mothers of eligible children in the non-stipend district. There was a 100-minute reduction in the amount of time the mothers had to spend on children's needs. The findings of the study indicated that program did not make change in the amount of time spent on paid work or sleep. He noted a significant decrease in the labour force participation of mother in eligible households since they reduced their participation in paid work.

Alam, Baez and Carpio (2011) investigated the impact of the Punjab Female School Stipend Program which was a female-targeted conditional cash transfer program in Pakistan. The intervention was launched to reduce gender gaps in education. The appraisal of the program indicated an increase of 9 percentage points in the enrollment of eligible girls in middle school in the short term. By using regression discontinuity and difference-in-difference approaches, they observed trade-off effect between

schooling and marriage. The beneficiary adolescent girls delayed marriage on average by one and a half years. They also documented that girls who delayed their marriage had 33 percentage points fewer births by the time they were 19 years old. This is consistent with later marriage ages in the treatment group. The rate of matriculation was higher for girls who were eligible for the benefits of the program but joined later. They anticipated that continuation of impacts could translate into gains in future productivity, consumption, inter-generational human capital accumulation and desired fertility. They did not find evidence of negative spillover effects on educational outcomes of male siblings. They also contemplated that the transfer might not have lifetime birth effect, but rather delay marriage and pregnancy in favor of education.

Yusuf et al. (2016) explored the economic impact on the borrowers of the microfinance by using data collected by Pakistan Poverty Alleviation Fund. The difference of difference method was used to analyze the data. The findings of the study revealed that the program marginally reduced the poverty status of the borrowers. The program could increase the income of the poor borrowers only by 2% during the study period. However, the program could lead the consumption of the poor borrowers to grow by 10%, which denoted that poor basically borrowed for consumption smoothing. The microfinance significantly affected the consumption and income of non-poor borrowers. The results of the study also indicated that poor non-borrowers were better off than the poor borrowers in terms of assets. However, the net effect of microfinance on households' durables of the non-poor borrowers was marginal. The program had positive impact on household durables, such as fan, bicycle and sewing machine, of poor borrowers. No change in the livestock was reported by majority of the poor non-borrowers. The positive net impact of microcredit on the livestock of the poor borrowers was noted during the study period. The government's *Zakat* and *Bait-ul-Mal*

programs, which were intended for the poor and indigent, would appear to have real redistributive potential because they were tax-financed social transfer. The exemption granted to Shias community and a Supreme Court judgement which allowed a number of other Sunni sects to also seek exemption clearly diluted its redistributive potential. It (*Zakat* and *Ushar* system) failed to come at par with the expectations of masses (Shirazi & Yasin, 2012).

Nayab and Farooq (2014) evaluated BISP launched by Govt. of Pakistan in 2008 in terms of its effects on food and health expenditures, children enrolment in school, women's labor market participation and poverty. The data available in Pakistan Panel Household Survey conducted by PIDE in 2010 was used in the study. The technique of propensity score matching was used to examine the effect of BISP cash transfer on the welfare of the recipients' households. They came to the conclusion that it had given some relief to recipient households in terms of food and health expenditures. They also evidenced that BISP cash transfer was unable to make any significant dent in poverty. Although it affected children school enrollment and women's labor market participation positively but it was statistically insignificant. Malik et al. (2013) undertook a study to investigate the role of BISP cash transfer in reducing poverty, contributing in monthly expenditure and improving living conditions of beneficiary households. The primary data was collected from fifty female beneficiaries from two villages of district Peshawar. The findings of the study suggested that as per perception of the beneficiaries, BISP positively affected them and reduced their poverty.

Cheema et al. (2014) evaluated impact of first round evaluation of BISP on the beneficiaries. They established that BISP cash transfer significantly reduced wasting only among girls of age upto 59 months but no significant effects on boys were

observed. The effects on stunting were not significant for either gender. They concluded that BISP beneficiary households saved five percentage points more as compared to non-beneficiary households, though the findings were not significant. No significant effect on borrowing behavior, labour market participation among adults of working age and shift from casual labour to self-employment was observed for beneficiary households, however a significant reduction was documented in the proportion of working-age men engaged in economically productive activities. The results of the study suggested a significant reduction in the fraction of boys aged 5–14 engaged in child labour while no significant effects were observed on the proportion of girls in the same age group engaged in child labour. They also found that BISP cash transfer had reduced poverty of beneficiary households by 22 percentage points.

Gazdar and Zuberi (2014) attempted to seek feedback of beneficiaries about the BISP. They concluded that beneficiary households were found to be living on ordinary staples. The cash transfer made by the BISP offered them an extra safeguard of security, and also allowed them to some extent diversify in their diets. Naqvi et al. (2014) made an attempt to investigate the impact of BISP cash transfer on poverty status of beneficiary households. To address the objective, primary data of 156 beneficiary households was collected from all the seven union councils of Tehsil Mankera of District Bhakkar, province Punjab, Pakistan through proportionate sampling. The findings of the study revealed that the beneficiaries' expenditure (particularly food, education and health) and consumption patterns improved. This improvement in consumption pattern implied improvement in the welfare of the beneficiary population which might reduce trend in poverty. They also observed increase in employment rate of head of beneficiaries' household, ownership of small animals, home appliances; use of motorcycle and credit worthiness of cash recipients.

Cheema et al. (2016) carried out a quantitative and qualitative study to investigate the impact of the BISP on consumption expenditure and poverty, women's empowerment, household and child nutrition security, education; asset retention and accumulation. The impact evaluation was made on the basis of data set that was collected in the period of February to May 2016. They found that BISP had significant impact on the welfare of beneficiary households in terms of increasing their consumption expenditure. They also noted that BISP cash transfer reduced poverty by 7% and 3% with Food Energy Intake (FEI) and Cost of Basic Needs (CBN) poverty line respectively as compared to non-beneficiaries who had characteristics similar to beneficiaries. However, the reduction in poverty rate was insignificant when poverty was measured using the poverty line with CBN approach. The evidence revealed that BISP increased per adult equivalent monthly food consumption by Rs69. In terms of child nutrition, BISP reduced wasting in girls but not in boys. The levels of child nutrition remained a concern. They also concluded that dependence of beneficiaries on casual labour at the household level decreased by BISP cash transfer. BISP did not increase the enrollment rate of primary school aged children of beneficiary's households since the impact of unconditional cash transfer on school enrolment depends on the value of the transfer relative to the cost of schooling; and the level of education service delivery. In case of BISP, the most significant barriers to attending school are low value of cash transfer and high cost of education. The report also documented that BISP increased fraction of the beneficiary households who own small livestock including sheep and goats. It also led to an increase in the proportion of beneficiaries with savings. BISP improved standard of living of beneficiary households in terms quality of fuel for cooking and flooring in their households. BISP cash transfer resulted women empowerment in terms of elevated status of beneficiary women in the household. It also increased mobility and voting rate

of beneficiary women. The findings about improvement in women empowerment are consistent with the results of Cheema et al. (2014).

Mumtaz and Whiteford (2017) maintained that social safety nets were considered an effective tool to combat poverty; and improve education and health, however, domestic fiscal constraints restricted the coverage of social safety net programs in Pakistan. They analyzed the BISP designed to decline poverty and improve education and health outcomes both at the program and national levels. They concluded that limited cash payment made to the beneficiaries was mostly used for consumption purposes, leaving little for spending on improving education and health. They recommended to increase the financing of social safety nets. It would not only increase the coverage of the programs but also would improve education and health outcomes. BISP did not significantly affect household food consumption and other non-durable goods; however, it has significantly improved non-food expenditures such as health and housing expenditures. It has also improved the indicators of women empowerment (Jalal, 2017).

Ambler and Brauw (2017) explored the impact of BISP cash transfer on women's decision-making power within the household by employing data collected between April and July in 2011 and 2013 by Oxford Policy Management (OPM). The fuzzy regression discontinuity methods were employed to achieve the objective. They concluded that BISP transfer had significant positive impacts on those variables which measure women's decision-making power and empowerment. So the results of Ambler and Brauw (2017) supported the findings of Cheema et al. (2016) and Jalal (2017) regarding the empowerment of BISP beneficiaries' women.

The literature reviewed above, particularly on Pakistan, is limited to the impact of Zakat, PBM, BISP and other social protection programs on the welfare of the beneficiaries. However no

study has been carried out to evaluate the welfare impact of DBM on the beneficiaries. Also no attempt is made to comparatively explore the welfare impact of the program under study. This study is an endeavor to enrich the literature on the issue for Pakistan.

3.4 Review of Studies Exploring Public Perception

The third main objective of the study is to explore the public perception of the welfare programs under study. The literature emphasizing on public perception of concept of poverty, social exclusion, social welfare, impact of a program; and about the working of the program has been gaining popularity among researchers. A number of studies on the issue are available in the literature, both internationally and nationally. This section also consists of two sub-sections. The first subsection attempts to review those studies which are carried out on public perception of different aspects of welfare programs in countries other than Pakistan. The second sub-section presents a review of those studies which are organized on the issue of welfare programs executed in Pakistan.

3.4.1 Review of Studies Exploring Public Perception in Countries Other Than Pakistan

Macleod, Montero, and Speer (1999) examined change in American's perception about welfare, welfare recipients and government role in the welfare on the basis of public opinion surveys conducted from 1938-1995. The study found that Americans' perception of welfare and welfare recipients did not change over the period under study. The assistance of the needy was put on the shoulder of the government by the majority of Americans. The findings also indicated that the public suggested to reduce income inequality between poor and rich. The laziness and lack of motivation to work; and circumstances were made responsible for poverty in America by about equal percentage (40%) of Americans. The results revealed that about two-third of Americans stated that

welfare recipients could survive without government support. Government had been spending too much on the welfare program was the view of the majority of the people who polled.

Nasser, Abouchedid and Khashan (2002) documented that variables such as gender, age, race; and employment status had an effect on the perception of the causes of poverty. Salmond, Crampton, King and Waldegrave (2006) concluded that gender of the people was an important variable that affected the perception of poverty, however, Davids (2010) found that gender did not have significant impact on any of the factors perceived as the causes of poverty. Nándori (2011) analyzed conception of subjective poverty and compared it to the objective poverty concepts in Hungary. The data about the belief of the population was collected by systematic methods. The findings of the study revealed that participants highlighted low income, Roma descent, entitlement to social supports and unemployment associated with poverty. He concluded that subjective poverty was a multidimensional concept. He also advocated that absolute and relative poverty levels matched with the subjective one which means that increase in the absolute income level of individuals may not be enough to improve their subjective welfare since they are also concerned with their relative income. Fahmy, Pemberton and Sutton (2012) examined, among others, public perceptions of poverty of general public in Britain and Northern Ireland, on the basis of fourteen focus group interviews conducted in 2010 in five different locations across the UK. They found general agreement that subsistence needs were the most 'fundamental' in defining poverty. The poverty was also widely understood as relative to prevailing living standards in the society. Regarding the causes of poverty, the consensus was found among participants. Some participants blamed 'culture of poverty' while others made structural inequalities responsible for poverty.

The main objective of the study conducted by Garidzirai (2013) was to explore the public perception that whether poverty was caused by individualistic, structural and fatalistic factors in a South African township of Kwakwatsi. The study also investigated the impact of socioeconomic factors on the residents' perceptions of the causes of poverty. To address the objectives, a linear regression technique was adopted to analyze the data collected through interviewing 225 households using a questionnaire. The findings of the study revealed that a significant majority of households blamed that individuals were responsible for their poverty. The results of regression analysis predicted that age, marital status, education, gender and employment status turned out significant factors of the individualistic index. The structural index was significantly affected by gender, age, income, education and employment status of the household head while fatalistic index was significantly influenced by age, education and employment status. It was also noted that household size had no significant effect on all the three indices.

The aim of the study conducted by Baloyi (2013) was to have perception of poverty and of the causes of poverty amongst the traditionally leaders, community leaders and local women at Mavambe village in South Africa. The study used purposive sampling to select the respondents. In-depth interviews and focus group discussions were conducted with the respondents. The finding of the study indicated that traditionally leaders, community leaders and local women defined poverty as a family was unable to provide basics such as food, clothes, shelter, and education for their children. According to traditionally leaders, the major causes of poverty were the natural disasters, unavailability of agricultural land, lack of markets and information about where they could market their products; and scarcity of capital. Health care, drinking

water, adequate nutrition, housing and sanitation were factors pointed by community leaders. Women attributed poverty to a lack of community gardens, communal farm and entrepreneurial opportunities for rural women.

Hall, Leary and Greevy (2014) explored the public's perception about definition and causes of poverty; and policies to tackle poverty in the UK on the basis of qualitative research such as four discussion groups in the areas of great deprivation, eight in-depth interviews with individuals living below relative poverty line and a day-long workshop with fifty people selected from a broad cross-section of the society. The findings of the study documented that harder view towards poverty was found dominant. The recent economic conditions had made some to rethink both who might be affected by poverty and its causes. The official poverty measures were considered narrow by the participants. They thought that poverty should be about more than just income. They also questioned whether the term 'poverty' was appropriate in the UK context. Joseph Rowntree Foundation's (JRF) needs-based poverty definition was regarded better, though participants still felt that this did not capture all aspects of life in poverty. The participants suggested that poverty should also be encompassed lack of opportunity and aspiration; and inability to participate in society. The participants were of the viewpoint that long-term structural and economic barriers were the root cause of poverty rather personal choices. Participants held that anti-poverty policies should directly target those who needed them, and should focus helping poor to have work and ensure to get payment of work.

Maseko, Viljoen and Muzindutsi (2015) explored the impact of different demographic variables which were expected to influence the perception about the causes of poverty of the post-apartheid generation in the South African University. The study used data

from a self-administered survey of 203 students to address the objective. Descriptive statistics, correlation and regression analysis were used to analyze the data. The effects of various demographic variables such as age, gender, race, field of study, and home area of participants were examined on the three perception of the causes of poverty such as individualistic, structural and fatalistic. The results of the study indicated that perceptions of the causes of poverty of South Africa's post-apartheid generation were mostly affected by gender, race, and home area. The results also recommended that the post-apartheid generation tended to blame society for the causes of the poverty while Maseko, Viljoen and Muzindutsi (2014) found that race was an important factor influencing perceptions of the causes of poverty in South Africa.

Ongstad (2016) investigated knowledge and perceptions of respondents about welfare and welfare recipients among Minnesota Millennials. The online survey was conducted from seventy eight respondents. The results revealed that majority of the respondents had the knowledge of welfare and welfare recipients. The results of inferential statistics showed that there was negative relationship between respondents' degree of knowledge and attributions for poverty. As knowledge of welfare and welfare recipients of respondents increased, their belief that individuals were the cause of their own poverty decreased. Furthermore, as knowledge increased, so the respondents' perception increased that poverty was caused by structural factors.

3.4.2 Review of Studies Exploring Public Perception in Pakistan

Khan (2006) carried out a study to look at the perceptions of both the ordinary people and the elected representatives about the devolution plan (2000) by using primary data collected from one hundred and eleven respondents of seven union councils of district Mardan of the NWFP, Pakistan. The study found that more than two-third of both the elected representatives and the local people understood the term devolution. The elected

representatives had positive perception of the plan. Regarding the motivation for the devolution plan (2000), the elected representatives and the local people were found divided. Optimists perceived that the promulgation of the devolution plan (2000) was the need of the time while pessimists termed the reforms as means to rationalize the act of overthrowing a representative government and to get public support. Regarding the preferences of respondents for type of governance structure, the majority of both the elected representatives and the local people showed a strong preference for new local government system. About half of the respondents acknowledged that significant fraction of local people participated in the local government, however, one-fourth of the respondents took view that participation was low. On the basis of the information supplied by respondents, the author deduced that about 45% was the average turn out of voters in all the union councils. About two-third of the elected representatives declared local government elections as free and fair while a relatively large number of local people considered the elections as unfair and non-transparent. The majority of both the elected representatives and the local people told that the elections had a number of weaknesses. In order to improve the system, a large number of respondents proposed that the education of union councilors; and Nazims and Naib Nazims of union council should be at least matric and intermediate respectively. The respondents suggested that election of Nazims and Naib Nazims should be held separately rather than jointly at all levels. Open balloting for electing the district Nazim was also proposed by the respondents.

The focus of the research carried out by Khan et al. (2009) was to assess the public perception of the devolution plan (2000) in districts Karak and Mardan, in North West Frontier Province (NWFP), Pakistan. They attempted to make public respondents' awareness and knowledge of the local government, attitude and behavior towards

district government. They also shed light on the role of district government in providing services and extent to which people were satisfied with the services provided by the local government. The data was collected from 454 respondents through a survey. The findings of the survey revealed that the level of awareness of people about local government was quite widespread, public attitudes towards local government were positive and people had high expectations in terms of participatory development. Despite these facts, overall, a considerable ignorance and confusion about the role of local government, the benefits and the function of devolution system was found among respondents. A majority of the people suggested to assign sufficient duties, functions and powers to the local government. A large majority (72%) was not satisfied with the performance of local councils. Four-fifth of the respondents proposed that Nazims should be directly elected at all the three levels of local councils.

Faisal (2010) explored female public servants' perception of the work environment of public sector organizations of Pakistan. To quantify satisfaction of female public servants with the opportunities, facilities and inter-relationships for smooth career advancement given their special needs and requirements, Perception of Work Environment Index (PWEI) was developed. The data were collected through face-to-face interviews with 300 women belonging to administrative, health and education sectors. The findings of the study made her to conclude that the female employees were dissatisfied with arrangements to accommodate their personal and family needs. The women belonging to different categories of public sector organizations had significantly different perceptions of work environment. Unmarried females working on contract were more satisfied with the working conditions than married women. No substantial differences between perceptions of women working on lower operational level posts and those working on higher strategic level was observed. A significant

differences was noted in perceptions of women working on contract and permanent basis. The contractual employees were more satisfied with their work conditions than those working on permanent posts.

Arif et al. (2010) conducted a study to appraise the citizens' views of local government in Pakistan. To address the objective, a survey was conducted by Urban Institute (UI) and ACNielsen in all provinces of Pakistan in October 2008. The data was collected from 4002 individuals of 78 districts of Pakistan. The findings of the study indicated that the majority of Pakistanis were in favor of democratic government. The study was also of the view that low transparency in government decision making was the cause of corruption. Regarding honesty in awarding contracts by different levels of government, dishonesty was the most frequent response. Overall, the results pointed out that formal mechanisms for consultation and dissemination of information to citizens was not present irrespective of the level of government. The findings also unveiled that a significant fraction of the population showed dissatisfaction with the services delivery by the local governments. They concluded that respondents recommended to improve education, health, water, drainage and garbage collection services. The most striking findings of the study were that the local governments should maintain the control of service delivery. About 56% of respondents either "disagree" or "do not know" that "governments are most likely to accomplish what they say".

Mezzera, Aftab and Yusuf (2010) carried out a study to assess the perception of implementation of LGO (2001) in terms of governance, effective service delivery and participation at grassroots level in Pakistan. The methodology of research was the combination of field work and existing literature on the topic. The findings of the study revealed that some degree of devolution occurred. The ordinance enhanced the

involvement of voluntary and local bodies in service delivery. It provided chances to local people to identify and articulate their own needs. They clearly concluded that devolution plan (2000) was a “cunning strategy” to sideline the political parties and legitimize military coup of 1998. This finding of Mezzera et al. (2010) supported the result of Khan (2006) regarding the intention of devolution plan (2000). The findings also help them to note that devolution of power was not escorted by financial decentralization. The ordinance also attempted to put the provincial governments on the back and strengthen the ties of local and central governments. Though the participation rate in terms of candidates and voters increased in election it faded away in the short-run

Ansari et al. (2011) assessed the public perception of impact of Devolution Plan (2000) on health services on the basis of data available in two national surveys conducted in 2001 and 2004. They concluded that slightly higher fraction of respondents (4 percentage points) were satisfied with health services in 2004 compared to 2001. The overall declining trend was observed in the use of the public health services over the period of study but the decrease was significant in the most populous province. In 2004, poorer, or less educated households, who were satisfied with services, were more likely to use government services. The majority of users of public health services were satisfied which increased from 63 to 67% between 2002 and 2004. About 87% of users of private services were satisfied with them in 2004. The users of government services who received all medicines from the facility were more likely to be satisfied. The findings from focus groups discussions revealed that people did not like to use public health services because of bad dealing of staff and unavailability or poor quality of medicines. District Nazims cited that transfer of funds was a hurdle in the implementation of devolution plan. Generally public perceived that public health services did not improve over the study period and private health services were continuously used.

Malik et al. (2013) explored the perception of the female beneficiaries about the role of the BISP in reducing their poverty status in district Peshawar, Pakistan. They came to the conclusions that beneficiaries had positive perception about BISP and it contributed a vital role in eradicating poverty. Khan (2015) evaluated the public perception of the impact of the project on poverty in district Kharan. 'A poor is a person who does not have basic needs to fulfill' is perception of 56% of the respondents. Pre project survey revealed that 20% of the respondents perceived that poor could not get rid of the poverty as it was their fate. After the implementation of the project, the perception changed and only 2% of the respondents held this view.

It is clear from the literature review presented above that that no research has been carried out to assess the public perception of DBM, OZS and BISP except Mohammad (1990a) who brought to light the public perception of the working of OZS in Pakistan. This study is an effort to contribute in the literature on the issue. In this backdrop, one of the objectives of this study is to explore the public perception about the functioning of the programs working in the towns. It also draws upon the opinions of the respondents about presence of the programs and formation of committee, procedure of inviting applications for grant of financial assistance and criteria followed by the committees to grant assistance. It is also endeavored to explore the causes of poverty, remedies suggested by people and potential role of the welfare programs to overcome poverty. The effort is also made to bring to table public perception as to how successful are the programs concerned to achieve their objectives.

3.5 Review of Studies Exploring the Effect of *Zakat* on Poverty and other Aspects of Beneficiaries

Hassan and Khan (2007) suggested that the government budgetary expenditures could be replaced by *Zakat* funds ranging from 21% of annual development plan (ADP) in 1983-84 to

43% of ADP in 2004-2005. These resources could be used for other developmental and social expenditures. They also proposed that *Zakat* should be incorporated for Bangladesh and rest of the Muslim countries as a poverty mitigation tool in their poverty reduction strategy paper (PRSP). Ahmad (2008) viewed that usual macroeconomic policies of Bangladesh could not eradicate poverty without utilizing *Zakat* in useful way. He pointed out that *Zakat* could alleviate poverty if it could be utilized for income generating objectives and supplemented by dynamic macroeconomic policies whereas Shirazi and Amin (2009) believed that absolute poverty in Muslim countries could be eradicated if *Zakat* and *Sadaqat* instruments were implemented in its true spirit. Muslim scholars and economists asserted that the society could be freed from poverty and gross inequalities if the institution of *Zakat* and *Ushr* was implemented in letter and spirit (Shirazi and Yasin, 2012). Ghosh (2011), while evaluating the cash transfer (*Zakat*), opined that they could not be silver bullet for poverty reduction unless added to public provision programs since they faced problems like exclusion and inclusion errors whereas Nurzaman (2011) upheld that *Zakat* has become influential and significant tool to improve the welfare of the poor. To know that upto what extent these claims/opinions of eminent scholars are supported by the real world facts, we review some of the most important studies conducted on *Zakat* system in different countries including Pakistan.

Ibrahim (2006) evaluated the impact of *Zakat* on poverty in Selangor Malaysia. The findings of the study showed that *Zakat* decreased estimates, gap and severity of poverty in Malaysia. Ali, Rashid, Johari and Aziz (2015) investigated the effectiveness of monthly *Zakat* disbursement as an instrument of poverty eradication in Kelantan State of Malaysia by using primary data. The findings of the study indicated that *Zakat* reduced the incidence, extent and severity of poverty in the state. However the existing *Zakat* distribution was unable to significantly affect the income of poor. Abdussalam, Johari, and Alias (2015) examined the efficacy of *Zakat* to reduce poverty incidence among poor Muslims, particularly, women of

Kwara State, Nigeria. The findings showed that *Zakat*'s institution failed in reducing poverty among the poor Muslims of the state due to non- availability of standard institution of *Zakat* in the State. Gamon and Tagoranao (2018) examined the initiatives taken by government agencies and Muslim organizations towards the gradual revival of *Zakat* as an Islamic social financial system in Philippine. The study also pointed out the issues on the management of *Zakat* and its role in poverty alleviation within the context of a secular state. The study found that due to mismanagement, *Zakat* failed to eliminate or reduce the poverty of the Muslim minorities in the Philippine. Mkuu and Yusaff (2017) attempted to explore the effectiveness of *Zakat* institutions in reducing poverty in Zanzibar on the basis of the review of existing studies on Zanzibar. They concluded that reduction of poverty was not convincing and poverty level in rural areas was touching to alarming level. They suggested to policymakers to re-think about the role of Islamic institutions and instruments to overcome the poverty.

Yaumidin (2011) analyzed the role and scope of *Zakat* program in Indonesia to alleviate poverty. The result of the study showed that although Indonesia had begun tackling poverty in the 1970s, however its achievements in poverty reduction had been inadequate. The study found that *Zakat* institutions in Indonesia were effective and efficient in utilization of *Zakat* but they had been less effective on collection side. He had also estimated potential *Zakat* collection in the country. His estimates of potential *Zakat* collection were IDR111064 billion whereas actual collection was only IDR1200 billion in the same period which was 1.08% of the potential. He also made an effort to explore the potential role of *Zakat* to eradicate the poverty in Indonesia. He estimated that in 2009 potential *Zakat* collection was 1.9% of GDP while 2.2% of GDP was required for poverty eradication. He was of the view that many economists agreed that alleviating poverty to any great extent in Indonesia using *Zakat* funds was limited. Nurzaman (2011) evaluated the effectiveness of productive-based *Zakat* in improving the welfare of *Zakat* recipient (Mustahiq) in Indonesia by using the indicators of

Human Development Index (HDI). Mustahiq HDI was found lower than that of average HDI which implied that impact of *Zakat* on Mustahiq was not significant. He also concluded that productive-based *Zakat* did not directly affect the value of HDI. This kind of *Zakat* supposed to have had an effect on revenue allocation changes from consumption expenditure to productive purposes. Kasri (2016) examined the effectiveness of *Zakat* to reduce poverty in Indonesia. The results of the study suggested that *Zakat* recipients became better off due to contribution from *Zakat* institutions. The evidence of *Zakat* distribution to the most deserving people was also found. The findings provided empirical evidence regarding positive contribution and effectiveness of *Zakat* targeting in reducing poverty in Indonesia.

Zakat is an important instrument that can eradicate poverty completely (Hossain, 2013). He evaluated Mosque Based *Zakat* Management System in Bangladesh. He concluded that it was easy and suitable from *Zakat* collection and disbursement point of view. He was of the view that with the application of Mosque Based *Zakat* Management System; Bangladesh would be poverty free country within a short period of time. Debnath (2015) assessed the effectiveness of *Zakat* funds as compared to microcredit to eradicate poverty in Bangladesh. The findings of the study disclosed that *Zakat* scheme significantly increased both income and expenditure of the recipients as compared to microcredit program. Hence, the study concluded that *Zakat* based poverty alleviation program should be given more importance than that of microcredit program. Hoque, Khan and Mohammad (2015) also carried out a study to investigate the impact of *Zakat* on poverty alleviation in Bangladesh by using data collected from eighty five *Zakat* recipients and seventeen managers of seven *Zakat* management institutions. The findings of the study showed that conditions of *Zakat* recipients could be significantly improved due to *Zakat* funds if they were used for creating entrepreneurship. The results indicated that *Zakat* funds were not used for productive purposes; as a result, *Zakat* was not uprooting the poverty from the society as it could be.

Ali and Hatta (2014) examined the role and effect of *Zakat* in Bangladesh, Malaysia and Indonesia where *Zakat* system was in practice. They established that Malaysia was able to overcome poverty whereas Indonesia failed to lessen poverty and inequality that existed on a large scale in rural areas and eastern part of the country. They maintained that main reasons of this worse scenario in Indonesia were hike price of 2005 and financial crisis of 2008. For Bangladesh, they upheld that private organizations working in the country were not transparent in *Zakat* fund management. On the official front though government of Bangladesh was interested in alleviating poverty, it had never given due importance to the institution of *Zakat* as a national strategy for poverty reduction. They concluded that Malaysia could be considered as one of the outstanding and excellent countries in managing and distributing *Zakat* compared to other Islamic countries. Malaysian authorities created effective *Zakat* institutions for *Zakat* collection and *Zakat* distribution. Though Indonesia had embarked on incorporating *Zakat* into the development plan for effective poverty reduction but unfortunately, public was not happy because of the existence of corruption in *Zakat* collecting and distributing entities which made many not to use their services. Overall they concluded that a competent body was managing *Zakat* funds in Malaysia and hence the poverty rate was relatively much lower than those in Indonesia and Bangladesh. People in Indonesia were willing to pay *Zakat*, but they were not contributing since management was inefficient and problematic. There was room for *Zakat* improvement in Bangladesh but unfortunately there were no government arrangements to collect *Zakat*. The people were hesitant to offer *Zakat* due to absence of an organizational setup.

Shirazi (2006) estimated the resource shortfall and potential of *Zakat* collection to fill up the gap in the low-income Muslims countries. The international poverty lines (under US \$1 and \$2) were used to estimate the shortfall. The potential *Zakat* collection was estimated by using Kahf's definitions of *Zakat*-able assets with some modifications. The study evidenced that some of the low-income Muslims countries could meet their resource shortfall with potential

Zakat collection whereas other countries, mostly belonging to Africa, could not fill up their resource gap even with the potential *Zakat*. Shirazi and Amin (2009) estimated resource shortfall and potential *Zakat* collection required for poverty elimination in thirty eight member countries of Organization of Islamic Countries (OIC). They concluded that *Zakat* had potential to provide resources that required filling the gap in order to eradicate poverty in those countries. The results of their study could only be achieved if potential of *Zakat* was realized and Muslim countries were willing to pool their *Zakat* collection which seemed impossible. Shirazi (2014) estimated funds required for elimination of poverty along with potential collection of *Zakat* and *Waqf* funds for Islamic Development Bank's Member Countries (IDBMCs). He was of the view that poverty could be eliminated from IDBMCs if *Zakat* and *Waqf* institutions were revived and integrated with poverty reduction policy of the member countries. Shaikh (2016) also estimated potential *Zakat* collection for seventeen member countries of OIC. The estimates indicated that, depending upon the poverty line, potential *Zakat* collection could remove poverty from some countries but not from all.

Mohammad (1990a) conducted a case study to explore social and economic impact of the *Zakat* system in Pakistan by using data collected through a survey conducted in September and October of 1988. He concluded that the amount given per household for subsistence and rehabilitation was too low. The study pointed out that only 2%, 59% and 36% of *Zakat* recipients declared that their subsistence needs were completely satisfied, partially fulfilled and not fulfilled at all respectively. The results also pointed that 16%, 20% and 50% of rehabilitation fund recipients stated that the amount was sufficient, just sufficient and not sufficient respectively. Mohammad (1991) investigated the prospects of poverty alleviation through the existing *Zakat* system in Pakistan. The total *Zakat* funds required to alleviate poverty in one year were estimated Rs.22 billion which were 2.25 times more than the potential of the system. It means that *Zakat* system in its present form is unable to provide any relief to

poor. Hussain and Shirazi (1994) evaluated Pakistan *Zakat* system since 1980. They claimed that the system was capable of bridging the poverty gap. They also indicated that if *Zakat* was collected to the potential, it could reduce the poverty gap while Shirazi (1994) found that *Zakat* alleviated poverty by about 2% in 1987-88 in Pakistan. Azid and Burki (1997) conducted a study by carrying out a survey of *Zakat* recipients for rehabilitation purpose in Rawalpindi Tehsil. The study concluded that objective of rehabilitation could not be achieved by *Zakat* assistance because of small amount of disbursement, misuse of funds and non-availability of training/ guidance for the recipients. They suggested that poverty could be controlled indirectly by providing the needed services through institutional arrangements financed by *Zakat* funds.

Khan et al. (1999) investigated the role of *Zakat* in poverty alleviation in district Dera Ismail Khan by collecting primary data from 200 *Zakat* recipients and 40 Chairmen of local *Zakat* committees. The Stratified sampling technique was used for the purpose. The findings of the study indicated that only one-fourth of the respondents thought that the existing *Zakat* system could be effective in eliminating poverty from the society. They found that *Zakat* receipts had positive impact on education, consumption and standard of living of *Zakat* recipients. However, the impact on standard of living was not very significant primarily due to low level of *Zakat* disbursement. Shirazi (1999) investigated the trend in poverty alleviation through *Zakat*. The results of the study indicated that the impact of the *Zakat* on poverty alleviation tended to decline from 1987-88 to 1993-94. Arif and Bilquees (2007), using data collected in two rounds of Pakistan Social and Economic Survey (PSES), found that more than one-fifth of the households were chronically poor and among them the proportion of *Zakat* receiving households was high. The analysis of the data showed that *Zakat* was largely distributed among the poorest of the poor. However, they were also of the view that *Zakat* distribution in its present format was unable to pull the recipients out of poverty.

Pasha et al. (2000) concluded that Zakat made only a minor dent on poverty in Pakistan. The institution of *Zakat* is one of the major targeted poverty alleviation programs in Pakistan (Yusuf, 2007). He claimed that targeted interventions could be useful in helping the poorest, marginalized, and vulnerable segment of the society to come out of the poverty trap on permanent basis in a reasonably short period. Suhaib (2009) claimed that *Zakat* system had the ability to provide the basic needs of life to every individual and to enable the poor segment of the society to participate in the economic activities and make them useful part of the society. Consequently they would feel their importance as part of the society. The estimated annual charity contribution for Pakistan was Rs250 billion which was 4% of GDP for year 2011-12 (Dar, 2012). He was also of the view that *Zakat* system in Pakistan had the potential to root out poverty from the country.

Akram and Afzal (2014) carried out a study to examine the role of *Zakat* in alleviating poverty in Pakistan. They applied ARDL approach to accomplish the objective. They concluded that *Zakat* system played a significant role in reducing poverty in Pakistan. The study also found inverse relationship between *Zakat* and poverty both in the short run and long run. Abdullah, Mat Derus and Al-Malkawi (2015) conducted a study on Pakistan to evaluate the role of *Zakat* in eradicating poverty by using a newly developed index, namely, the Basic Needs Deficiency Index (BNDI). The findings supported the effectiveness to *Zakat* to alleviate poverty in Pakistan. Shaikh (2015) estimated potential *Zakat* collection in Pakistan and compared it with poverty gap. The estimates showed that potential *Zakat* collection could be about 7% of GDP for year 2013-14 if it was imposed on all *Zakatable* items in the economy. Shaikh (2016), while evaluating potential of *Zakat* collection, estimated number of people which could be brought out of poverty. His estimates disclosed that 1292133 people could be lifted out of poverty in Pakistan in 2013 on the basis of potential *Zakat* collection.

Why could *Zakat* system not achieve its objectives, particularly, in Pakistan? Malik (2016) maintained that there was proof of widespread mismanagement, malfunction and corruption in the collection and distribution of *Zakat* and hence the population did not trust the government since there was a widespread *Zakat* evasion. Arif (2017) was of the view that *Zakat* system failed because it was not based on fundamental principles shrined by Quran and Sunnah. Non-uniformity and lack of cooperation among different institutions responsible for *Zakat* collection and distribution were the main reasons for failure of *Zakat* system in the modern era.

3.6 Gap in the Literature

The review of literature presented in this chapter reveals that quite a large number of studies have been conducted on different aspects of social welfare programs such as their targeting efficiency, impact on the welfare of the beneficiaries and public perception of different aspect of the programs. Huge quantum of research has also been carried out, theoretically as well as empirically, to assess the role of cash transfer programs such as *Zakat*, *Bait-ul-Mal*, *BISP* and other such programs which intend to improve the welfare of the recipients. The government as well as NGOs have been striving for the welfare of the poor in Pakistan. The studies though admitted the role of NGOs in eradicating poverty but did not assess the role of NGO in this respect. This provides us a space to evaluate the role of an NGO (DBM) in eradicating poverty in the region and improving welfare. The literature review indicates that no study has been made so far to unveil the working of DBM and its impacts on welfare of the residents of the town. We can also conclude from the literature review that no attempt has been made to comparatively evaluate the targeting efficiency of DBM, OZS and BISP. A study by Arif (2006) appraised the targeting efficiency of OZS, Microfinance and Lady Health Worker Programs in Pakistan. The literature review also helps us identify that no comprehensive study has been carried out to assess the welfare impact of all these programs in comparative fashion.

Nayab and Farooq (2014) attempted to appraise the effectiveness of only BISP. Likewise no attempt has been made in the literature to probe the general public perception about the working, performance of the management committees and the effectiveness of these three programs simultaneously. These deficiencies in the literature provide us the rationale for the conduct of present study.

CHAPTER-4

THEORETICAL PERSPECTIVES, FRAMEWORK AND METHODOLOGY

4.1 Introduction

A systematic application of scientific methods to study a problem(s) is referred to as research (Gay and Petter, 2000, Baker, 1994; Benjafield, 1994) whereas methodology is the theoretical framework in which a researcher conducts his/her research (e.g. choosing a quantitative or qualitative paradigm). It also justifies as to why the research method(s) under discussion have been adopted. Research methodology describes the actual research instruments and material used in the research. These include use of a questionnaire, survey, interviews and a case study (Paltridge & Starfield, 2007). So far the present study is concerned, no unique methodology is applied. In other words, different methodologies are employed keeping in view the objectives of the study. Hence this chapter describes the theoretical perspective, framework and different methodologies used in this study. Section 4.2 provides theoretical perspective of the study and different theories of poverty. Theoretical framework, social exclusion and poverty in Pakistan are discussed in section 4.3. Data source, sampling and fieldwork are described in section 4.4 while section 4.5 elaborates methodologies of assessing efficiency of the programs, estimating poverty line and measuring poverty incidence. The methodology of propensity score matching and different matching methods to investigate the impact of the programs on the welfare of the beneficiary households are discussed in section 4.6 of the chapter. The methodology of

assessing the public perception and; validity and reliability of the survey are elaborated in section 4.7 and 4.8 respectively.

4.2 Theoretical Perspectives

It is indispensable to have a review of the theories of poverty to prescribe the ways of eradicating poverty. A number of theories of poverty are available in the literature. They are basically categorized into two main groups. One of them concerns with cultural/behavioral aspects of poverty and the other deals with the structural/economic aspects of poverty. A brief discussion of these theories is made below in order to develop the framework of this study.

4.2.1 Cultural/Behavioral Theories of Poverty

The cultural/behavioral theories of poverty claim that individual are responsible for their destiny and put the responsibility on the shoulder of poor to come out of poverty (Zinn, 1989; Duncan, 1996; Albrecht, 2001; McIntyre, 2011; Sameti, Esfahani & Haghghi, 2012). The proponents of these theories hold that factors inculcated in the personality of individuals such as lack of industrious work, lack of inspiration, laziness and low level of education are accountable for poverty. These traits are either “given” or determined by market forces. The theories also assert that poverty is caused by the transmission of a set of beliefs, values and skills, which are socially created but individually held perceptions and so passed on to next generation (Bradshaw, 2007). They contend that people are poor because they have a distinguishing and culturally predetermined way of life, which largely explains why poverty prevails and persists among the households (Manjoro, 2017). The culturally predetermined ways of life are referred to as “defective culture” (Shulman, 1990). The defective culture includes a limited time horizon, low ambition, thoughtless need for enjoyment and psychological self-doubt. Poor households and communities socialize their young with these values

and norms, which restrict their successful participation in the main-stream activities and institutions. It gives rise to a permanent “underclass” and confined to its own distinctive but mal-adaptive culture (Zinn, 1989; Albrecht, 2001).

Wilson (1996) views that “underclass” is socially isolated from mainstream activities due to which it indulges in negative behavior. Hence poverty is primarily the result of social and behavioral deficiency in the individuals that make them economically less viable. Due to persistence of poverty in some areas, the behavioral perspective is reinforced by culture of poverty thesis. It means that individuals create, sustain and transmit a culture to next generation that reinforces various social and behavioral deficiencies (Rodger, 2000).

These theories do not attribute any role to the state to overcome poverty (Rank, Yoon & Hirschl, 2003) because they emphasize the free market mechanism and principle of ‘Laissez faire’ (Rank, 2004). The conditional welfare for few is prescribed to keep public redistributive expenditures low whereas maximize relief by charity and voluntary efforts. Subsidies are not recommended as an instrument to eliminate poverty since they may give rise to behavioral disincentive to come out of poverty. They may also provide incentive to non-poor to become poor to gain the benefits from welfare payments which are termed as “incentive problems” (Blank, 2003). The Proponents of these theories favor time-bound and conditional support to improve human capital rather than to grant subsidy to low skilled workers. To get rid of poverty, Murray (2008) is of the view to stop all welfare programs whereas Mead (1992) contends that conditional transfer be made to poor. The policy prescription which can be derived from “culture of poverty thesis” is that this culture can be improved without highlighting the poverty alleviation policies because it does not consider poverty a monetary

phenomenon. It changes overtime in log run as a result of revolutionary or nationalization movements. A number of theories under cultural tag are available in the literature; however, we discuss only two of them.

4.2.1.1 Membership Theory of Poverty

Durlauf (2000) proposes this theory and asserts that individual's socioeconomic prospects are significantly affected by the group to which he/she belongs over the course of his/her life. The group may be endogenous such as residential neighborhood, school and work place, or exogenous, such as ethnicity, gender and race. The membership of a group can affect individual outcome through a number of effects such as peer group effect, role model effect, social learning and social complementarities effects (Durlauf, 2000).

- i. **Peer Group Effect:** It means that the behavior of one member of a group is affected by the behavior of others. The effect of the choices of some members of a group on the choices of other members in accessing same choices, e.g.; crime, smoking, drinking by a member of a group is strongly affected by the behavior of other members of the group (Manjoro, 2017).
- ii. **Role Model Effect:** The characteristics of old members of a group affect the preferences of younger members. A student will give higher value to higher education when majority of the adults in the community have higher education. It means that if a group consists of poor members, other will remain poor across long time periods, even generations (Durlauf, 2004).

- iii. **Social Learning Effect:** It refers to the situation in which the choices and outcomes experienced by some members of a group influence on the subsequent choices of others through the information that those choices and consequences carry. For instance, when a community contains adults who have attended university education but could not succeed economically, this information can influence how high school students access the benefit of university education.
- iv. **Social Complementarities Effects:** It means that choices of some members of a group make the choices of other members more or less productive depending on whether choices are positively related or otherwise. For example, a group study in which hard work by some members makes other members more productive.

The question arises, however, that what type of anti-poverty policies emerge from membership theory of poverty. Should the government intervene to affect the ways of formation of groups? The term “associational redistribution” is used by Durlauf (2000) to differentiate between policies which redistribute group membership rather than income.

4.2.1.2 Social Darwinist Theory of Poverty

It contends that poverty is self-inflicted situation and evolves over time as an outcome of social evolution (Manjoro, 2017). The social exclusion is the outcome of competition among the individuals who have different skills and characters (Hurst, 2004). Those who have better skills will survive whereas the weak and inefficient will die off. This theory says that poverty is the result of physical handicaps, old age or female headed households with high dependency

ratio. It is automatically removed when an individual attains maturity or moves from one class to another class. Other methods of poverty elimination are education and training. Poverty is also the outcome of specific habits, cultural practices and norms of the poor. It comes about as a result of a lifestyle that does not pay attention to work, self-improvement or service to the family.

The theory proposes that government should not intervene to mitigate poverty since their poverty status is naturally designed. The society becomes weak if inefficient members are kept in the society due to welfare support programs (Harvey & Reed, 1992). The evolution makes the society more adaptable to its environment. The strongest of society will survive and weakest die off.

4.2.2 Structural/Economic Theories of Poverty

The structural/economic theories view poverty as a structural phenomenon and the result of factors which are beyond the control of individuals (Gordon, Edwards & Reich, 1982; Maril, 1988; Duncan, 992; Cobb, 1994). Rank (2004) criticized cultural poverty thesis for holding poor responsible for their destiny. The structural theories hold that poverty is the outcome of circumstances and structure of social and economic system such as bad governance, poor development policies, segregation limits and racism. Poverty is therefore dictated by deprivation of individual from education, training and job opportunities required to have acceptable standard of living (Maril, 1988; Duncan, 1992; Cobb, 1994). Albrecht (2001) is of the view that poor are poor because the system discriminates against them. They have little access to education, jobs, housing and public goods (Schiller, 1998).

According to structural theories of poverty, there is need to strengthen the capacity of poor to earn their livelihoods and not to turn them passive and permanent dependents

of welfare programs. The poverty can be reduced by restructuring the system in such a way that poor can easily get better jobs, improving schooling for poor, redistributing income, removing discrimination bias from housing, banking, education and employment, and providing equal political participation to poor people. Structural theories comprise a set of diverse claims (Brady, 2006). The following are the important structural theories.

4.2.2.1 Situational Theory of Poverty

The behavior of pessimism or enjoyment is a rational response to the depressing or encouraging circumstances respectively. This behavior is the result of opportunity structure faced by the poor rather than from their distinctive cultural values. The poor do not work because of hopelessness and lack of commensurate that result between the question of efforts made by them and the expected benefits (Jones, 1984). The situation faced by the poor does not permit them to gain much from hard work. The discrimination may be in labor market, education and health. These discriminations lead the poor to have limited opportunities and resources with which to have income and wellbeing. Elimination of barriers to better jobs through education and training, political system and group discrimination based on race, gender and religion are the ways to bring the poor out of poverty (Bradshaw, 2007).

4.2.2.2 Social Exclusion and Social Capital Theory

The proponents of this theory emphasize the role of social and economic factors in explaining poverty. Social exclusion is a situation whereby an individual or group is denied the opportunity to participate in normal activities of citizen whether he/she desires to participate or not (Silver & Miller, 2003). Laderchi,

Saith and Stewart (2003) are of the view that social exclusion is multidimensional, dynamic, relational, active, relative and contextual. Multidimensionality of social exclusion means that it arises from economic, social and political systems. In social exclusion, individuals do not have equal opportunity for jobs in labor market (Bessis, 1995). Political exclusion occurs when a certain group such as women, ethnicities and minorities are deprived of their political rights. Dynamic exclusion refers to the situation when one form of exclusion leads to another form of exclusion. The relational aspect of social exclusion means social isolation, rejection, lack of support and denial to participation in social activities (Sen, 1983). Sen (2000) describes two types of social exclusion - active and passive exclusion. Active exclusion is the result of social policies which are designed with the intention to exclude certain segments of the society. Passive exclusion occurs as a result of unplanned outcome of structural changes. In this connection, it may be important to understand the concept of social capital. Social capital consists of associations among individuals along with social network and rules of mutual benefit and reliability that arise from them. So lack of social relation gives rise to social exclusion. Hence lacking social capital is the cause of poverty. The following two types of social capital are mentioned in the literature (Putnam, 2000).

- i. **Bridging Social capital:** The set of inclusive social networks which link diverse classes is known as bridging social capital. So feeble bridging social network makes individuals more isolated and it is less likely to come out of poverty. It implies that if they cannot get job in their own area, they cannot find job elsewhere because of lack of bridging social capital (Osterling, 2007).

ii. **Bound Social capital:** It refers to inward-looking social networks which are augmented and characterized by strong structure and social support. It affects poverty via two ways: Problems related to communities' social organization and an absence of confidence, reciprocity and social support. It means that social support helps to eradicate poverty. Social capital involves network based process that gives rise to fruitful outcome through norms and trust (Durlauf & Fafchamps, 2005). The lack of social capital may result poverty but the other way round may not hold true (Putnam, 2000).

Grinspan (1997) criticizes the principle of targeting as a policy since a universal concept of social citizenship is changed by need based concept to be eligible for social services while Faria (1997) is in favor of targeting as a last resort. Social expenditures are considered as a favor rather than a right. To be a member of the community is not enough to be entitled for government services/financial support. Grinspan (1997) is of the opinion that gifts empower the givers who can withdraw the gift as they wish and pose conditions on the receiver whereas rights empower the receiver by shifting the obligation to the giver. Grinspan (1997); Faria (1997) are of the opinion that we should remove the root causes that exclude the poor, eliminate discrimination in terms of gender, race, ethnicity or any other form, redistribute basic assets, improve human capital by education and training, build institutions for development and improved governance to give people space to organize themselves, get their demands represented in the political arena and support their claims for change. In addition to above mentioned steps, Faria (1997) argues to strengthen the rule of law and the functioning of justice, to promote economic growth along with provision of

better employment prospects to the excluded segment of the society, overcome organized bloodshed because it erodes the social fabric and creates social problems and massive exclusion. Britain (2005) proposes that the issue of social exclusion can be restrained by evolving legal, regulatory and policy framework, making sure the availability of public benefit and services and providing better economic opportunities to the socially excluded groups; and fostering accountability to protect the basic rights of these segments of the society.

4.3 Theoretical Framework: Social Exclusion and Poverty in Pakistan

Pakistanis have been facing political and economic exclusion; exclusion to land access, and gender exclusions. Forty percent of Pakistan's population suffers from social, economic and political exclusion on the basis of religion, kinship and language, location and gender (Castillejo, 2012). A large body of literature is available on social exclusion and poverty with reference to Pakistan. The conflicting views are found on the question whether social exclusion is the cause or outcome of poverty. Low income households are forced to settle in exterior parts of cities and social exclusion blocks them from getting benefit from government hospitals and even schools (Beall, 1997). Exclusion is a persistent social problem which makes a big gap between 'haves' and 'have-not's'. Social configuration carries a close link with economic, social, political and physical domain of every individual. Lack of these domains to any individual pushes him to social exclusion and this situation has positive link with poverty (Shabir & Alam, 2016). Social exclusion is the outcome of poverty (Free children, 2005)⁴⁶

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Available at <http://www.freecchildren.com/getinvolved/get education/childlabor.htm# 001>

while Usman (2009) is of the view that poverty in Pakistan is the result of social exclusion.

Exclusion is both the cause and outcome of poverty in Pakistan (Beall & Piron, 2005).

The study of the literature makes evident that poverty in Pakistan is the result of social exclusion. Tamim, Musa, Tariq and Rathore (2015) asserts that the children of caste-based socially excluded households are poorer in terms of education opportunities. The social exclusion reduces the chances of participation of marginalized segment of the labor force which in turn positively affects poverty (Zahra, Zafar & Khalid, 2016). It means that lesser are the chances of having social exclusion in the labor market, the lesser are the chances to be in poverty. Shirazi, Javed & Ashraf (2018) are of the view that majority of Pakistanis has been in minor and marginal social exclusion. There is negative link between financial inclusion and social exclusion. They also maintain that people who are more socially excluded are more likely to suffer from higher income poverty and less economic mobility. To diminish the social exclusion, they suggest to remove monopoly power and provide rights to public services at par to all social groups. Babajanian and Hagen-Zanker (2012) note that social protection policies can reduce social exclusion. Social exclusion is often a cause of poverty since it is a denial to opportunities to come out of poverty and access to income, assets and services (Britain, 2005; Gaynor & Watson, 2007). Higher poverty head count (39.6%) is found among religious minority which is only 4% of the total population of Pakistan since it is socially excluded (Carraro et al., 2004). Zahra and Zafar (2015) maintain that marginality results in social exclusion but it may or may not affect poverty. However, social exclusion is instrumental in creating poverty among households who are socially excluded in different dimensions in Pakistan. Hence marginality through social exclusion is the root cause of poverty in Pakistan.

Suhaib (2009) claims that *Zakat* system has the ability to provide the basic needs of life to each individual and to enable the poor segment of the society to participate in the economic activities

and make them a useful part of the society, thus reducing their social exclusion. The institutions of *Zakat* and *Pakistan Bait-ul-Mal* are two major targeted poverty alleviation programs which could be useful in helping the poorest, marginalized, and vulnerable segment of the society to come out of poverty trap on permanent basis in a reasonably short period in Pakistan (Yusuf, 2007). The recent development in poverty alleviation strategies shows that emphasis has been shifted from economic growth with its expected trickle-down effect towards targeted social protection programs that alleviate poverty (García-Jaramillo & Miranti, 2015).

The regular cash transfer to poor households can improve their welfare via smooth consumption pattern and sustained spending on education and health services. As a consequence, it is more likely that they may come out of social exclusion. The DBM, OZS and BISP are targeted interventions which help socially excluded individuals to become a useful part of the society. This study considers that the marginality through social exclusion is the root cause of poverty in Pakistan. There are several interventions that address this root cause of poverty. In a Muslim society, like Pakistan, the institutions of *Zakat*, PBM, BISP and DBM can effectively support the poorest, marginalized, and vulnerable segment of the society, primarily through transfer of cash to provide them with some relief and let them come out of the social exclusion on permanent basis in a reasonably short period.

4.4 Data Source

The objectives of the study are to evaluate targeting efficiency, investigate the welfare impact on the recipients of financial assistance and explore the public perception about the working and performance of DBM, OZS and BISP. To achieve these objectives, primary data was collected through a face to face survey in the month of April 2013. This section first discusses household survey followed by questionnaire designing.

4.4.1 Household Survey

After having identified the research problem and reviewed relevant literature, data collection is the first step to conduct a quantitative analysis. Empirical research cannot be carried out without data. The best way to collect primary data from the households is the survey methodology. There are different ways to conduct a survey, e.g.; face to face, telephonic and electronically conducted survey. Each method has its advantages and disadvantages. A detailed and comprehensive close ended questionnaire was designed to collect the data.

4.4.1.1 Questionnaire Designing

A questionnaire is a set of questions to collect information from the unit of analysis. The unit of analysis may be an individual or a group of individuals. The information collected through a questionnaire are organized, consistent and trustworthy. The major drawback of this method is confinement of pre-designed questions which may leave out responses that come up spontaneously during the interview and might have been valuable for analysis (Lipton & Moore, 1972). Such responses may be considered by the interviewers by noting special observations during the interview. This issue can also be tackled to some extent by pre-testing the questionnaire.

For this study, a closed ended comprehensive and detailed questionnaire is constructed to collect the data from the sampled households. The same questionnaire is used irrespective of the households and towns. (Questionnaire is annexed at appendix B). It consists of following sections

Section I: Identification of Respondents

Basic information about identification of the sampled households, respondents and interviewers is recorded in this section, e.g.; whether the household belongs to Dandot or Dhalwal town? Whether household is a beneficiary of any program or otherwise? If beneficiary, whether it is the beneficiary of DBM, OZS, BISP or beneficiary of more than one programs. This section also provides personal information about the respondent such as name, contact number, caste, gender, town and ward/ Mohallah of residence. Is the respondent household's head or member of household? In case the respondent is just member of the household, then what is the relation of respondent to the head of household? The identification of the interviewer is also ensured in this section which also records the date and time of interview to ensure trustworthiness of the data.

Section 2: Household Roaster

The information such as gender, age, marital status, relation to the head of household and residential status about each member of the household are collected in this section.

Section 3: Educational Attainment

This section consists of ten questions about each member of the household of age four year and above. What is literacy status of the member? If the member is literate, did he/she attend school in the past? What is highest education level achieved and reason(s) for leaving school? If member is currently enrolled, then what is class and institution where enrolled and expenditure incurred on the education? Whether formal technical training and vocational education is

attained by those members of the household whose age is ten years and above?

If yes then what is duration of training?

Section 4: Employment Status

This section comprises thirteen questions regarding economic activities of each member of the household of age five years and above. Whether a member of the household is employed? If employed, then what is employment status, money earned from all jobs during last month, nature of the enterprise and work done by member? If unemployed, is the member available for and willing to work? If not available for work, what are reasons of non-availability? These are some of the important information obtained in this section.

Section 5: Health Status

This section deals with the health conditions of each member of the household. It comprises thirteen questions. Out of thirteen, five questions were asked about all members of the household, like did member suffer from any disease during last month. If yes then what was type of disease and whether a doctor was consulted for treatment. If not then what was reason(s) for non-consultation? What was total spending made on the treatment of the member? Five questions were put about children of age five years and younger such as did child get immunized? If not, why was not immunized? Did child suffer from diarrhea during last month? If yes, was any physician consulted? If not, was he/she given ORS?

Section 6: Household Consumption Expenditure on Food Items

This section is one of the most important sections whose data is used to estimate poverty status of the household. It inquiries about quantity consumed and

expenditure made on 53 food items. Two main types of expenditure are asked— paid and consumed, and unpaid and consumed. The latter is further categorized as wages and services received in kind and consumed, own produced and consumed, and gift/ assistance received from relatives/friends/ Government or private institutions and consumed.

Section 7: Financial Assistance/*Zakat* Received and Paid during Last Year

It is one of the main and important sections of the questionnaire which provides information about the financial assistance received from DBM, OZS or BISP during last year. This section consists of thirty two questions. Source of assistance, reason(s) for receiving assistance, period and frequency of receipt of assistance, amount of assistance due and received, difficulty faced in receiving assistance, need fulfilled by the assistance and the impact of the financial assistance on the economic conditions of the recipient households were some of the important questions asked in this section. If the respondent's household did not receive financial assistance in the last year, it was further inquired, did he/she ever make attempt for financial assistance or consider him/herself eligible for financial assistance. If he neither received assistance nor considered eligible for it, was he eligible for payment of *Zakat*? If yes, how and to whom did he pay *Zakat* and reason for payment to a specific individual/ institution?

Section 8: Public perception of the Programs

This section is also most significant part of the questionnaire since one of the chapters of the thesis is based on this section. It consists of about nineteen questions relating to awareness of the respondents about the existence of welfare organizations/programs, their opinion about the working and performance of

the management committees of Dandot Bait-ul Mal, Local *Zakat* Committees and BISP. Glimpse of this section is the questions about existence, procedure of formation, performance, nature of unfairness of management committee, procedure for inviting applications, criteria for selection of beneficiaries, role of the organization/program in the reduction of poverty and beggary from the town. Were they satisfied with the performance of the committees? If not satisfied, then what was reason for non-satisfaction of the respondents about the performance of the committees?

Section 9: Housing/ Living Conditions of Households

This section is included to measure the standard of living of the households. It consists of eleven questions about dwelling type and occupancy status of the household, construction material used for wall, roof and floor of house, number of living rooms in the house, main source of drinking water, light and cooking meal; availability of toilet, electricity and gas connections to the household.

Section 10: Households' Food Security.

This section is a minor part of the questionnaire which tries to get information about ability of households to take meal and meat per day and per week respectively. It is also asked that whether head or any member of the household was unable to take meal on any day due to non-availability of money to buy food.

Section 11: Households' Savings and Borrowing

This section comprises eleven questions about the saving and borrowing behavior of households. It is tried through this section to know the forms of

saving made by the household. The amount, source and interest rate paid on and the purpose of borrowing are also recorded.

Section 12: Remittances Received by Households

Remittances received are one of the sources of income of the household which affect the welfare of the household. This section inquires about the source of remittances received by the household. It consists of eight questions such as source and amount received from each source, if any, during last twelve months, assistance received from a person who is not a member of household and his relationship with the head of household.

Section 13: Durable Goods Owned by Households

A list of twenty six items is prepared and respondent is asked whether his/her household owns these items.

Section 14: Live Stock Owned by Households

It deals with the livestock ownership of the household. The household is asked about the ownership and number of buffalos, cows/bulls, goats/sheep, donkey/horse, camels and poultry.

Section 15: Property Owned by Households

Agricultural land, plots, residential building, shops/plaza for rent, jewelry and mines are included in the list. The respondent is asked whether his/her household holds them.

Section 16: Household Non-Food Expenditure and Sources of Income

Sixteen heads of non-food expenditure are included in the questionnaire. They are expenditure on electricity, gas, telephone, travelling, soap/ laundry, sport

and recreation, clothes and shoes, repairing of house, purchase of home appliances and pan/cigarettes/ tobacco and purchase /repair of agriculture tools. Income from agriculture, remittances, services, assistance/*Zakat* receipt, business, rent, pension/bonus/ gift/ donation, livestock and other sources of income are considered

Section 17: Perception of Public about Services Available in the Towns

In this section it is tried to know the perception of the general public about the change in six services provided by the Government—health services, agriculture extension, police services, veterinary hospital, roads and schools over last one year.

4.4.1.2 Sampling and Fieldwork

The whole population of interest is known as sampling frame. It is ideal to test the whole population but it is very expensive or even impossible to approach the whole population. Hence a researcher selects a sample from the population. A sample is selected with the help of sampling technique which is a way to select unit of analysis.

Population of Dandot is 10718 individuals with 1910 households while population of Dhalwal is 11553 individuals with 2207 households (Government of Pakistan, 2017b). The unit of analysis consists of two types of households. One of them is the beneficiary households while other one is the non-beneficiary households. The survey covered the whole population of the beneficiary households, while for the selection of non-beneficiary households, a stratified and simple random sampling techniques were applied to select a unit of analysis.

Household is the unit of analysis which represents a group of individuals living and eating together (HIES, 2015-16). Both the towns were stratified into different strata known as blocks/wards. These strata were further divided into sub-strata known as Mohallahs. Finally simple random sampling technique was applied to choose the units of analysis from each Mohallah.

A team of nine members was hired. One of them was supervisor and other eight were the enumerators. Out of these eight members, 50% were female. Each member of the team had at least sixteen year of education. The training session was conducted on 21st and 22nd March 2013. The pilot survey was conducted with the trained team on 26th March 2013. The questionnaire was revised in the light of difficulties noted and suggestion given by different stakeholders during pilot survey.

The survey was formally conducted from 3rd April to 14th April 2013. More than eight hundred households -both the beneficiaries and non-beneficiaries- were interviewed. At the time of scrutiny, editing and coding, some questionnaires were found incomplete which were not considered for analysis. Eight hundred questionnaires were found complete in all respects and the data from these questionnaires is used for analysis. Out of 800 households, 486 (60.75%) households are from Dandot town and 314 (39.25%) households belong to Dhalwal town. One of the reasons of the difference in sample size of two towns is that the basic area of study is Dandot town. Overall about 18% (142) of households are the beneficiaries of all programs whereas more than 82% (658) of households are non-beneficiaries. About 72% (102) of beneficiaries are the residents of Dandot and remaining 28% (40) of beneficiaries belong to Dhalwal

town. This difference in beneficiaries of the two towns is that Bait-ul-Mal is working only in Dandot town.

4.5 Methodology of Assessing Targeting Efficiency, Estimating Poverty line and Measuring Poverty Incidence; Indicator Targeting

This section attempts to highlight the methodology of assessing targeting efficiency of the programs. The methodological issues related to choosing, estimating, updating poverty line and measuring of poverty are also described in this section.

4.5.1 Methodology of Assessing Targeting Efficiency of the Programs

One of the objectives of the study is to assess the efficiency of the programs so we concentrate on the ways of evaluating the efficiency. A number of ways of evaluating the efficiency of the programs have been suggested in the literature such as accomplishment of intended objective, effect on households' behavior, cost and benefit of the program; and error of inclusion and exclusion. Error of inclusion (type-II error) and exclusion (type-I error) are considered better than others (Bigman & Fofack, 2000).

Program that has minimum sum of type-I and type-II error is considered as efficient program (Yusuf, 2010). Sumarto et al. (2001) has also suggested targeting ratio to assess the effectiveness of the program. Targeting ratio is the share of non-poor (those who belong to three upper quintiles) in total beneficiaries to their share in total sample and it is 0.60 by definition.

$$\text{Targeting ratio} = \text{NP}/\text{NPT} \quad (4.1)$$

Where 'NP' is the proportion of non-poor beneficiaries in total beneficiaries and 'NPT' [0.6] is the proportion of non-poor in the total sample.

If all the beneficiaries are poor households, then $NP = 0$ and targeting ratio is also zero which means perfect targeting. If all beneficiaries household are non-poor, then $NP=1$ and targeting ratio will be 1.67 (1/0.6) indicating that program has totally failed to achieve its target. If the fraction of non-poor beneficiaries is the same as the fraction in the total sample, the targeting ratio is 1. It implies that program has no targeting and poor and non-poor are in equal proportion. It is clear from the above explanation that value of targeting ratio varies from 0 to 1.67. Higher value of ratio shows least targeting and lower value represents better targeting.

The above discussion sheds some light on the under coverage and leakage of the programs under study but it does not give exact value of type-1 error and type-2 error. We follow the methodology of Park et al. (2002); Wang (2004) and Weiss (2004) to calculate these errors. The targeting gaps and targeting errors are introduced by Park et al. (2002) in the literature on poverty targeting. The targeting gaps are mistargeted in the full sample with regard to a reference poverty line. The targeting errors elucidate mistargeting given a set number of targeted beneficiaries. They have mentioned two targeting gaps namely Target Count Gap (TCG) and Targeting Income Gap (TIG). We concentrated on Target Count Gap (TCG) which can be calculated as

$$TCG = \frac{1}{N} \sum_{i=1}^N \{I_{i1}(B_i = 0, E_i < Z) + I_{i2}(B_i = 1, E_i > Z)\} \quad (4.2)$$

In the above relation

N is the total number of households in the sample

E_i stands for adult equivalent expenditure of i^{th} household

Z is the poverty line

I_{i1} is an indicator of type-1 error or under coverage and would take a value of 1 if household is not a beneficiaries of a program ($B_i = 0$) but his adult equivalent expenditure is less than poverty line.

I_{i2} is an indicator variable of type-2 error or leakage and would take a value of 1 if household is a beneficiaries of a program ($B_i = 1$) and his adult equivalent expenditure is greater than poverty line.

TCG can be constructed as percentage of households that are mistargeted and can easily be decomposed into type-1 and type-2 errors. It may be noted that target count gap is sensitive to the selected poverty line. Higher the poverty line, higher the type 1 error and lower the type 2 error. The program, which has minimum sum of type-1 and type-2 errors (TCG), is considered as efficient.

To evaluate the success of a program, Yusuf (2010) proposed a ratio of percentage of poor beneficiaries in a program to the percentage of poor population (20%)⁴⁷. If the ratio is greater than or equal to 2, the program is regarded successful/progressive. The program, for which the ratio is between 1 and 2, is deemed mildly progressive/partially successful program. If a program earns ratio less than one, it is termed as regressive/unsuccessful. To understand his method, let suppose that if 60% of the beneficiaries belong to the lowest quintile of the population, these being the “poor”, the performance ratio would be $60/20=3$. On the other hand, if only 10% of the beneficiaries are from the lowest quintile, the ratio would be $10/20=0.5$.

⁴⁷ First quintile is considered as poor

The methodology regarding identification of poor on the basis of income and expenditure may not be reliable because of misreporting of data on the variables by the respondents; especially individuals may not like to disclose their income (Toor & Nasir, 2003). Hence to identify poor, other measures are also used by Arif (2006); Nayab and Farooq (2014). One of them is targeting by indicators which are expected to correlate with poverty. They (indicators) may comprise gender and age of head, head being a widow/divorced, head's literacy, health and work status. The indicator targeting measures are also used to evaluate the targeting performance of the programs. In this case, the beneficiaries of different programs and non-beneficiaries who otherwise considered themselves eligible for financial assistance are compared with respect to characteristics of housing and of head of household. Coverage of poor, leakage of benefits to non-poor, and ways of choosing beneficiaries are also used in the literature as criteria to evaluate efficiency of the programs (Arif, 2006). We can also assess efficiency of the programs by regularity in payment of financial assistance and performance of committees of the programs. The methodology discussed above is used to evaluate the efficiency of the programs under study.

4.5.2 Methodology of Estimating Poverty

To determine the poverty status of a household/individual, the information on three ingredients is required. First, one has to decide some aggregate measure of welfare that is known as indicator of well-being. It may be monetary and/or non-monetary measure of well-being. Food expenditure or aggregate expenditure (both food and non-food) and income are quoted as examples of monetary measures of welfare. The education level, health status, assets held and housing conditions are non-monetary measures of welfare. Second, one has to select a cutoff point on these indicators to ascertain as to who is poor which is referred to as poverty line. Third, one has to decide a measure to aggregate

information (poverty) at household level as compared to a group/population level (Sen, 1976). The brief description of these three elements is given below.

4.5.2.1 Measures of Wellbeing

As indicated above, the wellbeing can be measured in monetary and/or non-monetary terms. We concentrate on the monetary aspect of the wellbeing. There is debate in the literature whether income or consumption is better measure of wellbeing because there are problems with the measurement of both income and consumption. Income or consumption is widely used as an indicator of wellbeing in Pakistan (IMF, 2004). It is argued in the literature that consumption is a better indicator of wellbeing than income on the following grounds (Jamal, 2002; Ravallion, 2008).

4.5.2.2 Consumption is Better Outcome Indicator of Wellbeing than Income

Higher consumption reflects the fulfillment of current basic needs of a person or household and wellbeing is directly related to fulfillment of basic needs while income is one of the factors that allow the consumption of goods and there is also the question of accessibility and availability of goods.

4.5.2.3 Consumption is Better Promising Measure of Welfare than Income

Income is more fluctuating if majority of economically active population is in agriculture and informal sectors or self-employed. A proportion of income is not received in monetary term, e. g; own produced goods, gifts/ donations and wages received in kind which are directly consumed. Income is also often under reported. In contrast, consumption is comparatively more stable than income

and considered as a measure of permanent income of the household. Hence consumption is more reliable indicator of well-being than income.

4.5.2.4 Consumption May Better Reflect the Household's Actual Standard of Living and Ability to Fulfill the Basic Needs

Consumption not only shows the command of a household on goods and services but also its access to credit market and saving in the face of variation in income. So consumption may give a better picture of actual standards of living than current income, especially when there is fluctuation in income⁴⁸.

Total expenditure (food and non-food) are used as an indicator to measure the incidence of poverty because an allowance to non-food expenditure is given (Ravallion, 2008). It is also worth mentioning that cost of needs of household members of different ages is different. The cost of basic needs of four adult members in the household is different from the same sized household comprising two adult and two minors. This difference is captured by allocating weight given by Planning Commission of Pakistan, Ministry of Finance, and Government of Pakistan. Hence expenditure per adult equivalent per month is used as a monetary indicator of poverty⁴⁹.

4.5.3 Methodology of Choosing and Estimating Poverty Line

The poverty line can be defined as "the income an individual needs to achieve a minimum level of 'welfare' so that not to be deemed 'poor', given its circumstances". One of the objectives of this research is to evaluate the impact of financial transfer on poverty status of the beneficiaries of three programs. To achieve this objective, there is

⁴⁸ Ercelawn (1990) argued that underreporting was also possible in expenditure (consumption) and survival expenditure may involve quasi- permanent indebtedness.

⁴⁹ Weights are reported in GOP (2003) and IMF (2004 and 2010).

need to conceptualize and measure the poverty line. The way poverty line is defined is of great significance since the incidence of poverty is highly sensitive to the selection of poverty line. The nature of poverty highlighted in the literature is of two types: absolute poverty and relative poverty⁵⁰.

Absolute poverty is defined as survival below minimum, absolute and socially acceptable standard of living usually determined on the basis of nutritional requirements and other non-food needs. Townsend (1970) criticized the concept of absolute poverty and proposed the alternative approach to poverty, known as relative poverty. The distribution of income or consumption in a country can be used to set relative poverty line. e.g.; 50% of mean expenditure of a country can be used as proxy of relative poverty line (Nunes, 2008). Both ways of measuring poverty line have been criticized. Since people of developing countries are suffering from starvation, malnutrition and other deprivations. Absolute poverty is wide spread in developing countries so absolute concept of poverty is more relevant and preferred to relative poverty for developing countries like Pakistan (Jamal, 2002). We proceed with the concept of absolute poverty line. As mentioned earlier, adult equivalent expenditure per month is used as an indicator of poverty.

Two approaches are widely employed in Pakistan to estimate poverty line. They are named as caloric based approach and basic needs approach. Caloric based approach was initially adopted by the Planning Commission for the official poverty line introduced in 2002 (Naseem, 2012; Malik 2014b). According to Poverty Reduction

⁵⁰ For comprehensive discussion of poverty, absolute and relative poverty see Gupta (1984)

Strategy Paper-II, the Planning Commission of Pakistan has employed the following definition for estimating the poverty line:

“Calorific requirement approach wherein all those households (or individuals) are classified as poor who do not have income sufficient to allow a consumption pattern consistent with minimum calorie requirements. It is also assumed that the households with earning incomes equivalent to poverty line not only have sufficient food to meet the minimum nutrition requirements but also have the non-food requirements” [PRSP-II, GOP (2009)].

The shortcoming of the calorific intake approach is that fulfillment of minimum nutritional requirement at a certain level of income does not automatically reflect the achievement of comparable level of non-food basic requirements. Poverty in Pakistan has been determined continuously by using calorific approach till 2011-12. The definition of poverty was changed from calorific to Cost of Basic Need (CBN) from 2013-14 onwards. Now CBN is considered national definition of poverty in Pakistan [Government of Pakistan (2016a)].

4.5.3.1 Estimating Poverty Line

There are two ways to find poverty line. One is to inflate the existing poverty line with some suitable inflation index. The other is to re-estimate poverty line from the original fresh data [Ravallion (1998)]. Though both these ways of fixing the poverty line have drawbacks [Jamal (2012)], different authors working on poverty in Pakistan have used either first or second method to calculate poverty line. For a detailed discussion on determination of poverty line in Pakistan, see Cheema and Sial (2012) page 120.

Consumer price index (CPI) and Tornqvist Price index⁵¹ (TPI) are proposed for updating the poverty line⁵² but none of them is problem free. CPI is criticized on the ground of low geographical coverage, coverage limited to big urban centers and ignoring the changes in the prices in the rural and small urban areas. It is also unable to capture variation in consumption pattern of the household due to changes in prices. Tornqvist Price index (TPI) is also not a suitable alternative to CPI because it encapsulates changes in prices of food and fuel items. Also, it cannot address the changes in the prices of non-food item. If more than one distinct goods are included in single commodity bundle, it may give wrong picture of inflation rate [Jamal (2007)]. CPI is considered better than TPI since former is based on the prices of more than 487 items whereas TPI includes prices of only 75 items. The problem with estimation of poverty line with the data available in survey is that the basket of goods and services may not be same.

Planning Commission of Pakistan estimated poverty line of Rs673 using the data available in HIES 1998-99 at the base year prices of 1990-91. The methodology used in estimating the poverty line is reproduced in appendix I of PRSP [Government of Pakistan (2003)]. The poverty line is updated time and again by using population weighted average increase in consumer price index between survey periods. It was updated to RS723.40, Rs878.64, Rs944.47 and Rs1138 for survey periods 2001-02, 2004-05, 2005-06 and 2007-08

⁵¹ It is a weighted geometric mean of the price relatives where the weights are the average shares of total values in the two periods

⁵² Cheema and Sial (2012) used composite price index which is a combination of general consumer price index and Tornqvist price index.

respectively. The poverty line is also inflated to Rs1742 for survey year 2010-11 by Malik et al. (2014b).

We prefer to update the inflated official poverty line keeping in view following points: .First, to make our results comparable with other studies conducted on poverty measure in Pakistan. Second, if we attempt to estimate poverty line on the basis of our own data, we may have totally different poverty line because our data is not nationally representative. Third, official point of view about poverty line is better than/preferable to individuals'. Fourth, to calculate TPI, two survey periods/ some reference point is needed which is not available in our case. The poverty line of Rs673.54 estimated in 2000-01 by Planning Commission of Pakistan is adjusted for CPI inflation. CPI series are available on three different base years. First of all CPI series is spliced from 2007-08 base year to 2000-01 and then it is changed to base year 1990-91 because it is a benchmark year for estimation of poverty line at national level. The inflation factor is calculated by the ratio of average CPI in 2012-13 up to March to the average CPI of the year for which poverty line is estimated or inflated for survey year by Planning Commission. The poverty line for March 2013 is obtained by multiplying at hand poverty line Rs1742 with the inflation factor 1.14810 which turns out Rs2000 per adult equivalent per month consumption expenditure. It is pertinent to mention that we have inflated and used the poverty line based on calorific approach since estimation of poverty line in Pakistan is shifted to CBN method by using data of HIES 2013-14 which happened after our survey.

4.5.4 Methodology of Measuring Poverty

Once an indicator of well-being and poverty line is specified; and poverty status of a household is fixed, the next point is how to aggregate this information at group level. A number of measures of poverty at aggregate level are available in the literature. More commonly used measures of poverty are developed by Foster, Greer and Thorbecke (1984)⁵³. The three FGT measures of poverty are described in the literature which are headcount index, poverty gap index and squared poverty gap index.

4.5.4.1 Head Count Index (HCI)

Headcount index is the most popular one used in the literature (Jamal, 2009). It represents percentage of households whose expenditure falls short of poverty line. Formally it is calculated as

$$HCI = \frac{N_p}{N} \quad (4.3)$$

Where 'N' is the total population or sample size and N_p is the number of poor which is calculated as

$$N_p = \sum_i^N P(X_i < Z) \quad (4.4)$$

In the above relation Z is the poverty line and X_i is per adult equivalent expenditure of the i^{th} household in the sample. If the expenditure (X_i) of i^{th} household are less than poverty line (Z), the household is considered poor and

⁵³ Other measures available in the literature are Sen Index (1976), Shorrocks index (1995), Watt index (1968), Atkinson (1987) and time taken to exit from poverty developed by Morduch (1998). For detail see Haughton and Khandker (2009).

$P(.)$ takes a value of one and zero otherwise. The sum of $P(.)$ gives the total number of poor (N_p), Hence

$$HCI = [\sum_{i=1}^N P(X_i < Z)]/N \quad (4.5)$$

Though head count index is easy to calculate but it has three shortcomings.

- i. It does not take care of intensity of poverty since this measure gives an equal weight to all poor irrespective of the degree of poverty.
- ii. It does not fulfill the axiom of transfer. It means that if income is transferred from very poor to lesser poor, headcount index does not change as long as they remain below the poverty line. In other words, transfer of income from a poor person to a rich person does not increase head count index (PRSP-II P52, Government of Pakistan, 2009).
- iii. The easiest and cheapest way to reduce headcount index is to target the poor near poverty line but this way of reducing poverty is not supported by normative standard.

4.5.4.2 Poverty Gap Index (PGI)

It is the poverty gap expressed as a percentage of poverty line. It can be calculated by the following formula:

$$PGI = \frac{1}{N} \sum_{i=1}^N \left(\frac{G_i}{Z} \right) \quad (4.6)$$

Where G_i is poverty gap which is (average of the) gap between expenditure of the poor household and poverty line. It can be calculated as $G = (Z - X_i)$, hence poverty gap index is

$$PGI = \frac{1}{N} \sum_{i=1}^q \left[\frac{(Z-X_i)}{Z} \right] \quad (4.7)$$

Where 'q' is the number of poor

This index takes intensity of poverty into account but doesn't consider the income distribution and therefore it is insensitive to transfer among the poor. It is considered to be a measure of 'minimum cost' of bringing all poor above poverty line with perfect targeting.

4.5.4.3 Squared Poverty Index (SPI)

It is a weighted sum of poverty gap as percentage of poverty line where weights are proportionate to poverty gaps themselves. Formally it is calculated as

$$SPI = \frac{1}{N} \sum_{i=1}^q \left[\frac{(Z-X_i)}{Z} \right]^2 \quad (4.8)$$

It is more sensitive to income inequality among poor since the poorest are given higher weights. A transfer from a lesser poor to a very poor would reduce the index and vice versa. However, it is not widely used because it is difficult to interpret. More generally family of FGT measures of poverty can be given as

$$P_\alpha = \frac{1}{N} \sum_{i=1}^N \left[\frac{(Z-X_i)}{Z} \right]^\alpha \quad (4.9)$$

Where α is a sensitivity measure of the poverty index. If $\alpha = 0$, Equation (4.9) gives rise to headcount index. When $\alpha = 1$, equation (4.9) becomes poverty gap index. For $\alpha = 2$, then poverty index is known as squared poverty index. The above discussed measures of poverty are used to estimate the poverty incidence in Dandot and Dhalwal towns. It is worth to mention that inflated poverty line of Rs2000 is used to find out estimates of poverty in both towns.

4.6 Methodology of Propensity Score Matching (PSM)

One of the objectives of the research is to explore the welfare impact of Dandot Bait-u-Mal, OZS and BISP cash transfer on the recipient households. The objective can be addressed by applying the widely used method known as propensity score matching. We bypassed other methods available in the literature such as logistic regression analysis, paired observations, or the double difference (DD) methods and Heckman selection model etc for valid reasons. When non-experimental design is used in drawing samples, the selection of respondents is not random and the problem of self-selection occurs. The logistic regression analysis ignores selection biases and assumes that the socio-demographic and economic characteristics of beneficiary and non-beneficiary households are widely different. It is usually considered that the non-beneficiary group is relatively better off and, therefore, less likely to receive transfer from safety net programs. It is also not advisable to use the mean outcome of non-beneficiary households as an approximation because beneficiary and non-beneficiary households usually differ socioeconomically, even in the absence of safety net programs (Nayab & Farooq, 2014). The paired observations and DD methods require household information before and after an intervention. The paired observations technique is usually applied only to one variable, and assumes no impact of other variables, making it unsuitable in our case. The DD method is a non-experimental approach in which welfare changes over time are estimated relative to the outcome observed for a pre-intervention baseline. In our case, the baseline information is not available. Heckman selection model and propensity score matching method developed by Heckman (1976) and Rosenbaum and Rubin (1983) respectively which provide a possible solution to the selection bias. The literature points out advantages and disadvantages of both methods but we preferred propensity score matching method on the following grounds:

- a. Heckman's two-step correction can be an appropriate technique for addressing the bias, it is not a magic solution to the problem. (Bushway et al., 2007)
- b. The causal estimates from a Heckman Model were put to the empirical test—and the results were not encouraging (Briggs, 2004)
- c. 'Hand Book on Impact Evaluation by Khandker et al., 2010 applied number of methods for impact evaluation but not Heckman model
- d. PSM is latest technique compared to Heckman model because they were developed in 1983 and 1976 respectively.

First of all we attempt to present the idea of self-selection bias because the comparison of means can give ambiguous results if selection bias is there (Thirtle, Lin & Piesse, 2003, Crost, Shankar, Bennett & Morse, 2007 & Morse, 2007; Ali & Abdullah, 2010). The impact of financial assistance is overestimated if self-selection is not handled (Nazli, Orden, Sarker & Meilke, 2012). On the basis of their status of receiving financial assistance, we divide the respondents of the survey into two groups: recipients and non-recipients. In the analysis, the former are labelled 'treated units' and the latter are 'non-treated units'. The outcome of interest is the impact of the financial assistance on the welfare of recipient households. It is not possible to compute treatment effects at household/individual level; therefore, it is suggested to calculate aggregated treatment effects.

Depending upon whether one is interested in deriving inferences about the whole population, the treated subpopulation or untreated subpopulation, there are three aggregated treatment effects: average treatment effect (ATE), average treatment effect on the treated (ATOT), or average treatment effect on untreated (ATUT). The ATE estimates, on the average, as to how welfare differs if households receive financial assistance versus if they do not receive,

regardless of whether in reality a household does receive financial assistance or not. ATOT estimates on the average how the welfare of the households who have received financial assistance differ from hypothetical welfare had these households not received financial assistance. ATUT estimates on the average how the welfare of the households who did not receive financial assistance would have been different had these households received financial assistance. The problem to get answer of these questions is that the outcome of financial assistance on recipients household is observable (Y_{1i}) but the outcome of not receiving financial assistance (Y_{0i}) for the same household is not observable and it is termed as counterfactual outcome. Similarly the outcome of non-receiving household, had it received financial assistance, is also counterfactual. In non-experimental studies, a treatment effect is estimated by using observed outcome as a proxy for a counterfactual outcome. The selection bias takes place if the proxy is not closer to counterfactual. Out of these three effects, we concentrate on ATOT. The impact of financial assistance on the welfare of the households can be measured by estimating the difference between the recipients and non-recipients of financial assistance households. By definition

$$\Delta_i = Y_{1i} - Y_{0i} \quad (4.10)$$

Where Δ_i is a treatment effect of i^{th} household where i varies from 1 to N . Y_{1i} and Y_{0i} are the potential outcomes of recipient and non-recipient households respectively. It is assumed that equation (4.10) will estimate the difference between the potential outcomes before and after receiving financial assistance for the treated (same) household but only one outcome is observable (Y_{1i}) and other one (Y_{0i}) is counterfactual for the household. Hence it is not possible to calculate the difference between the outcomes before and after receiving financial assistance for each household. In order to estimate the average treatment effect on treated (ATOT), the equation (4.10) is modified as

$$ATOT = E(\Delta_i | T=1) = \underbrace{E(Y_{1i} | T_i = 1)}_{\text{Observed}} - \underbrace{E(Y_{0i} | T_i = 1)}_{\text{Counterfactual}} \quad (4.11)$$

$E(Y_{0i} | T_i=1)$ is unobserved counterfactual outcome for treated household. If $E(Y_{0i} | T_i=1) = E(Y_{0i} | T_i=0)$ holds then outcome observed from the untreated households can be used as a proxy for counterfactual. However this condition does not hold for non-experimental data because the covariates which affect the cash receiving also affect outcome of interest. Hence the outcome of cash recipient households would differ even if they do not receive financial assistance. It creates selection bias. There is also need to eliminate the effect of non-treated households which can be written as $E(Y_{0i} | T_i = 0) - E(Y_{0i} | T_i = 1)$. It is known as average treatment effect on untreated (ATUT). Hence bias is difference between ATOT and ATUT, i.e.

$$\text{Selection Bias (SB)} = ATOT - ATUT \quad (4.12)$$

Substituting the value of ATUT in equation (4.12), we get

$$SB = ATOT - [E(Y_{0i} | T_i = 0) - E(Y_{0i} | T_i = 1)] \quad (4.13)$$

If we substitute ATOT from (4.11) into (4.13), following equation is obtained

$$SB = [E(Y_{1i} | T_i = 1) - E(Y_{0i} | T_i = 1)] - [E(Y_{0i} | T_i = 0) - E(Y_{0i} | T_i = 1)] \quad (4.14)$$

$$SB = E(Y_{1i} | T_i = 1) - E(Y_{0i} | T_i = 1) - E(Y_{0i} | T_i = 0) + E(Y_{0i} | T_i = 1)$$

$$SB = E(Y_{1i} | T_i = 1) - E(Y_{0i} | T_i = 0) \quad (4.15)$$

For the case to be ideal, selection bias should be zero which means that

$$SB = E(Y_{1i} | T_i = 1) - E(Y_{0i} | T_i = 0) = 0 \Leftrightarrow E(Y_{1i} | T_i = 1) = E(Y_{0i} | T_i = 0) \quad (4.16)$$

For ATOT to be unbiased, the above condition must hold, so the issue of selection bias must be resolved.

The selection bias can be due to observables and /or unobservable covariates. If the primary cause of selection bias is observable covariates, then bias caused by unobservable can be ignored (Tucker, 2014). Covariates matching by Rubin (1973) and propensity score matching (PSM) by Rosenbaum and Rubin (1983) methods are proposed to overcome the issue of self-selection bias. The selection bias due to observables can be handled by propensity score matching whereas “Inverse Mills ratio” addresses selection bias due to unobservable. The impact of financial assistance on the welfare of the recipients can be quantified by estimating the difference between outcome of recipients and non-recipients of financial assistance.

The PSM finds a group of non-recipient with similar characteristics to the recipient group in all attributes except one, that is, the group does not receive any cash transfer. This method equalizes the observed covariates of the recipient and non-recipient groups on the basis of similarity of their predicted probabilities of receiving assistance—known as their ‘propensity scores’. The pure experiment and PSM method differ from each other in the sense that the former ensures that the treatment and comparison groups are identical in terms of the distribution of unobserved characteristics (Ravallion, 2003).

As we have mentioned earlier, the respondents of the survey are divided into two groups: recipients and non-recipients of financial assistance. In the analysis, the former are labelled ‘treated units’ and the latter ‘non-treated units’. The treated units are matched to non-treated units on the basis of propensity scores. The matching methods are valid only if two conditions, “unconfoundedness” and “common support”, are met. The condition of unconfoundedness means that outcomes Y_{1i} and Y_{0i} do not depend on actual treatment status T , given a set of observables (X):

$$(Y_{1i}, Y_{0i}) \perp T_i \mid X \quad (4.17)$$

The condition of “common support” makes sure that for each value of X, there should be both treated and untreated cases

$$[0 < \text{pr}(T_i = 1 \mid X) < 1] \quad (4.18)$$

If these two conditions are fulfilled, the experimental and non-experimental analyses point out the same parameters and then treated group can be matched with the untreated group for each value of X using a suitable matching method. The propensity score is the conditional probability of receiving a treatment for given pre-treatment characteristics. Propensity scores encapsulate all of the variables into one scalar. The probability of being treated is

$$\rho(X) = \text{Pr}(T = 1 \mid X) = E(T \mid X) \quad (4.19)$$

Where $T = \{0, 1\}$. It is an indicator of treatment exposure. Its value is 1 if the household has received assistance and 0 otherwise. $\rho(X)$ is known as propensity score. X is a vector of pre-treatment characteristics. The propensity scores must have two key features.

- i. The propensity scores are balancing scores. It means that conditional distribution of X, given $\rho(X)$, is same for treated and non-treated, i.e., $X \perp T_i \mid \rho(X)$ [Rosenbaum and Rubin (1983)]. If the balancing hypothesis is satisfied, the pre-treatment characteristics must be the same for the target and control groups. In other words, for a given propensity score, exposure to treatment is a randomised experiment and, therefore, the treated and non-treated units should be, on average, observationally identical.
- ii. If assignment to treatment is unconfounded given the covariates, that is

$$(Y_{1i}, Y_{0i}) \perp T_i \mid X,$$

Then assignment to treatment is also unconfounded given the propensity score i.e. $(Y_{1i}, Y_{0i}) \perp\!\!\!\perp T_i \mid \rho(X)$. These two characteristics reduce the issue of high dimensionality and matching can be made on basis of propensity score. Equation (4.19) can be specified as a logit model

$$\Pr(T=1 \mid X) = P(Y^* > 0 \mid X) = P(\mu - X\beta \mid X) = 1 - G(-X\beta) = G(X\beta) \quad (4.20)$$

Where $0 < G(X\beta) < 1$, for all values of covariates X , $X\beta = \sum_{j=1}^k \beta_j X_j$ and G is a standard normal cumulative function. Equation (4.20) fulfills the unconfoundedness and overlap conditions. Therefore the propensity score matching estimator of average treatment effect on treated is free from selection bias and can be defined as.

$$ATOT^{PSM} = E [E \{Y_{1i} - Y_{0i} \mid T_i = 1, \rho(X_i)\}] \quad (4.21)$$

$$= E [E \{Y_{1i} \mid T_i = 1, \rho(X_i)\}] - E [E \{Y_{0i} \mid T_i = 0, \rho(X_i)\} \mid T_i = 1] \quad (4.22)$$

Where outer expectation is over the distribution of $(\rho(X_i)) \mid T_i = 1$. Y_{1i} and Y_{0i} are the potential outcomes in two counterfactual situations of treatment and non-treatment. In the sense that ATOT parameters focus directly on actual treatment participants, they determine the realised gross gain from the welfare program and can be compared with its costs, helping to decide whether the program is successful (Heckman, Lyons & Todd., 2000).

4.6.1 Matching Estimators of the ATOT Based on the Propensity Score

ATOT cannot be calculated by an estimate of propensity score using equation (4.22) because the probability of observing two units with exactly the same value of the propensity score is zero since the propensity score is a continuous variable. To overcome this problem, different methods have been proposed in the literature. Four of

the most widely used methods⁵⁴ are Nearest-Neighbor Matching (NNM), Radius Matching (RM), Kernel Matching (KM), and Stratification Matching(SM) (Becker & Ichino, 2002; Baser, 2006).

4.6.2 Nearest-Neighbor and Radius Matching Methods

Following Becker and Ichino (2002), the most straightforward matching method is the NN method where, in the first step, each treated unit is matched with the control unit that has the closest propensity score. The method is usually applied with replacements in the control units. In the second step, the difference in each pair of matched units is computed, and finally the ATOT is obtained as the average of all these differences. Let T and C be the set of treated and control units respectively; Y_i^T and Y_j^C are the observed outcomes of the treated and control units, respectively. If $C(i)$ is a set of control units matched to the treated unit $T(i)$ with an estimated value of propensity score p_i , then NNM sets:

$$C(i) = \min_j || p_i - p_j || \quad (4.23)$$

The NNM method may face the risk of imprecise matches if the closest neighbour is numerically far away. This can be avoided by imposing a tolerance level on the maximum propensity score distance (Radius). The RM method is one form of imposing a common support condition where bad matches can be avoided so that the matching quality rises. In this method, each treated unit is matched only with the control unit whose propensity score lies in the predetermined neighborhood. However, if fewer

⁵⁴ The literature does not offer guide lines for making the choice among the methods and none of the method is a priori superior to the others (Baser, 2006).

matches are performed, the variance of the estimates increases (Caliendo & Kopeinig, 2008); Smith & Todd, 2005). RM can be shown as:

$$C(i) = \{p_j \mid |p_i - p_j| < r\} \quad (4.24)$$

Where all the control units with estimated scores fall within a Radius 'r' from p_i are matched to the treated units. In both the NNM and RM measures, the weights w_{ij} are defined as:

$w_{ij} = \frac{1}{N_i^C}$ if $j \in C(i)$ and... $w_{ij} = 0$ otherwise. Then ATOT for both types of matching (NNM and RM) can, therefore, be expressed as follows:

$$ATOT^M = \frac{1}{N^T} \sum_{i \in T} [Y_i^T - \sum_{j \in C(i)} w_{ij} Y_j^C] \quad (4.25)$$

$$ATOT^M = \frac{1}{N^T} [\sum_{i \in T} Y_i^T - \sum_{i \in T} \sum_{j \in C(i)} w_{ij} Y_j^C]$$

$$ATOT^M = \frac{1}{N^T} \sum_{i \in T} Y_i^T - \frac{1}{N^T} \sum_{j \in C} w_j Y_j^C \quad (2.26)$$

Where M represents either NNM or RM matching. The weights w_j are defined by

$w_j = \sum_i w_{ij}$. N^T is the number of units in the treated group. Similarly, variances can be estimated by assuming that weights are fixed and the outcomes are independent across units.

$$Var(ATOT^M) = \frac{1}{(N^T)^2} \left[\sum_{i \in T} Var(Y_i^T) + \sum_{j \in C} (w_j)^2 Var(Y_j^C) \right] \quad (4.27)$$

$$Var(ATOT^M) = \frac{1}{(N^T)^2} \left[N^T Var(Y_i^T) + \sum_{j \in C} (w_j)^2 Var(Y_j^C) \right]$$

$$Var(ATOT^M) = \frac{1}{(N^T)} Var(Y_i^T) + \frac{1}{(N^T)^2} \sum_{j \in C} (w_j)^2 Var(Y_j^c) \quad (4.28)$$

One potential shortcoming of RM is the difficulty of knowing a priori what radius is reasonable. If the radius is set to be very small, some treated unit may not match since neighborhood may not include control units.

4.6.3 Kernel Matching Method

The Kernel method matches all the treated units with the weighted average of all the non-treated units, where the weights are inversely proportional to the distance between the propensity scores of treated and non-treated units. In this method lower variance is achieved since all control units contribute in the calculation of the weights. The researcher has to make two decisions. The first one is the “bandwidth parameter” and second one is “kind of Kernel function” which is unimportant (Dehejia & Wahba, 2002). The ATOT is calculated as:

$$ATOT^K = \frac{1}{N^T} \sum_{i \in T} \left[Y_i^T - \frac{\sum_{j \in C} Y_j^c Z\left\{\frac{P_j - P_i}{h_N}\right\}}{\sum_{k \in C} Z\left\{\frac{P_k - P_i}{h_N}\right\}} \right] \quad (4.29)$$

Where $Z(\cdot)$ is a Kernel function and h_N is a bandwidth parameter. Under standard conditions on the bandwidth and Kernel,

$\frac{\sum_{j \in C} Y_j^c Z\left\{\frac{P_j - P_i}{h_N}\right\}}{\sum_{j \in C} Z\left\{\frac{P_j - P_i}{h_N}\right\}}$ is a consistent estimator of the counterfactual outcome Y_{0i}

4.6.4 Stratification Matching Method

The fourth method is stratification matching method. It divides the range of variation of the propensity score into intervals (strata) in such a way that the treated and non-

treated units have, on average, same propensity score within each interval. This method is also known as interval matching, blocking, and sub-classification method (Rosenbaum & Rubin, 1983). Hence, the “q index” defines the blocks over intervals of the propensity score. Within each block, the following equation works out

$$ATOT_q^S = \frac{\sum_{i \in I(q)} Y_i^T}{N_q^T} - \frac{\sum_{j \in I(q)} Y_j^C}{N_q^C} \quad (4.30)$$

Where $I(q)$ is the set of units in block q , and N_q^T and N_q^C are the numbers of treated and non-treated units in block q respectively. In the stratification matching method, estimator of ATOT is, therefore, calculated as follows:

$$ATOT^S = \sum_{q=1}^Q ATOT_q^S \frac{\sum_{i \in I(q)} T_i}{\sum_{i \in I(q)} T_i} \quad (4.31)$$

Where Q is the number of blocks and the weight of each block is given by the corresponding fraction of treated units. If the outcome across the units is independent, the variance of $ATOT^S$ can be computed by the following formula:

$$Var(ATOT^S) = \frac{1}{(N^T)} \{ Var(Y_i^T) + \sum_{q=1}^Q \frac{N_q^T}{N^T} \frac{N_q^T}{N_q^C} Var(Y_j^C) \} \quad (4.32)$$

The stratification matching method disposes off the observations in the blocks where either treated or non-treated units are absent. This shortcoming of SM method is removed by NN method.

The methodologies discussed in this chapter are applied to the data collected through a survey conducted from 3rd to 14th April 2013. The results are reported and discussed in upcoming chapters.

4.7 Methodology of Assessing Public Perception of Welfare Programs

In the literature, the methodology of assessing the public perception of different concepts and aspects of welfare programs varies from study to study. Macleod et al. (1999) examined the change in American's perception about welfare, welfare recipients and government role in the welfare on the basis of public opinion surveys. Khan (2006), Khan et al. (2009) and Arif, Cartier, Golda, and Nayyar-Stone (2010) assessed the public perception of the devolution plan (2000)/local government in Pakistan by using methodology of survey. Mezzera et al. (2010) assessed the implementation of LGO (2001) in terms of governance, effective service delivery and participation at grassroots level in Pakistan by using methodology of field work plus interview of well-informed persons and existing literature on the topic. Faisal (2010) explored female public servants' perception of the work environment of public sector organizations of Pakistan by developing Perception of Work Environment Index (PWEI). Nándori (2011) analyzed public perception of subjective poverty and compared it to the objective poverty concepts in Hungary by using methodology of survey methods. Fahmy et al. (2012) assessed public perceptions of poverty of general public in Britain and Northern Ireland, on the basis of focus group interviews. The focus group discussion, in-depth interview and a day-long workshop were adopted by Hall et al. (2014) to explore the public perception of definition and causes of poverty; and policies to tackle poverty in the UK. Ongstad (2016) investigated knowledge and perceptions of respondents about welfare and welfare recipients among Minnesota Millennials with the help of on line survey. It is evident from above discussion that the most frequently used method to get public perception about any issue is survey method. Hence the public perception about different aspects of the welfare programs under study is also perceived on the basis of data collected through a survey conducted in April 2013 and discussed under section 4.4 (data source) of this chapter.

4.8 Methodology of assessing Validity and Reliability of the Survey

The survey based study requires that validity and reliability of the instruments used in the research are to be checked. The validity examines the extent to which a measurement measures what it intends to measure while reliability refers to consistency of the data obtained through a survey. Several validity and reliability tests are available in the literature (Bolarniwa, 2015). Face validity and piolet survey are the ways to test validity of the questionnaire. It means that if an expert on the research subject concludes that the questionnaire measures traits of interest, it shows validity of the questionnaire. Though it is not considered a better measure, however, it is mostly used in developing country (Sangoseni, Hellman & Hill, 2013). The questionnaire was developed under guidance of supervisor- Dr. G.M. Arif- who has expertise in the research based on field work. The validity of the questionnaire was tested by piolet survey. So the validity of the questionnaire is above doubt and no need to apply any other test to check it. The Cronbach alpha (α) is the most used measure of internal reliability (Bolarniwa, 2015). (α) varies from 0 to 1. '0' means questionnaire has no reliability and 1 represents that questionnaire is absolutely reliable. The value of α equal to 0.7 or higher is acceptable reliability.

CHAPTER-5

SOCIOECONOMIC PROFILE OF THE SAMPLED HOUSEHOLDS: A DESCRIPTIVE ANALYSIS

5.1 Introduction

Basic characteristics of the sampled households are very important for understanding the poverty status, the impact of the three programs on the welfare of the residents of the areas and the public perception of various aspects of the programs. The socioeconomic characteristics help us to appreciate the scenario in which these programs are performing. They are also helpful to know the characteristics of the households which participated in the survey. The descriptive statistics of the variables used in the analysis help to make opinion about the living conditions of the household members in the areas and to evaluate the extent of the effect of any cash transfer program. This chapter is made up of following sections. Section 5.2 provides insights about program and area-wise distribution of beneficiary and non-beneficiary households. The information about distribution of respondents by area, gender, households' heads and relation of respondents to households' heads are described in section 5.3. The educational attainment of members and households' heads are reported in section 5.4. Section 5.5 offers unemployment rate, labour force participation rate and employment status of members and heads of households for whole sample as well as by gender, and household type (beneficiary and non-beneficiary). Section 5.6 presents the data about self-reported health status of members and heads of households. Section 5.7 provides insights about poverty estimates in the areas.

The self-reported causes of poverty are discussed in section 5.8. Section 5.9 offers detail of descriptive statistics of important variables used in the analysis. The last section provides summary of the chapter.

5.2 Distribution of Beneficiary and Non-Beneficiary Households

The detail of beneficiary and non-beneficiary households by type of cash transfer programs and area is reported in table 5.1. It is clear from the table that total 800 households are interviewed from both towns out of which 486 (60.75%) of households are from Dandot town and 314 (39.25%) of households are sampled from Dhalwal towns. The table also shows that overall about 18% (142) of households are the beneficiaries of all programs whereas more than 82% (658) of households are non-beneficiaries. About 72% (102) of beneficiaries belong to Dandot and remaining 28% of beneficiaries are living in Dhalwal town. The main reason for this huge difference in number of beneficiaries of the two towns is that DBM is present only in Dandot town. Table 5.1 also reveals that out of 142, more than 42% and about 27% of beneficiary households are getting benefit from BISP and DBM respectively. Though the management claimed that there was no overlapping of beneficiaries but their claim was only partially true since about 12% of the total beneficiaries are getting benefits from more than one program. The literature has termed it as leakage. It means that either there is no coordination among the managers of these programs, particularly, DBM and Local *Zakat* committees or they are intentionally favoring some beneficiary households. The table also shows that about 94% of beneficiaries of more than one program belong to Dandot town. The analysis of the data in table 5.1 reveals that no one received financial assistance from all three programs simultaneously. Our estimates of the beneficiaries (17.75%) are significantly higher than *Zakat* beneficiaries (2.7% and 4.1%) estimated by Shirazi (1996b) and Arif (2006) respectively at the

national level. One of the reasons might be that we tried to approach all the beneficiaries of the programs, particularly beneficiaries of DBM.

Table 5.1: Program and Area Wise Distribution of Beneficiary and Non-Beneficiary Households

Area	Beneficiary Households of					Non-beneficiary households	All households
	DBM	OZS	BISP	More than one programs	All programs		
Dandot	38(100)	11(40.75)	37(61.67)	16(94.12)	102(71.83)	384(67.6)	486(60.75)
Dhalwal	-	16(59.25)	23(38.33)	1(5.88)	40(28.17)	274(32.4)	314(39.25)
Overall	38(100)	27(100)	60(100)	17(100)	142(100)		
Overall (row-wise %)	38(27)	27(19)	60(42)	17(12)	142(100)	658(100)	800(100)

Source: Statistics computed by the author based on the data collected through a survey conducted in April 2013. Figures in parenthesis are percentages.

5.3 Distribution of Respondents by Gender and Heads of Households

The questionnaires were got filled both from male and female members and/ heads of households. More than half of the respondents are female (56%) in the overall sampled households. This participation rate of female respondents in the survey is almost same at the town level. Table 5.2 also provides information whether the respondent is household head or other member of the household. It shows that 43% of the respondents are the head of households and 57% of them are other members of households. Similar statistics are also observable at town level. About 60% and 54% of the respondents are other members of households in the Dandot and Dhalwal town respectively. The possible reason for majority of the respondents being members other than household heads may be that the heads of these households were out of house for work when the interviewers visited them.

Table 5.2: Distribution of Respondents by Gender, Head and Their Relation to Head of Household (%)

Area	Gender-wise distribution of respondents			Respondent is		
	Male	Female	Total	Head	Other than Head	Total
Overall	44	56	100	43	57	100
Dandot	45	55	100	40	60	100
Dhalwal	43	57	100	46	54	100

Source: Statistics computed by author based on the data collected through a survey conducted in April 2013

The examination of table 5.3 reveals that male members are slightly higher (2.4 percentage point) than female members. The analysis of data reveals that male to female ratio is 1.05. The analysis of the marital status of the households' members of age 10 year and above indicates that 47% of households' members are married which is 4.52 percentage point less than the national average (51.52)⁵⁵. Another important feature of the households is that at aggregate level 86.3% of households are headed by male which supports the perception that Pakistani society, particularly rural, is male dominant society. The same pattern is evident at town level. More than fourth-fifth of the households are headed by male both at overall and town level.

Table 5.3 Distribution of Households Members by Gender and Marital Status; and Heads by Gender (%)

Area	Members' Distribution by gender		Married members	Heads' distribution by gender	
	Male	Female		Male	Female
Dandot	52.8	47.2	48.1	86.6	13.4
Dhalwal	48.6	51.4	45.0	85.7	14.3
Overall	51.2	48.8	46.9	86.3	13.7

Source: Statistics computed by the author based on the data collected through a survey conducted in April 2013

⁵⁵ Government of Pakistan (2013a)

5.4 Distribution of Households' Members and Heads by Literacy Status and Level of Education

Education is considered as a wonderful medication to cure poverty. It should be among the top priorities of the individuals and government policy goals. The objective is to bring forth the factual position of the literacy status and educational attainment in the area under study. Table 5.4 shows that, for individuals of age 4 years and above, the literacy rate of the area is 75.2% which is significantly higher than that of national (60%) and of rural area (51%) and slightly lower than that of urban area (76%)⁵⁶. It means that residents of the area are not lagging behind the urban areas of the country in the field of education. The female in the field of education are at disadvantageous position in the area as the male literacy rate (82.6%) is significantly higher than that of the female (67.5%). This evidence shows that gender disparity in education is prevalent in the area as it is also observable at national, rural and urban levels (Government of Pakistan, 2013c). The table also depicts the literacy rate of non-beneficiary and beneficiary households. It is clear from the table that literacy rate of non-beneficiary households (78.4%) is substantially higher than that of beneficiary households (59.9%). The same pattern of literacy rate for male and female members is observable for non-beneficiary and beneficiary households. The gender parity index (GPI) also indicates that females are lagging behind in the literacy status. A value of GPI less than one reveals that, in proportion to every literate male, there is less than one literate female. The female members of non-beneficiary households have advantage over those of beneficiary households as GPI of non-beneficiary households (0.83) is higher than that of beneficiary households (0.78). It means that non-beneficiary households

⁵⁶ The figures of literacy rates for national, rural and urban areas are derived from Government of Pakistan (2013b)

are better in human capital than that of beneficiary households. The details are reported in the table 5.4 below.

Table 5.4 Overall and gender wise distribution of members and heads of households by literacy status (%)

Type of household	Literacy status of members of households			Literacy status of heads of households		
	Literate	Illiterate	GPI	Literate	Illiterate	GPI
Overall	O 75.2	24.8	0.82	65.1	34.9	0.49
	M 82.6	17.4		70.0	30.0	
	F 67.5	32.5		34.5	65.5	
Non-beneficiaries	O 78.4	21.6	0.83	69.6	30.4	0.43
	M 85.6	14.4		73.4	26.6	
	F 70.7	29.3		31.7	68.3	
Beneficiaries	O 59.9	40.1	0.78	44.4	55.6	0.79
	M 67.3	32.7		47.8	52.2	
	F 52.8	47.2		38	62	

Source: Statistics computed by the author based on the data collected through a survey conducted in April 2013.

Gender Parity Index: It is ratio of the literate female to literate male. O, M, and F stand for overall, male and female respectively

The data on education reveals that the households' members who are currently engaged in receiving education, about two-third are studying in public (government) schools while one-third prefers to join private schools. The main reason of admitting in public and private schools is cheap and quality education respectively in these institutions. The picture on the technical training side is also dismal as only 3.45% of individuals are equipped with technical training.

It is claimed that households with literate heads are in a better position to exploit educational, health and earning opportunities for the betterment of the members. Poor are headed by illiterate heads [SPDC (2000)]. Therefore, the second part of table 5.4 presents the literacy status of the heads of households. The table indicates that overall about two-third of the heads are literate. Seventy percent of male heads are literate whereas more than 65% of female heads are illiterate. The estimates of GPI for heads, both for whole sample and non-beneficiary households, are lower than that of beneficiaries. The GPI at heads level also helps us to conclude that female heads are also marginalized in the field of education. The heads of non-

beneficiary households are better equipped with education than that of beneficiary households for whole sample, however about two-third of the female heads are illiterate irrespective of the type of the household. The comparison of GPI of members and heads both for whole sample and type of the household leads us to conclude that gender parity in education has been rising overtime because almost all households' heads are older than 25 years. It means that female members are getting more access to public goods like education in the area.

Merely the literacy status of an individual is not a good measure of human capital. In contrast the level of education may reflect a better picture of human capital which may enhance the earning capacity of the individual and in turn pull him above poverty line. We report educational attainment of household members and heads by gender, type of household and whole sample in the following table.

Table 5.5 Distribution of Members and Heads of Households by Level of Education (%)

		Educational attainment/ status at members level							
		Preprimary	Primary	Middle	Matric	Intermediate	Graduation	Master	Other
Overall	O	4.1	22.5	24.1	37.1	6.7	3.4	2	0.1
	M	2.9	20.4	24.6	41.9	6.1	3.0	1.0	0.2
	F	6.0	25.8	23.3	29.6	7.6	4.0	3.6	0.1
Non-beneficiaries	O	3.5	20.6	23.6	38.8	7.3	3.6	2.2	0.2
	M	2.4	18.3	23.8	44.5	6.7	3.1	1.0	0.2
	F	5.2	24.2	23.3	30.3	8.3	4.4	4.1	0.1
Beneficiaries	O	9.1	38.2	27.7	21.8	1.4	1.4	0.5	
	M	7.1	38.6	31.5	19.7	0.8	1.6	0.8	
	F	11.8	37.6	22.6	24.7	2.2	1.1		
Educational attainment/status at heads level									
Overall	O	3.5	25	29.2	32.8	5.6	3.1	1.0	
	M	2.7	23.4	29.8	34.2	5.8	3.1	1.0	
	F	13.2	44.7	21.1	15.8	2.6	2.6		
Non-beneficiaries	O	2.6	22.1	30.1	34.7	6.1	3.3	1.1	
	M	2.1	20.7	30.3	36	6.4	3.4	1.1	
	F	15.8	52.6	26.3	5.3				
Beneficiaries	O	9.5	46	22.2	1.9	1.6	1.6		
	M	9.1	50	25	15.9				
	F	10.5	36.8	15.8	26.3	5.3	5.3		

Source: Statistics computed by the author based on the data collected through a survey conducted in April 2013

The figures in table 5.5 reveal that more than eighty percent of the household members have schooling from primary to matric notwithstanding the type of household. More than one-third (38%) members of beneficiary and non-beneficiary households attained primary and matric level education respectively, which means that members of beneficiary households are lagging behind also in educational attainment. Female members of non-beneficiary households have edge in educational attainment over male members since 4% of the female members are master degree holders. Similar pattern of educational attainment is also observable at households' head level. A note-able feature of educational attainment of heads is that majority of female heads of non-beneficiary households and male heads of beneficiary households have schooling upto primary level. No head of beneficiary households is master degree holder.

5.5 Distribution of Members and Heads of Households by Economic Activity Status

The economic activity status of the members of sampled households is measured by three labour market indicators: unemployment rate, labour force participation rate and employment status. Both the unemployment rate and employment status of heads and other members of the household play an important role in the determination of poverty status of the household. It is less likely that household of employed heads/member(s) fall prey to poverty. The statistics of unemployment rate, labour force participation rate and employment status of members and heads of households are reported in table 5.6. The table reveals that overall unemployment rate in the area is 11.5% which is about 46% and 56% higher than at national and rural level respectively⁵⁷. The unemployment rate is 9.4 and 6.6 percentage points higher among male members than that of female for non-beneficiary households and for the whole sample

⁵⁷ The unemployment rate at national level and in rural areas is 6.2% and 5.1% respectively (Government of Pakistan, 2013a)

respectively. This higher success rate of job finding among female members may be due to their higher level of education as it is clear from educational attainment statistics discussed above. The gender level unemployment phenomenon in the area is opposite to national level since female unemployment rate (9%) is higher than that of male (5.4%) at national level (Government of Pakistan, 2013a). It may also be due to higher male labor force participation rate than that of female. There is no significant difference between beneficiary and non-beneficiary household in term of unemployment rate. However the female members of beneficiary households are at disadvantage in employment opportunities since they are facing highest unemployment rate (14.3%). It means that females have less opportunity of employment because of social immobility.

Table 5.6 Unemployment rate, Labor Force Participation rate and Employment Status of households' members and heads by gender and financial assistance (%)

		Households' members					Households' Heads				
		UR	LFPR	Employment status			UR	LFPR	Employment status		
				PEm	SEm	EMr			PEm	SEm	EMr
Overall	O	11.5	45.3	76.9	22.4	0.8	2.7	78.3	72.9	26.7	0.4
	M	12.2	78.7	77.9	21.2	0.9	2.5	84.6	72.6	26.9	0.4
	F	5.6	10.6	69.3	30.7	0	5.7	37.7	76.5	23.5	0
Non-beneficiaries	O	11.6	46.3	75.5	23.7	0.8	2.8	81.6	71.1	28.5	0.5
	M	12.5	79.9	76.5	22.5	0.9	2.9	86	71.4	28.1	0.5
	F	3.1	10	67.5	32.5		0	34.7	65	35	
Beneficiaries	O	10.8	40.4	85.5	14.5		2.5	64	84.1	15.9	
	M	10.1	71.3	87.4	12.6		0	76	81.9	18.2	
	F	14.3	13.6	76.7	23.3		11.1	41	92.9	7.1	

Source: Statistics computed by the author based on the data collected through a survey conducted in April 2013

O, M, F, UR, LFPR, PEm, SEm and EMr stand for overall, male, female, unemployment rate, labor force participation rate, paid employee, self-employed and employer respectively.

The unemployment statistics of heads of households indicate that more than 95% of heads are employed whether we consider beneficiary, non-beneficiary households or the whole sample. It is worth mentioning that all female and male heads of non-beneficiary and beneficiary households respectively are employed. The female heads are found to suffer from high unemployment rate, particularly female heads of beneficiary households. We can conclude from the discussion of unemployment rate that females are facing the problem of unemployment whether they are members or heads of beneficiary households. The labor force participation rate in the area for the whole sample is 45.3% which is about par at national level. The labor force participation rate of female members is very low as compared to male members irrespective of the type of households. Though the gender-wise participation rate of the area is different than that of the national level but pattern is similar to that of the national⁵⁸. The low participation rate among female members may be due to cultural and social value of rural areas. It is difficult for female to go out of home to look for job. About 80% of the male heads except male heads of beneficiary households are participating in the labour force. The labor force participation rate of female heads is relatively lower than that of male heads regardless of the type of household and for the whole sample. The female heads' labor force participation rate is about 27 percentage points higher than that of female members.

Most of the employed members are paid employees and remaining members are self-employed. It is also evident from the table that no female member is employer notwithstanding the type of the household. Similar pattern of employment status is also obvious for heads of households. We can conclude that households' members and heads don't differ from each other in

⁵⁸ The labour force participation rate at national, male and female level is 45.7%, 68.9% and 21.5% respectively. (Government of Pakistan, 2014)

employment status. It means that there is generational transformation of employment status among households.

The examination of the data indicates that workers' age ranges from 14 to 89 year. The workers are divided into four age groups. The first age group ranges from 14 to 29 year and last one is 61 years and above. The statistics of cross tabulation of age groups and employment status show that highest percentage of employed (43%) and unemployed (82%) persons lie in age group of 15 to 30 year. About 95% of employed persons lie in range of age 15 to 60 year. More than 66% of the members of households were not available for work. Housekeeping, studentship and old age turn out to be main reasons of non-availability for work.

5.6 Distribution of members and Heads of Households by Self-Reported Health Status

Poor health of heads and members of household is considered one of the indicators of poverty. The data regarding the health status of the members and heads of households are reported in table 5.7 which shows that about one-fifth of household members suffer from a disease irrespective of town and gender of the member.

Table 5.7 Distribution of Members and Heads of Households by Health Status (%)

Area	Household Members suffer from disease			Household Heads suffer from disease			
	Yes	No	Total	Yes	No	Total	
Both Towns	O	20.5	79.5	100	35.3	64.7	100
	M	18.6	81.4	100	31.7	68.3	100
	F	22.5	77.5	100	57.3	42.7	100
Dandot	O	21.2	78.8	100	36.0	64.0	100
	M	18.9	81.1	100	31.2	68.2	100
	F	23.8	76.2	100	63.1	36.9	100
Dhalwal	O	19.3	80.7	100	34.1	65.9	100
	M	18.1	81.9	100	31.6	68.4	100
	F	20.3	79.7	100	48.9	51.1	100

Source: Statistic calculated by the author from the data collected through a survey conducted in April 2013.

The analysis of the estimates of health status of households' heads presents gloomy picture. The figures make it clear that at overall and town level, more than one-third of the heads of households are hurt by a disease. The health conditions of female heads are even poorer than that of male heads since more than fifty percent of female heads are swayed by a disease regardless of town and overall level in the month preceding the survey month. The female heads who suffered from a disease ranged from 49% to 63% for Dhalwal and Dandot towns respectively. The examination of the data also reveals that out of those who suffered from any disease, more than 15% went to government hospital whereas more than 70% of the patients got their check up from private doctors/hospitals.

Out of those who did not consult a doctor during disease, 30% adopted self-medication whereas 50% did not consult a doctor because it was too expensive to afford. The scrutiny of the data helps to conclude that more than 98% of children of age up to 5 years were immunized. Only 8% of children suffered from diarrhea in the month preceding the survey month and 80% of them were presented to private doctors/hospitals for treatment.

5.7 Poverty Estimates

By applying the methodology presented in section 4.5.4 of chapter-4 and with poverty line inflated to Rs2000/- per month per adult equivalent expenditure, different measures of the poverty are calculated which are reported in table 5.8. It is clear from the table that head count index (HCI) is low and same at town and overall level.

Table 5.8 Estimates of Poverty Incidence (%)

Measure of poverty	Town		Overall
	Dandot	Dhalwal	
HCI (Incidence)	13.1	13.05	13.1%
PGI (Depth)	2.3	2.2	2.2
SPGI (Severity)	0.57	0.57	0.57

Source: Calculated by the author from the data collected through a survey conducted in April 2013

The estimates of Poverty headcounts are about 13% both at town level and for the whole sample which means that 13% of the households were poor in the area under study. Regardless the towns and the whole sample, the poverty gap (2.3) and severity (0.57) are also very low. It means that not only number of poor households is equal in both towns but also they are equally poor. Our results are in line with finding of other studies which give poverty estimates about district Chakwal. According to Cheema (2010), the incidence of poverty in district Chakwal is 12% both in rural and urban areas. Jamal (2007) estimated poverty incidence at district level according to which Chakwal district stood at 27th number⁵⁹. District level poverty incidence was 18.09%. The urban and rural areas witnessed a poverty incidence of 25.75% and 16.98% respectively. His estimate about incidence of poverty in rural areas is about 4% higher than ours and 5% higher⁶⁰ than that of Cheema (2010). Our estimates of poverty are also supported by the World Bank's study according to which Chakwal is among those districts where poverty incidence was from 11% to 20% in 2014-15. Poverty rate has reduced to 6-10 percentage points in these districts from 2006-07 to 2014-15 (World Bank; 2018a).

The table not only shows that poverty is low in the two towns but the depth and severity of poverty is also very low (2.3% and 0.57%). Both towns are also similar in terms of Poverty Gap Index (PGI) and Squared Poverty Gap Index (SPGI). We can conclude from these simple estimates of poverty that the impact of Dandot Bait-ul Mal and other programs on poverty is difficult to determine from these statistics since poverty incidence in these two towns is not

⁵⁹ 1 and 34 indicates highest and lowest poverty incidence respectively.

⁶⁰ The reason that poverty estimates of Jamal (2007) are higher than that of Cheema (2010) is that Jamal used different poverty line (Rs990 and Rs840 for urban and rural areas respectively than that used by Cheema (Rs878) for both areas.

very much different than the overall incidence for district Chakwal, where they are located. This impact of cash transfer programs on poverty has been assessed in the subsequent chapters.

5.8 Causes of Poverty

The respondents were asked to inform about the cause(s) of poverty in the area. Consequently unemployment and inflation came into sight as the main reasons of poverty. The data reported in table 5.9 indicates that two-third (67%) and slightly less than one-third (29%) of the respondents were of the view that unemployment and inflation respectively are the main causes of poverty in the area.

Table 5.9 Causes of Poverty in the Towns (%)

Causes of poverty in the town(s)	Dandot	Dhalwal	Total
Unemployment	69.1	62.5	67
Inflation	26.8	34.5	29.2
Other	3.2	3.0	3.2
Don't know	0.9		0.6
Total	100	100	100

Source: Statistics computed by the author from the data collected through a survey conducted in April 2013.

Virtually consensus was also found on the view point of the respondents about the causes of poverty in the area irrespective of the residence of the respondents. The view of respondents that unemployment is the main cause of poverty in the area is also supported by the estimates of unemployment rate (11.5%) reported in table 5.6. During the informal discussion, the chairman and members of committees, and other influential persons hold accountable the unemployment as a cause of poverty because large number of coalmines has been shut down over the last few years. Our findings support Chaudhry et al. (2006) who suggest that inflation

and unemployment are the main drivers of poverty in rural areas of Pakistan. These results are in line with cultural/economic theories of poverty.

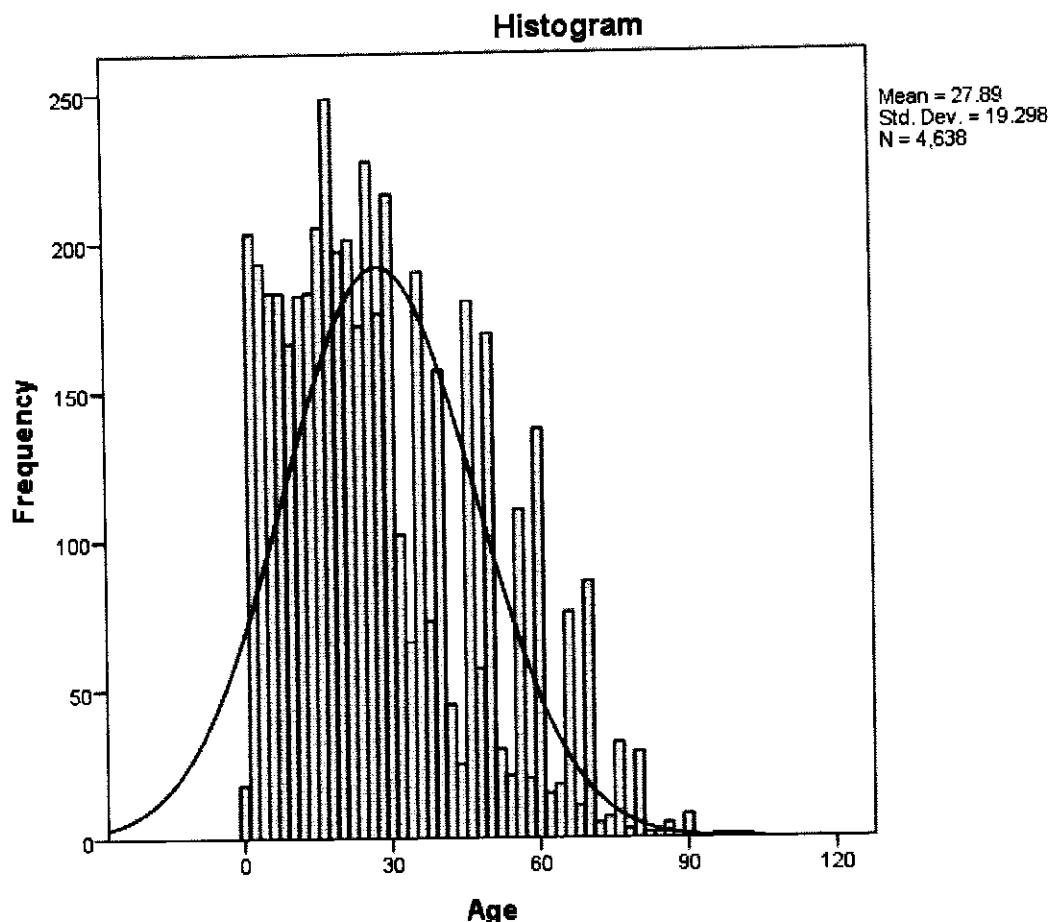
5.9 Descriptive Analysis

In addition to socioeconomic characteristics of the respondent households, the descriptive statistics of the variables used in the analysis also help to make opinion about the living conditions of the households in the areas and to evaluate the extent of the effect of a cash transfer program. In this section descriptive analysis of some of the most important variables used in the analysis is provided. The mean, median, standard deviation, minimum and maximum value of the variables are reported in table 5.10. The analysis of the statistics shows that average size of the sampled households is 5.8 ranging from 1 to 21 members in the household. The household size in our case is lower than that at national level (6.4) and rural level (6.5) (Government of Pakistan, 2012). The standard deviation of age is 19.3 year. The histogram of the age reveals that most of the members of the sampled households are young (below 30 year). This young and dynamic population can be a source of future prosperity and development of the country and society if it is imparted with proper education, skill and training, and balanced health facilities. The average age of the members of sampled households is 28 year which varies from 0 to 101 years. It is worth mentioning that age is recorded in whole years so if age of the member is less than 6 month, it is recorded zero and if it is greater than 6 and less than 12 months, then it takes value 1.

Table 5.10 reveals that on average, the households spend more on health services than on education. It helps us to conclude that either there are serious health issues in the area or more preference is being given to health than education. The analysis of health status of the households made above in table 5.7 (P.166) reflects gloomy health conditions of the residents

and that is why more spending are made on health services. The residents of the area inform that workers who work particularly in coalmines suffer from respiratory problems.

Figure 5.1 Histogram of age distribution



The variable per adult equivalent monthly food expenditure is one of the most important indicators of wellbeing of the members of the household. The table shows that on average, the households are spending Rs1771 with very high standard deviation. It means huge inequality in spending on food is prevailing in the area. Similar feature is observable regarding non-food expenditure; however, on average non-food expenditure (Rs982) is less than that of food (Rs1771). The table also reports the data of the income of households.

Table 5.10 Descriptive Statistics of Some Important Variables Used in the Analysis

Variable	Mean	Median	Std. Dev.	Minimum	Maximum
Household size	5.80	5.00	2.752	1	21
Age of Household head (years)	50.58	50	13.4	15	89
Age of Household members (years)	27.89	24	19.298	0 (1)	101
Per Capita Monthly Health Exp. (Rs)	747	333	1736	07	20000
Per Capita Monthly Edu. Exp (Rs)	274.5	131.5	586.95	12	8333
Per Enrolled Member Monthly Edu. Exp (Rs)	713	416.6	1330	42	20833
Per Adult Equivalent Monthly Food Exp. (Rs)	1771	1580	840	200	9690
Per Capita Monthly Non-food Exp. (Rs)	982	600	3269	14	78986
Per Capita Monthly Income (Rs)	44113	2305	6643	50	84365
Monthly remittances Received (Rs)	17929	12500	24752	125	250000
Annual average Amount Received by beneficiaries of DBM from Private Sources	14985	8500	21216	500	96000
Annual average Amount Received by beneficiaries of OZS from Private Sources	14074	10000	18614	2000	96000
Annual average Amount Received by beneficiaries of BISP from Private Sources	18291	11000	18614	1500	60000
More Funds demanded by DBM beneficiaries to satisfy unfulfilled need(s)	4417	4000	3033	500	12000
More Funds demanded by OZS beneficiaries to satisfy unfulfilled need(s)	4035	4500	1914	1000	10000
More Funds demanded by BISP beneficiaries to satisfy unfulfilled need(s)	6442	5000	9744	1500	25000

Source: Calculated by the author from the data collected through a survey conducted in April 2013.

It shows that per capita monthly income is Rs44113. The standard deviation of income is the highest and we can conclude that income inequality is more severe than that of expenditure. Remittances also play a vital role in the wellbeing of the households. The analysis of the data reveals that more than 22% of the sampled households receive remittances either from within the country or abroad during the year preceding of the survey year. The statistics show that recipient households get remittances upto Rs17929 on the average per month. Its standard

deviation is Rs24752 which is the highest among standard deviation of all variables discussed in the table.

The beneficiaries of all programs are asked whether they receive funds in charity from sources other than the programs. The analysis of responses indicates that more than one third (37%) of the beneficiaries receive funds in charity from private sources. The descriptive statistics of private charity received by beneficiaries of the programs are also reported in table 5.10. The statistics show that annual average amount received by beneficiaries of DBM and OZS is more than Rs14000 while the beneficiaries of BISP receive at least 22% more than that of other two programs. About 86% of the beneficiaries inform that funds received cannot satisfy their needs. The beneficiaries demand more funds to fulfill their needs. The statistics reveal that beneficiaries of DBM and OZS register their demand for more than Rs4000 on the average per month. The beneficiaries of BISP also demand about Rs6500 on average per month. We can conclude from the analysis of descriptive statistics that beneficiaries of BISP not only receive more funds from private sources but also place greater demand for additional funds to fulfill unsatisfied needs than that of other two programs.

5.10 Concluding Remarks

The chapter discusses characteristics of sampled households and descriptive statistics of the important variables utilized in the analysis. About 18% of households are the beneficiaries of the programs. The society of the area is male dominant since more than 86% of the households are headed by male. About fourth-fifth of the residents of the area have education level ranging from primary to matric. Gender disparity in education is far widespread among households' heads than that of households' members. Overall unemployment rate in the area is 11.5%. In terms of employment opportunities, female members and heads of beneficiary households suffer a lot. Majority of the female heads have experienced a disease. The poverty estimates

show that 13% of the households are poor irrespective of the town. The main reason of poverty reported by respondents is unemployment. The descriptive analysis also helps us to conclude that residents of the areas spent more on health than on education. They also spent more on food items than on non-food. Financial assistance is insufficient to satisfy basic needs of majority of the beneficiaries.

CHAPTER-6

TARGETING EFFICIENCY OF THREE CASH TRANSFER PROGRAMS

6.1 INTRODUCTION

The objective of this chapter is to assess targeting efficiency of the programs being run in the towns of Dandot and Dhalwal to help the destitute. The DBM is managed by the residents of the area at their private initiative and operated only in the vicinity of this town. The other two programs are managed by the government of Pakistan at national level covering these two towns as well. The primary data, which was collected through a survey in the month of April 2013, is used to address the objective. The performance of the programs is assessed by answering the following questions.

- a. Which of the three programs grants more benefits to the lower expenditure quintiles of the households?
- b. Which of the three programs has better targeting in terms of targeting ratio, type-I and type-II errors; total count gap and regularity in disbursing the funds?
- c. Which of the three programs has least leakage of the funds?
- d. Which of the three programs performs better in targeting poor in terms of indicators?

The basic facts about the sampled households have already been reported in table 5.1 of chapter 5 of this document. Table 6.2 provides statistics about the non-beneficiaries regarding whether they consider themselves eligible for financial assistance, reasons for eligibility and whether they ever applied for the financial assistance to any program working in the towns for the welfare of the residents. The objective of this section is to acquaint with self-perception of the non-beneficiary households about their eligibility for financial assistance. It also helps to have some perception of the households about their undercoverage. The table shows that about half of the non-beneficiary households consider themselves eligible for financial assistance at the overall level. It is notable that majority of the non-beneficiaries households (56%), who consider themselves eligible for financial assistance, belong to Dhalwal town. It means that as per perception of the respondents, undercoverage is prevalent in Dhalwal town compared to Dandot. The reason may be that DBM is disbursing funds only in Dandot. We can safely conclude that the programs have weak targeting since about half of the non-beneficiary households, who consider themselves eligible for financial assistance, are not covered by the programs.

Table 6. 2 Distribution of Non-Beneficiary Households by Self-assessed Eligibility for Financial Assistance and Reason(s) for Eligibility (%)

		Dandot town	Dhalwal town	Overall
Consider eligible for financial assistance?		44.3	56.2	49.2
Reason(s) cited for eligibility	Disability	5.9	4.5	5.2
	Presence of a widow	4.1	3.9	4
	Unemployment	4.7	5.8	5.2
	Low income	82.9	85.1	84
	No bread winner	1.8	0.6	1.2
	Other	0.6	0	0.3
	Over all	100	100	100
Ever Applied for financial assistance?	Yes	12.2	10.2	11.4

Source: Statistics computed by the author from the data collected through a survey conducted in April 2013

The non-beneficiaries who considered themselves eligible for financial assistance were asked as to why they considered themselves eligible for financial assistance. The responses reported in table 6.2 indicate that more than four-fifth of the households, at overall as well as at town level, cited low income as the reason for their eligibility- a very common reason, which cannot be disputed in any way. About nine-tenth of the non-beneficiary households who considered themselves eligible for financial assistance never ever applied for financial assistance to a program. Though, about half of the non-beneficiaries consider themselves eligible for financial assistance, only 11% of them applied for the assistance. There may be a number of reasons for not registering their names with any of the program. First, some of them may believe that it undermines their self-respect. Second, the funds they are likely to receive may be insufficient to overcome their problems. Third, social norms may be hurdles in their way to apply for (Arif, 2006).

6.4 Distribution of Beneficiary Households by Reasons for Receiving Financial Assistance

Beneficiary households are also asked as to why they considered themselves eligible for the financial assistance. Their responses are reported in table 6.3, which show that the presence of a widow in the household of the beneficiaries of *Zakat* (72.7%) and DBM (48%) is the major reason for receiving financial assistance from these programs. The second main reason reported by the beneficiaries of DBM is the disability of a member or head of household. The low income is reported by more than 71% of BISP beneficiaries as an explanation for registering their names with the program. Hence, low income and presence of a widow in the household turn out to be the momentous reasons for receiving financial assistance from all programs. While more than fourth-fifth (84percent) of the non-beneficiary households reported that low

income was the main reason for considering themselves eligible for financial assistance (see table 6.2).

Table 6.3 Distribution of Beneficiary Households by Reasons for Receiving Financial Assistance (%)

Reasons for receiving financial assistance	DBM	Beneficiaries of						All programs	
		OZS			BISP				
		Dandot town	Dhalwal town	Overall	Dandot town	Dhalwal town	Overall		
Low income	9	9.1	5.9	7.7	69	75.0	71.2	37.3	
Disability	26	9.1	41.2	23.1	11.5	8.3	10.6	19.7	
Presence of a widow	48	72.7	41.2	59.0	14.5	12.5	13.6	33.1	
Unemployment/No source of income	13	4.5	0	2.6	2.4	4.2	3.0	5.6	
No bread winner	4	4.5	11.8	7.7	2.4	0	1.5	4.2	
Overall	100	100	100	100	100	100	100	100	

Source: Statistics computed by the author from the data collected through a survey conducted in April 2013.

At the town level, 73% of the beneficiaries of OZS who belong to Dandot town reported that presence of a widow in the household made them eligible for receiving financial assistance; while, low income was cited by 75% of Dhalwal beneficiaries for receiving assistance from BISP. We can summarize that low income makes the households eligible to receive assistance from BISP; while, the households who have widow or disabled member in the household are more likely to receive assistance from DBM and OZS.

6.5 Targeting of Beneficiaries by Expenditure Quintile and Program Wise

The efficiency of the poverty reduction programs implemented by the government of Pakistan has been questioned. To evaluate targeting of the programs, the statistics of the beneficiary and non- beneficiary households calculated by quintile and sorted on the basis of per adult equivalent expenditure are presented in table 6.4. The first and fifth quintiles represent the

poorest and the richest households respectively. The table also reports the data at program and town level for better understanding and comparison of targeting efficiency of the programs.

The data in table 6.4 shows that DBM can target about 60% of the poor (first two quintiles) of the town whereas about 40% of its beneficiaries belong to better off households (3rd and 4th quintile). The performance of the OZS in terms of targeting poor is also not different from that of DBM since OZS extends its benefits to 43% of the non-poor households. BISP targeting is far better since its benefits flow to about two-third of the poor (first two quintiles) at program level. It means that BISP grants more benefits to poor households than that of DBM and OZS.

Table 6.4 Distribution of Beneficiaries and Non-Beneficiaries by Expenditure Quintile (%)

Quintile	DBM	Beneficiaries of						Non-beneficiaries		
		OZS			BISP					
		Dandot town	Dhalwal town	Overall	Dandot town	Dhalwal town	Overall	Dandot town	Dhalwal town	Overall
1 st (Poorest)	37.0	45.5	29.4	38.5	50.0	29.2	42.4	15.1	18.2	16.4
2 nd (Poor)	22.2	13.6	23.6	17.9	23.8	20.8	22.7	18.8	20.1	19.3
3 rd (Middle)	22.2	13.6	29.4	20.5	11.9	25.0	16.7	17.7	23.0	19.9
4 th (Rich)	18.5	27.3	17.6	23.1	14.3	20.8	16.7	22.4	18.6	20.8
5 th (Richest)	-	-	-	-	-	4.2	1.5	26.0	20.1	23.6
Total	100	100	100	100	100	100	100	100	100	100

Source: Statistics computed by the author from the data collected through a survey conducted in April 2013

It is also worth mentioning that no beneficiary of DBM and OZS belongs to fifth quintile, while, 1.5% of BISP beneficiaries also enjoy the status of the richest households. The single beneficiary who belongs to fifth quintile of this intervention is the resident of Dhalwal town. The detailed examination of the profile of the beneficiary household shows that it is a two family member household. It is really a rich household and doesn't deserve financial assistance from any program. The head of the household owns a car and runs it on rent. He is neither expenditure nor income poor. Though, it is a case of only one household out of 60 of BISP beneficiaries, yet it is a challenge for the stakeholder of the program. It is also to be noted that

all programs suffer from type-I (under coverage) and type-II errors (leakage of benefit to non-poor).

Table 6.4 also reveals that OZS and BISP seem to have somewhat better targeting in Dandot than that in Dhalwal. The BISP has also sound targeting compared to other two programs in Dandot town. It can also be derived from table 6.4 that about 34% of BISP beneficiaries and more than 40% of the beneficiary households of DBM and OZS belong to relatively better off segment of the society whereas 36% of the non-beneficiary households lie in the poor quintiles (1st and 2nd quintile), which are less than non-poor beneficiaries of the programs. It means that if poor are accurately identified and the programs are well designed and properly implemented, all the poor households of the area can be targeted by the programs. The above discussion makes it clear that at the program level, BISP targeting is better while at the town level, targeting of the BISP and OZS appear relatively better in Dandot than Dhalwal town. The BISP also provides more benefits to the poor in Dandot town than the other two programs.

Our statistics of targeting do not match with the targeting statistics available in the literature. Our statistics are substantially low compared to the figures provided by Shirazi (1996b), Irfan (2003); Arif (2006) but higher than that of Tahir (2006), World Bank (2013). One of the reasons of low figure is that it is not possible to differentiate between official (Public) and private *Zakat* received by beneficiaries. The other most important reason is the different data sets, period and area of study used in the literature mentioned above. Our results show that 1.5% of the beneficiaries of BISP belong to the richest quintile while World Bank (2013) estimates reveals that 10% of the BISP beneficiaries lie in the fifth quintile. Our results of the BISP targeting of poor match with that of World Bank (2013) but higher than that of World Bank (2009); Jalal (2017).

6.6 Estimates of Targeting Ratio, Type-I and Type-II Errors; and Targeting Count Gap

The estimates of targeting ratio⁶⁸ calculated on the basis of statistics provided in table 6.4 and with the help of the formula discussed in section 4.5 of methodology chapter are reported in table 6.5. The value of targeting ratio varies from 0 to 1.67. Higher value of the ratio shows least targeting and the lower value represents better targeting. If the targeting ratio is zero, it shows perfect targeting. If the targeting ratio is 1.67, it indicates that the program has failed to achieve its target. Unit targeting ratio implies that the program has no targeting and the poor and non-poor are in equal proportion.

Table 6.5 Targeting Ratio of Cash Transfer Programs

	DBM	OZS			BISP		
		Dandot	Dhalwal	Overall	Dandot	Dhalwal	Overall
Proportion of beneficiaries in last 3 quintiles	0.407	0.409	0.47	0.436	0.262	0.50	0.35
Targeting Ratio	0.68	0.68	0.78	0.72	0.44	0.83	0.58

Source: Statistics computed by the author from the data collected through a survey conducted in April 2013

The values of the targeting ratio at the program level in table 6.5 show that BISP (0.58) seems to have better targeting with highest coverage followed by DBM (0.68) and OZS (0.72). The BISP has the best (0.44) and the worst (0.83) coverage in the Dandot and Dhalwal towns respectively compared to OZS at the town level. The possible reason may be that BISP uses PMT methodology to identify poor which is totally absent in other two programs.

We can conclude that the targeting performance varies across the programs and across the towns. The comparison of our findings with that of the literature reveals that our estimates of

⁶⁸ Targeting ratio is the share of non-poor (those who belong to three upper quintiles) in total beneficiaries to their share in total population and it is 0.60 by definition.

leakage of the *Zakat* funds to the non-poor are 21 percentage points higher than that of Irfan (2003). Our estimates of the leakage for BISP are 38.6 percentage points lower than that of Jalal (2017). The reason of difference in the findings may be the use of different data set and period since Sumarto et al. (2001) are of the viewpoint that findings of such type of studies refer to a given period of time and varies across the time.

The above discussion sheds some light on the undercoverage and leakage of the programs under study but it does not give an exact value of type-1 error and type-2 error. Following the methodology of Park et al. (2002), Wang (2004); Weiss (2004), we calculate these errors. The targeting gaps and targeting errors are introduced by Park et al. (2002) in the literature on the poverty targeting. The targeting gaps are mistargeted in the full sample with regard to a reference poverty line. The targeting errors elucidate mistargeting given a set number of the targeted beneficiaries. We calculate the targeting count gap (TCG) for Rs2,000/- per adult equivalent expenditure per month poverty line. The program which has minimum sum of type-I and type-II error (TCG) is considered an efficient program. The results are reported in table 6.6.

The results show that all three programs suffer from the problem of undercoverage as well as leakage. At program level, DBM is not only relatively better in targeting the poor but also the most efficient program since its type-I error and targeting count gap is the lowest than that of BISP followed by OZS. The results also reveal that OZS stands at the top in terms of leakage of funds to (inclusion of) non-poor relative to other two programs since it has the smallest type-II error. At town level, BISP performs better in targeting poor in Dandot town compared to OZS and DBM. The BISP and OZS are more efficient programs in Dandot and Dhalwal towns respectively while OZS better performs in terms of excluding non-poor from the benefits of the program in Dhalwal town.

Table 6.6 Estimates of Type-I and Type-II Error and Targeting Count Gap for the Programs

Program		Type -I error (Under-coverage)	Type-II error (leakage)	Total (TCG)
DBM	Dandot town	0.125	0.084	0.209
OZS	Dandot town	0.121	0.035	0.156
	Dhalwal town	0.121	0.044	0.165
	Overall	0.242	0.079	0.321
BISP	Dandot town	0.096	0.051	0.147
	Dhalwal town	0.111	0.057	0.168
	Overall	0.207	0.108	0.315

Source: Statistics computed by the author from the data collected through a survey conducted in April 2013

Our results are similar to but somewhat better than the findings of the studies conducted on other countries of the world. Sumarto et al. (2001), for example, find that out of seven schemes, Subsidized Rice Scheme can reach to 52% of the households in the poorest quintile whereas the target rate of other six schemes ranges from 5.42% to 16.5% for the period of 1998-99 in Indonesia. Perdana and Maxwell (2004) conclude that 70% of the beneficiaries of an Indonesian Employment Scheme belong to non-poor households. The analyses of the poverty reduction programs in China, India, Indonesia, Philippine and Thailand document the presence of substantial error and in some cases the impact on the poverty reduction is insignificant (Weiss, 2004). Our results of undercoverage and leakage for BISP are far better than that of World Bank (2009); Jalal (2017).

6.7 Targeting by Regularity in Payment of Financial Assistance

The regularity in the payment of financial assistance to the deserving households is also used to judge the efficiency of the programs. In this respect, the beneficiaries of all programs were asked about frequency of receiving funds, amount of funds received during that period, amount due and received during the year preceding the survey. The responses of the beneficiaries about frequency of receiving financial assistance are reported in table 6.7.

The analysis of their responses reveals that estimates are in line with the design of the programs of DBM and BISP. All beneficiaries of DBM and BISP reported that they received financial assistance on monthly and quarterly basis respectively. It is worth noting that the management committee of DBM distributes funds regularly in the first week of every month. We observed the event of funds distribution to beneficiaries during the survey month. The disbursement of BISP funds may not be necessarily made in the beginning of each quarter and possibility of delay cannot be ignored, because, some of the beneficiaries of the program did not receive one or two installment(s) of the assistance. No specific pattern of the receipt of funds from OZS is observed, since, more than three-fourth of its beneficiaries reported that they received the *Zakat* funds on quarterly, biannually and on irregular basis. While, 15.4% of the beneficiaries were of the view that they received the *Zakat* funds for the first time and all of them belonged to Dandot town. This discussion proves that regular disbursement of the financial assistance to the beneficiaries is the salient feature of DBM and BISP; which, gives them supremacy over the OZS. It is pertinent to bring on the record that a sizable proportion (one-third) of the *Zakat* beneficiaries reported that the *Zakat* funds are disbursed irregularly which is not reported so far in the literature.

Table 6.7 Distribution of Beneficiaries by Frequency of Receiving Funds (%)

Frequency of receiving fund	DBM	Beneficiaries					
		OZS			BISP		
		Dandot town	Dhalwal town	Overall	Dandot town	Dhalwal town	Overall
Monthly	100						
Quarterly		18.2	35.3	25.6	100	100	100
Biannually		9.1	47	25.6			
Irregularly		45.4	17.6	33.3			
Other		27.3		15.4			

Source: Statistics computed by the author based on the data collected through a survey conducted in April 2013

6.8 Targeting by Amount of Financial Assistance Received by Different Quintiles

The type-I and type-II error don't tell about the quantum of leakage of funds of a program. The efficiency of any program can also be evaluated in terms of actual amount received by different segments (poor or non-poor) of the population. Average amount of the financial assistance received by the beneficiaries of the three programs during the year preceding the survey is reported in table 6.8. It is evident that average amount received from the DBM by the richer households (third and fourth quintile) is slightly higher (6.5%) than that of the poor households (first and second quintile). Though Rs700 is paid monthly to every household on the list of DBM, yet the average amount received by beneficiaries in each quintile is not same. The reasons may be (i) some households are paid Rs300 as education stipend, (ii) some households are registered during the year under study and (iii) thorough investigation of the profile of the beneficiary households revealed that multiple members of two households received the assistance from the Bait-ul-Mal which may raise the question about fairness of the management committee running a program on its own initiatives.

Table 6.8 Annual Average Amount of Financial Assistance Received from All Programs by Quintile

Quintile	DBM	Beneficiaries of					
		OZS			BISP		
		Dandot town	Dhalwal town	Overall	Dandot town	Dhalwal town	Overall
1 st (Poorest)	7500 (36.1)	4900 (46.8)	4900 (25)	4900 (36.3)	10285 (46.7)	9429 (28.2)	10071 (40.5)
2 nd (poor)	7525 (21.7)	4667 (13.4)	7500 (30.6)	6286 (21.7)	12000 (26)	9600 (20.5)	11200 (24)
3 rd (middle)	7875 (22.7)	3667 (10.5)	5100 (26)	4563 (18)	12000 (13)	9000 (23.1)	10364 (16.4)
4 th (Rich)	8120 (19.5)	5083 (29.3)	6000 (18.4)	5389 (24)	11000 (14.3)	10800 (23.1)	10909 (17.4)
5 th (Richest)	-	-	-	-	-	12000 (5.1)	12000 (1.7)
Program wise Avg. amount (Rs)	7704 (100)	4750 (100)	5765(100)	5192 (100)	11000 (100)	9750(100)	10545 (100)
Total amount (Rs)	416000	104500	98000	202500	462000	234000 (100)	696000

Source: Statistics computed by the author from the data collected through a survey conducted in April 2013. Figures in parenthesis are percentage of income received by each quintile.

The analysis of the data of annual average amount received by the beneficiaries of the OZS reveals that it disburses higher average amount to the poor households than that to the rich (third and fourth quintile) both at the program and the town level. It is claimed in the literature that a fixed amount of Zakat funds worth of Rs500 per month is paid to the eligible households and hence same amount must be received by all beneficiaries in each quintile. Arif (2006) gave three reasons for receiving different average amounts. The discussion with the chairmen of *Zakat* committees on 7th and 9th April 2013 and the record maintained by them show that fixed amount of Rs500 is not paid to the eligible (deserving) households. A cheque of a specific amount is handed over by officials to the chairman of the local *Zakat* committee with instruction that the amount should be distributed to specified number of eligible households. The selection of households is left at the discretion of the committee or chairman. During the days of our visit, a chairman of a local *Zakat* committee received a cheque of Rs42500 with the instructions that Rs3000 per household should be paid to 12 households and Rs6000 be paid to blind persons out of remaining amount. The chairman said that there was only one such case in the jurisdiction of his *Zakat* committee, so Rs6000 would be paid to that blind person.

If there were two blind persons, then each would be paid Rs3000. The similar story was reported by other committee's chairmen.

A somewhat higher average amount is received from BISP at the program level by the fifth quintile than that of the first quintile whereas, at the town level, nothing is received by the richest households belonging to Dandot town. The beneficiaries of the different quintiles also do not receive equal amount. Although, Rs3000 per quarter is paid to each eligible household as per schedule, the analysis of the data reveals that some of the households do not receive an installment and some other households receive Rs21000 rather Rs12000 as the financial assistance from the program during the last year. The profile of the beneficiary household who belongs to the richest quintile has already been explained under section 6.5. It was pointed out that there was only one household who really belongs to the richest quintile and receives the financial assistance from the BISP. It supports our earlier findings that BISP also suffers from the problem of leakage of funds to the non-poor.

In terms of percentage of the amount, the poor receive higher percentage of income than that of the rich both at the program and the town level except BISP in Dhalwal town. The BISP paid to its beneficiary households not only higher average amount but also total amount both at the town and program level. In terms of payment of amount to the beneficiaries, BISP performs relatively better compared to DBM and OZS.

From above discussion, it can be concluded that all the programs succeed upto some extent in targeting the poor, however there is evidence of the undercoverage and leakage of funds to the non-poor irrespective of the program. Undercoverage problem is not unique to these programs in the area. It is a universal problem. Yusuf (2010) evaluated 30 community based programs in the developing countries and concluded that all 30 programs suffered from undercoverage. He also recorded that *Zakat* system in Pakistan not only suffered from the absence of monitoring,

transparency and accountability but also noted the presence of elite capture, discretion and corruption. However, we do not find any element of financial corruption in the programs under study. Yusuf estimates reveal that only 21.5% of the benefits of *Zakat* are received by the bottom quintile of the households; while, we find that more than 37% of the benefits from all programs are received by the poorest which indicates significant targeting.

To evaluate the success of a program, Yusuf (2010) proposed a ratio of percentage of the benefits received by the poor to percentage of the population in the segment or ratio of percentage of the poor beneficiaries in a program to percentage of the poor population. We call it 'MY⁶⁹' ratio. If the ratio is greater than or equal to 2, the program is regarded successful/progressive. The program, for which the ratio is between 1 and 2, is deemed mildly progressive/partially successful program. If a program earns 'MY' ratio less than one, it is termed a regressive/unsuccessful. The 'MY' ratios are calculated on the basis of the information available in table 6.8.

Table 6.9 Evaluation of Performance of the Programs by 'MY' Ratio

Ratio of Percentage of poor	DBM	Beneficiaries of						
		OZS			BISP			
		Dandot	Dhalwa	Overall	Dandot	Dhalwal	Overall	
		1.8	2.38	1.25	1.82	2.34	1.4	2.03

Source: Statistics computed by the author from the data collected through a survey conducted in April 2013

These ratios are reported in table 6.9 which helps us conclude that at program level, BISP qualifies for the most successful program while, DBM and OZS are partially successful. At the town level, OZS and BISP turn out successful programs in Dandot town. It is also note-worthy that no program can be declared unsuccessful since the ratio is greater than one irrespective of

⁶⁹ Moeed Yusuf

the program and the town. Our results regarding the status of OZS support the findings of Yusuf (2010) that Zakat program in Pakistan is partially successful program.

6.9 Targeting by Leakage of Financial Assistance

The literature points that leakage of funds can also be used to assess the targeting performance of any cash transfer program. The beneficiaries were asked about the amount due and received during the year preceding the survey. If the amount received during the last year is less than entitlement, it may be considered as leakage of funds but not necessarily. There may be other reasons for not receiving the amount due. The results of the analysis are presented in table 6.10.

It is clear from the table that beneficiaries of DBM and the poorest beneficiaries (first quintile) of OZS received the financial assistance as per their entitlement during the last year. The third quintile of the beneficiaries of OZS belonging to Dandot town did not receive about one-fourth of the amount due to them. The leakage of BISP funds is higher for first and second quintiles than that of 3rd and 4th quintile both at the town and overall level. Overall more than 10% of the financial assistance is not received by BISP beneficiaries. It is very hard to imagine such a high leakage because the funds are either delivered through money order or drawn with card. The analysis of the responses indicates that one-third of BISP beneficiaries reported that they did not receive the whole amount due to them. These findings support Desai and Kharas (2008) viewpoint that, “Private aid is less susceptible to “leakage” due to bribery and dishonesty, more cost efficient and larger share of private aid than official aid reach the poor”.

It is stringent to mention that more than 80% of the BISP beneficiaries did not receive the last installment of the funds. One household informed that it received only one installment during the year. The case of beneficiaries of OZS is not only interesting but also strange. Two-third of

its beneficiaries did not know their entitlement. About 30% of the remaining (one-third beneficiaries) intimated that they did not receive full amount that was due.

Table 6.10 Percentage of Leakage of Funds from All Programs by Quintile

Quintiles	DBM	Beneficiaries (%)					
		OZS			BISP		
		Dandot town	Dhalwal town	Overall	Dandot town	Dhalwal town	Overall
1 st (Poorest)	0	0	0	0	10.0	18.5	12.1
2 nd (poor)	0	0	5.5	4.2	9.0	20.0	12.5
3 rd (middle)	0	24.5	0	16.5	0	14.3	7.3
4 th (Rich)	0	0	16.7	8.9	8.0	5.2	7.0
5 th (Richest)						0	0
Overall	0	4.9	2.8	2.3	8.3	14.3	10.4

Source: Statistics computed by the author on the basis of data collected through a survey conducted in April 2013

Though, it is documented in the literature that Rs500 per month are paid to the deserving households (Arif, 2006) but our results and discussion with the chairmen of *Zakat* committees do not support the view and there is no permanent list of the deserving households who are supposed to be paid Rs500 per month. It depends upon the amount of and the instructions carried out by the cheque. Hence the results about the leakage of funds for the programs under study should be interpreted cautiously. Our estimates regarding the leakage of *Zakat* funds are very low than that of Arif (2006). We can say that DBM has perfect targeting on the criterion of leakage of funds.

6.10 Indicator Targeting by

6.10.1 Household's Head Characteristics

6.10.1.1 Targeting by Gender of Head of Household

The literature documents that the female headed households are poorer than the male headed households (SPDC, 2000)⁷⁰. Table 6.11 reveals that about two-third (64%) of the beneficiary households of OZS are headed by female followed by DBM (42%) at the program level. It is strange to note that BISP, which was designed to support the female headed household (Khan & Qutab, 2010), extends its benefits only to 18% of the female headed households. It is also worth noting that less than one percent of the female headed households, who considered themselves eligible for financial assistance, applied for the assistance. The reasons may be social constraints and restricted mobility particularly in rural areas.

Table 6. 11 Distribution of Beneficiaries and Non-Beneficiaries⁷¹by Household's Head Characteristics (%)

Head's Characteristics	DBM	Beneficiaries of						Non-beneficiaries who for financial Assistance		
		Dandot town	Dhalwal town	Overall	Dandot town	Dhalwal town	Overall			
Female	42.6	68.2	58.8	64.1	14.3	25	18.2	0.9	10.2	11.1
Illiterate	59.25	50	35.3	43.6	76.2	37.5	62.1	8.6	28.7	37.3
Unemployed/ Not available for work	59.25	68.2	58.8	64.1	21.4	29	24.2	5.5	23.1	23.7
Widow/divorced	48	68.2	47	58.9	9.5	25	15.1	2.8	15.1	17.9
Mean age (year)	52.43	49.86	51.41	50.54	44.7	47.84	45.56	47.88	49.40	49.09
Suffer from a disease	62.96	86.4	78.5	82	33.3	37.5	34.8	9.8	32	41.8

Source: Statistics computed by the author from the data collected through a survey conducted in April 2013

⁷⁰ Hyder and Sadiq (2010) concluded that male headed households have higher probability to be poor than female headed households.

⁷¹ Who considered themselves eligible for financial assistance and applied for it.

It is clear from the table that all beneficiary households irrespective of the program are poorer than non-beneficiary households because a high proportion of the beneficiaries' households are headed by a female. About 70% of the *Zakat* beneficiaries in Dandot town are female headed households. It can be concluded that OZS is outstandingly successful in targeting the poor households based on the gender of the head of household.

6.10.1.2 Targeting by Literacy Status of Head of Household

It is also considered that the households headed by illiterate persons are poorer than households headed by the literate persons, irrespective of the gender of head. The estimates reported in table 6.11 show that on this account BISP and DBM perform better than that of OZS since BISP and DBM are able to target about two-third of the households who are headed by the illiterate persons at the program level. At the town level, BISP performance is outstanding in the Dandot town. It means that the beneficiaries of BISP, particularly belonging to Dandot town, and DBM beneficiaries seem to be poorer than that of OZS. Only about 9% of the non-beneficiary households, who considered themselves eligible for the financial assistance and also applied for the assistance, are illiterate. We can safely conclude that all programs, particularly BISP and DBM, have better targeting in terms of literacy status of the head of household.

6.10.1.3 Targeting by Unemployment Status of Head of Household

It is documented by the literature that unemployment causes poverty. When beneficiary and non-beneficiary households are compared on this criterion, the statistics show that OZS (64%) and DBM (59%) perform better in targeting the households headed by unemployed heads. The performance of BISP is also not bad since the proportion of the beneficiary households headed by unemployed heads is 24.2%. At town level, OZS gives exceptional performance by targeting 68% of the households headed by

unemployed heads in the Dandot town. On this standard, the beneficiaries of all programs are at disadvantage compared to the non-beneficiaries. Among the programs, OZS targeting is relative better than that of DBM and BISP.

6.10.1.4 Targeting by Household Head Being a Widow

The households headed by widow/divorced, other factors given, are more likely to become prey of poverty. The statistics of table 6.9 show that majority (59%) of the *Zakat* beneficiaries belong to this poor class of the households where as DBM is able to reach only 48% of the households who are headed by widow/divorced. The table also depicts that only 2.8% of the non-beneficiaries households, who considered themselves eligible and applied for financial assistance, are headed by the widow/divorced. OZS also seems to have better targeting on this account.

6.10.1.5 Targeting by Age of Head

Age of the household head is another indicator which is employed to estimate poverty incidence in the literature. The households headed by the aged individuals are considered poorer than the households headed by the young individuals, other factors given [SPDC (2000)]. The mean age of the heads of households, who are the beneficiaries of a program and belong to a particular town is used as a measure of oldness. The mean age of heads of the beneficiary households is above 50 year in all programs except that of the BISP. On this account, the performance of DBM is better than that of other two programs. However, the heads of the beneficiary households of the programs don't radically differ from heads of the non-beneficiary households on account of age.

6.10.1.6 Targeting by Health Status of Head of Household

“Health is wealth” is a well-known proverb. It was asked during the survey whether any member of the household suffered from any a disease during the month preceding the survey. The information provided by respondents are used to determine the health status of the head of household. The OZS has notable targeting on this indicator. It has benefited more than four-fifth (86% and 82%) of the households whose heads suffered from a disease at Dandot town and program level during the month preceding the survey. The effectiveness of DBM is also acceptable with 63% targeting efficiency. The corresponding proportion of the non-beneficiaries households, who considered themselves poor and applied for the financial assistance, is only 9.8% who did suffer from any disease during last month preceding the survey.

The following conclusions can be drawn that out of six characteristics of the head of household, OZS performs better in four indictors whereas DBM and BISP each has somewhat better targeting on one criterion. It is also interesting to note that OZS in Dandot town is able to target more than two-third (68.2%) of female, unemployed and widow/divorced headed households.

6.10.2 Targeting by Housing and Household Characteristics

The housing and household characteristics are also considered the indicators of poverty (Arif, 2006). Hence, the beneficiary households of all programs and non-beneficiaries, who considered themselves eligible for the financial assistance are evaluated in terms of the housing and household characteristics. The estimates on this account are reported in table 6 12.

Table 6. 12 Distribution of Beneficiaries and Non-Beneficiaries⁷³ by Housing and Household's Characteristics (%)

Housing and household characteristics	DBM	Beneficiaries						Non-beneficiaries who considered themselves eligible for financial assistance and _____ for it		
		OZS			BISP			Applied	Didn't apply	Overall
		Dandot town	Dhalwal town	Overall	Dandot town	Dhalwal town	Overall			
Owner occupied house	74	77.3	82.3	79.5	83.3	54	57.6	82.1	87.	86.4
Cemented walls	24	36.4	26.3	33.3	38.0	37.5	37.9	35.5	43.2	41.7
RCC/T-iron roof	44.4	45.4	64.7	53.84	54.76	54.16	54.54	65.7	70	69.1
Cemented floor	38.9	40.9	17.64	30.77	47.62	37.5	43.94	26.9	40.5	37.7
Latrine availability	55.5	72.72	70.6	71.8	28.6	75	45.45	80.6	84	83.3
Piped water availability	51.9	45.45	23.5	35.9	26.2	12.5	35.9	46.3	39.7	41
Gas availability	57.4	63.6	64.7	64.1	33.3	41.66	36.36	64.2	66.1	65.7
Electricity availability	88.9	90.9	100	94.9	92.85	95.8	93.94	100	98.4	98.8
Mean household size	5.91	5.32	5.35	5.33	5.98	5.33	5.74	5.99	5.99	5.99
Members per room	4.65	3.65	3.95	3.79	4.77	4.25	4.58	4.0	4.0	4.0
Livestock owned*	14.8	18.2	17.6	17.9	23.8	20.3	22.7	20.9	21.4	21.3
Agri. land owned		9		5				10.4	6.6	7.4
Households without earner	40.7	36.3	29.4	33.3	4.7	12.5	7.5	1.5	7.0	8.6

*: Livestock represent ownership of one or more of a buffalo/ cow/ goat/donkey.

Source: Statistics computed by the author on the basis of data collected through a survey conducted in April 2013.

The figures show that at program level, BISP beneficiaries are poorer compared to other two programs. At town level, BISP targeting is also better in Dhalwal town. The most of the beneficiary of DBM and OZS and non- beneficiary households are residing in their own houses. The data indicate that ownership of the house is not considered an indicator of poverty by the committees of the programs to grant financial assistance to a household.

⁷³ Those beneficiaries who considered themselves eligible for financial assistance and applied for it.

The majority of the households own housing units but quality material is not used in the construction of the housing units. On account of cemented walls and floor; and RCC roof, the programs do not differ in targeting and also no difference is observed between beneficiaries and non-beneficiaries households. In terms of availability of latrine and gas, the beneficiaries of BISP are at disadvantage compared to beneficiaries of other two programs and non-beneficiaries households. It is also evident from the table that on account of the availability of piped water, the beneficiary households of OZS and BISP are poorer than that of DBM. No difference is observed between the beneficiary of all programs and non-beneficiary households in terms of electricity facility. About one-fifth of the sampled households reported the ownership of livestock which might be helpful in bringing households above the poverty line. The targeting of DBM and BISP is perfect since no beneficiary owns agriculture land which is one of the most important means of earnings of the rural households. A considerable percentage of the beneficiary households of DBM (40%) and OZS (33%) fall in the category who don't have earning hand whereas, comparable percentage of the beneficiaries of BISP (7.5%) and non-beneficiaries who considered themselves eligible and applied for the financial assistance (1.5%) is relatively very small.

Our results are in line with the findings of Toor and Nasir (2003) and Arif (2006). We didn't observe significant difference among beneficiary households; and between beneficiary and non-beneficiary households in terms of ownership of livestock and household size. In terms of land ownership, the beneficiaries of the programs under study are poorer than that of other studies conducted on Pakistan (Nayab & Farooq, 2014).

6.11 Effectiveness of Programs in Choosing Beneficiaries

The availability of funds to management committee is not sufficient to entertain all the deserving households. It is the responsibility of the committee to select the poorest segment of

the society. Then the question is how the lists of beneficiaries are prepared by the program' committees⁷⁴. A question was posed to the beneficiaries of all programs whether they got help to register their names with the program. Those who answered yes, they were further asked who helped them. The responses are reported in table 6.13. Overall 28.9% of the beneficiaries got help to register their names with any of these three programs. More than 43% of the beneficiaries of OZS and DBM responded in affirmation. It is very interesting to note that our estimates are in line with the estimates found by Arif (2006). We would also like to add that more than 60% of the beneficiaries of *Zakat* are widows (see table 6.11) who may need help of someone to register their names. The social and religious norms and restricted mobility of female may have enforced them to take help of somebody.

Table 6.13 Distribution of Beneficiaries by Ways of Registering Names (%)

	Beneficiaries of			
	DBM	OZS	BISP	All programs
Got help for registering name	33.3	43.6	21.2	28.9
Ways to register names				
Nazim/councilor/Political figure	16.7	23.5	21.4	22
Own relatives/friends	22.2	17.6	21.4	19.5
Relatives/friends of committee's chairman/ members	61.1	58.8	57.1	58.5
Overall	100	100	100	100

Source: Statistics computed by the author based on the data collected through a survey conducted in April 2013

The relatives/friends of the committee's chairman/members are the major source of help irrespective of the program. More than one-fifth of the beneficiaries of OZS and BISP are recommended by the people having political background. This type of favoritism is found least

⁷⁴ For selecting the eligible of BISP, the survey was conducted at national level. There was no committee for this purpose at local levels. Initially MNAs were handed over the forms which were distributed to potential beneficiaries on the recommendation of the affluent/political figures of the areas. These political/influential persons of the area were considered as committee.

in case of DBM. It means that “elite capture” coined by Yusuf (2010) is present in these programs. The reason for non-politicization of DBM may be that the pattern in- chief of the program is not a political figure or has no political motives. The estimates indicate that these programs do not substantially differ from each other on account of getting help from own relatives and friends and relatives and friends of committee members/chairmen .

6.12 Concluding Remarks

This chapter attempts to investigate targeting efficiency of the programs in terms of targeting poor, targeting ratio, type-I and type-II error, targeting count gap, amount of financial assistance received by different quintiles, regularity in payment of the financial assistance and leakage of funds to the non-poor and indicators targeting by households' head, housing and households' characteristics,. It is also endeavored to know whether non-beneficiary households are better than the beneficiary households. The findings of the chapter conclude that the beneficiary households are considerably marginalized than non-beneficiary households. The low income and presence of a widow in the household are the rationale given by the beneficiary households for their eligibility. Though, the targeting of poor is significantly higher yet the leakage of funds to the non-poor is evidenced irrespective of the program. The targeting count gap documents that the programs have the problem of under coverage as well as leakage of funds to the non-poor. BISP and DBM performance is better in terms of targeting ratio and total count gap respectively. BISP pays higher amount on the average per annum to its beneficiaries than that of other two programs but it also disburses higher amount of funds to the non-poor than the poor households which is not the phenomenon of OZS. There is considerable evidence of leakage of funds to the non-poor; however, we did not observe any sign of the monetary corruption in the program (BISP). The DBM and BISP have amazing performance in terms of regularity in payment of financial assistance while irregularity in

payment is the feature of the OZS. No leakage of funds is found in case of DBM whereas BISP's performance is the worst in this regard.

The discussion of indicator targeting helps us to conclude that OSZ performs better in targeting beneficiaries who are headed by female, unemployed, widowed and ailing heads compared to other two programs. The BISP has edge in targeting the illiterate headed households while DBM has better targeting in terms of households who are supervised by the old age heads. Though most of the sampled households own the house but quality of the houses is poor. On account of availability of latrine and gas, the beneficiaries of BISP are poorer than that of other two programs and non-beneficiaries households while, in terms of the availability of piped water, the beneficiary households of OZS and BISP are poorer than that of DBM. About one-fifth of the households own livestock, No beneficiary of DBM and BISP has agriculture land. A considerable percentage of the beneficiary households of DBM and OZS don't have an earning hand. Overall about one-third of the beneficiary households got help to register their names with any of the programs. On this account, BISP performance is better while OZS's is worse.

CHAPTER-7

THE IMPACT OF CASH TRANSFER ON WELFARE OF BENEFICIARY HOUSEHOLDS

7.1 Introduction

The objective of this chapter is to explore the impact of cash transfer of the programs on the welfare of the cash recipients. This chapter specifically intends to answer the question that “Do DBM, OZS and BISP improve the welfare of the cash recipients”? The following sub-questions are addressed under this main question.

- a. Do cash transfer of DBM improve food, health and education expenditures; and poverty status of the beneficiary households?
- b. Do cash transfer of OZS improve food, health and education expenditures; and poverty status of the beneficiary households?
- c. Do cash transfer of BISP improve food, health and education expenditures; and poverty status of the beneficiary households?
- d. What are feelings of the beneficiary households about the impact of the programs on their welfare?

The impact is evaluated by computing average treatment effects on the treated with different matching methods and beneficiaries’ perception about the impact of the programs on their welfare. Thus, the welfare impact of the cash transfer programs is examined with the help of

propensity score matching technique described in the methodology chapter. The dataset collected through a survey by the author in 2013 is used to investigate the impact of the programs on the welfare of the recipient households.

It is worth noting that literature distinguishes between 'social protection' and 'social safety nets' (Bari et al., 2005; Sayeed, 2004). Social protection is a right of every citizen while, safety nets are the instruments used to achieve certain objectives. The Constitution of Pakistan pledges the social security of its citizens. Clauses (c) and (d) of Article 38 on the 'Promotion of social and economic wellbeing of the people' lay down: "The state shall provide for all persons employed in the service of Pakistan or otherwise, social security by compulsory social insurance or other means; and provide basic necessities of life, such as food, clothing, housing, education and medical relief, for all such citizens, irrespective of sex, caste, creed or race, as are permanently or temporarily unable to earn their livelihood on account of infirmity, sickness or unemployment" (Constitution of Pakistan). To fulfill her obligation stipulated in the constitution, a large number of safety net programs have been implemented over the years in Pakistan.

The studies conducted on evaluation of the safety net programs are in agreement that these programs have a positive impact on social and economic conditions of the beneficiaries yet, these programs suffer from a number of shortcomings such as undercoverage, targeting inefficiency, non-implementation, duplication, overlapping, lack of inter-organizational coordination, and fragmentation; which need to be handled for the social initiatives to have fruitful impact on the lives of the recipients (Bari et al., 2005; World Bank, 2007). The evaluation of targeting efficiency of the programs under study in chapter 6 reveals that they also suffer from undercoverage and leakage. The targeting efficiency varies across the programs, towns and criteria used to evaluate them. The internal consistency of the data used

in this chapter is checked by Cronbach alpha (α). The value of $\alpha = 0.789$ shows internal consistency of the data.

The rest of the chapter consists of three main sections. The estimation of propensity scores at overall and program level are explained in section 7.2. Section 7.3 offers an interpretation of the impact of financial assistance under different matching methods on the cash recipients' welfare quantified by various measures. Section 7.4 describes the perception of the beneficiaries about the impact of the programs on their welfare.

7.2 Financial Assistance and Social Welfare: A PSM Analysis

The household welfare is multi-dimensional concept. The regular cash transfer to the poor households can improve their welfare via smooth consumption pattern and sustained spending on education and health services. As a consequence, it is more likely that they may come out of social exclusion. The propensity scores are computed on the basis of equation (4.20) which is reproduced for ready reference.

$$\Pr(T=1 | X) = P(Y^* > 0 | X) = P(\mu - X\beta | X) = 1 - G(-X\beta) = G(X\beta) \quad (4.20)$$

Where the dependent variable is the household's status as a recipient or non-recipient of financial assistance from any of the programs. The right-hand side of equation (4.20) includes three sets of the explanatory variables: (i) household level characteristics such as household size, dependency ratio, ownership of agricultural land and livestock, receipt of the remittances, both internal and external, presence of a member in the household suffering from a disease; and number of employed members in the household; (ii) individual/head level characteristics including the head's gender, education level and work status (employed or otherwise), and (iii) housing characteristics, quantified by a housing index. This index is constructed with the help of principal component method by using three variables related to a house such as walls, roof

and floor material⁷⁵. To estimate the propensity scores and explore the factors which may make a household eligible for receiving financial assistance, binary logistic regression is employed since the dependent variable has only two outcomes—received financial assistance or otherwise. It may be noted that non-recipient households act as a reference category.

Table 7.1 Estimation of Propensity Scores at Overall and Program Level with Logit

Correlates	Overall	DBM	BISP	OZS
	Coefficient	Coefficient	Coefficient	Coefficient
Constant	-0.956**	-1.180***	-2.550*	-2.783*
Head's level of education	-0.270*	-0.187***	-0.555*	0.154
Head employed ^a (yes=1)			-0.678**	
Gender of head (female=1)	1.344*	1.346*	0.433	2.736*
Household size	-0.026	-0.028	-0.019	-0.044
No. of Employed members ^a	-0.283*	-0.649*		-0.847*
Remittances received ^b (yes=1)	-1.050**			
Livestock owned (yes=1)	0.218	-0.134	0.009	0.379
Agri. Land owned ^b (yes=1)	-2.10*			
Dependency ratio	0.260**	0.570*	0.465*	0.247**
Member is sick (yes=1)	0.831*	1.156*	0.700**	0.798**
Housing index	-0.470*	-0.903*	-0.326**	-0.820**
No. of observations	800	486	718	685
LR chi2(10), (8), (8), (8)	160.22	81.42	60.66	61.66
Prob> chi2	0.000	0.000	0.000	0.000
Log likelihood	-293.955	-128.823	-176.016	-82.936
Pseudo R2	0.214	0.240	0.147	0.271
Region of common support is	0.00228366, 0.81723462	0.01766209, 0.77838321	0.01975473, 0.371793561	0.00452135, 0.75318161
Balancing property is satisfied in all regressions				

* , ** , *** indicate significant at 1%, 5% and 10% level of significance respectively

a: We used these variables both simultaneously and separately in the regression and kept whatever is significant.

b: No observation is available for these two variables at program level

⁷⁵ These three variables are categorical variables. One of them is the condition of walls of the house, 1 for pacci (cemented) walls and zero otherwise. Second is the condition of floor of the house, 1 for pacca (concrete) floor zero otherwise. Third is the condition of roof of the house, 1 for RCC/T-iron roof and zero otherwise.

The propensity scores are estimated using logistic regression to calculate the average treatment effects on treated households for which balancing and unconfoundedness conditions are fulfilled. The estimates of the determinants at overall and program level, by taking account of the correlates for which both these conditions are satisfied, are reported in table 7.1. As mentioned above, three set of independent variables are used in the model to investigate covariates of cash transfer programs: household level, head level and housing characteristics. The table also provides number of observations at overall and program level, pseudo R^2 , region of common support and other outputs of the regressions. The balancing property is also fulfilled for all cases. Though pseudo R^2 is not comparable to OLS R^2 , yet all regressions have significant pseudo R^2 which ranges from 0.147 to 0.247. The results of the regressions reported in table 7.1 indicate that covariates of cash transfer vary across the programs. The coefficients of all hypothesized variables of the models for the whole sample and DBM, except ownership of livestock and household size, not only carry the expected signs but also significant.

The coefficient of level of education of the household head is significantly negative except for OZS. It suggests that a household with an educated head is less likely to be considered eligible for financial assistance by the committee concerned. For OZS, the coefficient for head's education is positive but insignificant. The coefficient of gender of household head (female) is not only positive but also significant at one percent significance level except for BISP. These results are in line with statistics, particularly in case of OZS, presented in table 6.9 of chapter 6. It implies that female headed households are considered most destitute and eligible for receipt of the financial assistance from the programs. The results show that gender of household head is one of the factors which are kept in mind by the committees when they consider eligibility of the applicants for financial assistance. However, it is notable that BISP is designed to support only female headed household (Khan& Qutab, 2010) and presence of a female in the household is one of the conditions to be eligible for the financial assistance (Nayab &

Farooq, 2014). The coefficient of gender of head (female) for BISP though carries expected sign but insignificant. The insignificance of the coefficient is in line with the indicator targeting estimates reported in chapter 6 since the program extends its benefits only to 18% of the female headed beneficiary households. BISP does not consider a household for financial assistance if the head is employed. We can conclude that households headed by female, unemployed and less educated members have more chances to be considered eligible for financial assistance by the management committees of the programs. The results are also in line with those arrived at by Arif (2006); Nayab and Farooq (2014).

The coefficient of the number of employed members in the household is negative and significant in all cases. It means that chances of receiving financial assistance by a household from any welfare program diminish as the number of employed members in the household increases. The coefficient of dependency ratio not only has expected sign but also significant. The households with higher dependency ratio rather than household size are more likely to receive financial assistance irrespective of the program. It means that not the total members but only the dependent members in the household are good predictors to qualify for the financial assistance. Our results do not support the evidence in the existing literature. Arif (2006), Nayab and Farooq (2014) conclude that households with larger size are more likely to receive cash assistance.

The results of the regression for the whole sample reveal that households who receive remittances and own agricultural land are less likely to receive financial assistance. The presence of an ailing member in the household makes it eligible to receive financial assistance regardless of the program. The households having good residential condition are less likely to receive financial assistance from any of the program. Mere ownership of a dwelling is not sufficient to deprive a household from the financial assistance. These results are in line with

descriptive statistics of the characteristics of beneficiary households since majority of the beneficiaries own houses but conditions of houses are very poor.

The above discussion of regression estimates can be summarized that a household is less likely to obtain financial assistance if the household has more number of employed member, employed and educated head, lower dependency ratio, no sick member in the household, more agricultural land, and is remittances recipient. The estimates also indicate that a household having better residential conditions has a significant negative association with the likelihood of receiving cash transfer. The regressions estimates identify the driving factors which might be helpful for the management of DBM, LZC and BISP to grant financial assistance.

7.3 Estimates of Welfare Impact for Whole Sample and Program Wise

The estimates of welfare impact of the financial assistance on the recipient households are obtained by using attnd, attk, attr and atts' commands in STATA. The results are reported in table 7.2. The impact of cash transfer at the overall and program level on the household welfare is examined via four measures of welfare, namely the monthly per adult equivalent food expenditure, per capita health and enrolled per child education expenditure and poverty. The estimates show that magnitude of the impact depends upon the type of matching method applied to estimate the welfare impact.

7.3.1 Welfare Impact of Cash Transfer in Terms of per Adult Equivalent Food Expenditure

Reimers et al. (2006) supports the cash transfer to the poor because they can buy food and other necessities of their own. Under different matching methods, the beneficiary households are likely to spend more on food than those who do not receive financial assistance but have similar socioeconomic and demographic characteristics. The

estimated impact of cash transfer on food expenditure at overall level varies from Rs53/- to Rs132/- depending upon the matching method. The impact is significant for Nearest Neighbor and Kernel methods and insignificant for Radius and Stratification matching methods. It means that cash recipient households spend Rs120/- to Rs132/- more on food than the non-recipient households.

The estimates of the impact of DBM on food expenditure reveal that they vary from Rs43/- to Rs152/- but they are significant only for Kernel matching method. The beneficiaries of BISP significantly spend Rs170/- more than non-beneficiaries households under Stratified matching method. The results of OZS reveal that the households who receive *Zakat* are likely to spend significantly more (Rs189/-) than non-beneficiaries under Nearest Neighbor method.

The findings of our study are consistent with those of Attanasio and Mesnard (2005), Suhaib (2009), Soars et al. (2010), DFID (2011); Nayab and Farooq (2014). Attanasio and Mesnard (2005) conclude that food consumption increases of cash recipient household in Columbia. DFID (2011), regarding the impact of cash transfer programs, infers that transfer recipient households significantly spend more on food. Suhaib (2009) is of the view that *Zakat* provides basic needs of life to poor and enables them to participate in economic activities. Soares et al. (2010) conclude that Brazilian Bolsa Família in have insignificant effect on aggregate level of household consumption; however, it has significant effect on food expenditures. Nayab and Farooq (2014) find that BISP beneficiaries spend more (about Rs95/-) on food than non-beneficiaries. Our results don't support the findings of Cheema et al. (2016) and Jalal (2017) who contend that BISP does not have significant effect on household food consumption rather it improves non-food expenditure such as health and housing.

Table 7.2 Estimates of Impact of Cash Transfer on Beneficiaries' Welfare by Various Measures

Matching Method	Monthly per adult equivalent food exp.	Monthly per head health exp.	Poverty status (yes=1)	Educational Attainment	
				Enrolled children of age 4-15 year (%)	Monthly per child education Exp.
All programs					
ATT with NN Method	131.98**	225.38	0.099	0.04	2.18
St. error bootstrap (t-stat)	61.39 (2.15)	313.78 (0.78)	0.064(1.544)	0.082 (0.439)	36.92 (0.06)
ATT with K. Method	120.89**	61.72	0.12*	0.08**	14.47
St. error bootstrap (t-stat)	59.01 (2.05)	186.76 (0.03)	0.04 (2.96)	0.04 (2.00)	15.32 (0.95)
ATT with R. Method	93.27	116.83	0.12*	0.05	18.15
St. error bootstrap (t-stat)	71.41 (1.31)	128.88 (0.91)	0.04 (2.82)	0.06 (0.84)	15.24 (1.20)
ATT with St. Method	52.91	238.73*	0.13*	0.04	14.26
St. error bootstrap (t-stat)	64.56 (0.82)	62.44(3.82)	0.05(2.91)	0.04 (0.98)	17.39 (0.82)
Matching Methods	Dandot Bait-ul-Mal				
ATT with NN. Method	43.18	146.98	0.074	0.01	42.04
St. error bootstrap (t-stat)	123.27 (0.3)	163.93 (0.89)	0.11 (0.65)	0.14 (0.10)	77.62 (0.54)
ATT with K. Method	151.96**	251.69*	0.097	0.04	8.62
St. error bootstrap (t-stat)	76.36 (1.99)	88.69 (2.83)	0.09 (1.15)	0.14 (0.10)	41.12 (0.21)
ATT with R. Method	85.0	248.88*	0.11	0.04	61.37**
St. error bootstrap (t-stat)	92.70 (0.92)	92.76 (2.68)	0.56 (0.196)	0.14 (0.10)	28.70 (2.14)
ATT with St. Method	85.0	265.04**	0.08	0.026	10.07
St. error bootstrap (t-stat)	90.66 (0.94)	107.54(2.47)	0.08(1.05)	0.10 (0.26)	22.1 (0.46)

Table 7.2. Continue

Matching Method	Monthly per adult equivalent food Exp.	Monthly per capita health Exp.	Poverty status (yes=1)	Educational Attainment	
				Enrolled children of age 4-15year (%)	Monthly per child education Exp.
Benazir Income Support Program					
ATT with NN. Method	251.74***	244.66	0.15***	0.098	14.30
St. error bootstrap (t-stat)	149.60 (1.68)	200.74 (1.07)	0.089 (1.68)	0.11 (0.93)	41.31 (0.35)
ATT with K. Method	140.83	150.07**	0.18*	0.08	7.64
St. error bootstrap (t-stat)	85.68 (1.64)	70.41 (2.13)	0.07 (2.84)	0.06 (1.32)	16.62 (0.46)
ATT with R. Method	88.95	140.69***	0.20*	0.08**	3.84
St. error bootstrap (t-stat)	97.42 (0.91)	83.80 (1.68)	0.07 (3.14)	0.04 (2.01)	21.21 (0.18)
ATT with St. Method	170.0**	160.06***	0.17**	0.07	17.99**
St. error bootstrap (t-stat)	29.02 (2.15)	85.15 (1.88)	0.069 (2.51)	0.06 (1.09)	15.26 (2.51)
Official Zakat System					
ATT with NN. Method	189.56***	5.56	0.07	0.050	43.71
St. error bootstrap (t-stat)	95.60 (1.98)	608.56(0.009)	0.095 (0.78)	0.19 (0.26)	89.10 (0.49)
ATT with K. Method	-24.75	185.09	0.004	0.03	11.72
St. error bootstrap (t-stat)	142.23 (-.017)	497.0 (0.37)	0.079 (0.05)	0.11 (0.22)	58.09 (0.202)
ATT with R. Method	-31.08	268.75***	0.01	0.03	17.50
St. error bootstrap (t-stat)	105.31 (0.295)	142.97(1.88)	0.07 (0.17)	0.11 (0.72)	44.17 (0.39)
ATT with St. Method	-4.18	227.08	-0.02	0.07	17.54
St. error bootstrap (t-stat)	119.84(-0.035)	258 (0.88)	0.07 (-0.23)	0.106 (0.63)	59.74 (0.294)

Source: Estimated by the author

*, ** and *** indicates significant at 1%, 5% and 10% significance level respectively.

7.3.2 Welfare Impact of Cash Transfer in terms of Health Expenditure

The welfare impact of the cash transfer on health expenditure of the cash recipient households' also varies across programs and matching methods applied. At overall level, the health expenditure of beneficiary households significantly increases. The estimates of the impact show that the households which are beneficiaries of these programs are likely to spend Rs62/- to Rs239/- more on health under Kernel and Stratified matching methods respectively compared to those who are not beneficiaries of the programs. It may be noted that it is significant only under Stratified matching method. Table 7.2 reveals that DBM; BISP and OZS have also significant positive impact on the health expenditure of their beneficiaries. The magnitude of the impact is Rs265/-, Rs150/- and Rs269/- under Stratified, Kernel, and Radius methods for DBM, BISP and OZS respectively. It means that beneficiaries of OZS spend more on the health services than the beneficiaries of other two programs since they spend less on food compared to the beneficiaries of other two programs.

Our results are in line with our descriptive analysis which shows that the majority of the recipient households spend their cash receipts on daily household and medical expenses. These findings conform to the studies done on Pakistan and other parts of the world where such cash transfer have been found to improve the nutrition and health status of the cash recipients (Duflo, 2003); Agüero, et al., 2006; Schady & Paxson, 2007; Cunha, 2010; Nayab & Farooq, 2014).

7.3.3 Welfare Impact of Cash Transfer in terms of Educational Attainment

The impact of the cash transfer on educational attainment is quantified by two measures which are percentages of enrolled children to total children of age 4-15 year and per

child (enrolled) monthly educational expenditure. The results of the matching methods are also reported in table 7.2. The estimates of the impact of cash transfer to households on the enrollment of cash recipient households' children under all matching methods are positive. It is more likely that enrollment rate of the children of cash recipient households is 1 to 9.8% higher than that of non-recipient households. It also depends upon the program and matching methods. The impact is significant only at BISP and overall level under Radius and Kernel matching methods respectively. The impact of cash transfer on monthly educational expenditure of the cash recipient households varies from Rs2/- to Rs61/- but it is significant for DBM (Rs61/-) and BISP (Rs18/-) under Radius and Stratified matching methods respectively. This negligible increase in the spending on education by the beneficiaries' households reveals that their utmost effort is to satisfy their subsistence needs and hence cash received is utilized to fulfill basic needs such as food and health, rather than investing it in human capital.

The findings are in line with Khan et al. (1999). Our findings for BISP don't support Nayab and Farooq (2014) because they do not find significant impact of cash transfer on the human capital of the beneficiaries. The estimates of the impact of cash transfer on health and education expenditure are also in line with the descriptive statistics of these two variables described in chapter 5.

7.3.4 Cash Transfer and Poverty Status of Beneficiary Households

The poverty status of the beneficiary households for the whole sample and BISP is not only higher but also statistically significant under all methods except Nearest Neighbor matching method. The poverty status of the beneficiaries is significantly higher than the non-beneficiary households irrespective of the program. The examination of the welfare impact of BISP on the poverty status of its beneficiaries discloses that they are

significantly poorer (by 17% to 20%) than the non-beneficiaries, depending upon the matching methods. The beneficiaries of DBM and OZS are not statistically significantly poorer than non-beneficiaries. It is important to point out that OZS has reduced the poverty status of its beneficiaries by 2%, though the impact is insignificant. It means that cash recipient households of these programs, particularly BISP, are very poor such that most of them remain poor even after receiving financial assistance. The analysis of the data reveals that 26% and 10.3% of the beneficiary and non-beneficiary households respectively are poor. It is also worth mentioning that these programs are not meant for reduction of poverty but to provide some financial support to the poor so that they may fulfill their basic daily needs to some extent.

Our results are in line with findings of Siddiqui (2009) who concludes that *Zakat* does not have negative impact on poverty status of the beneficiary households whereas our results do not support the findings of Shirazi (1995) and Ibrahim (2006) who view that cash transfer (*Zakat*) have negative impact on poverty. The programs under study could not eradicate poverty because they do not impart skill to the beneficiaries as DFID (2011) concludes that cash transfer is unable to achieve graduation from poverty without providing skill and training.. Another justification for such findings provided in the literature is that cash transfer may have made the recipients dependent and lethargic. If this argument is correct, it seems justifying the conditional cash transfer rather than unconditional transfer. One more reason of insignificant effect on poverty is the meager amount of funds disbursed among the beneficiaries. Similar results are found by Nayab and Farooq (2014) while evaluating the welfare impact of BISP. Our results also do not support the findings of Malik et al. (2013) and Cheema et al. (2016) regarding the effect of BISP on poverty while these are in line with Naqvi et al. (2014) regarding the effect of cash transfer on consumption expenditure. In spite of the

unpromising effect of these programs on poverty, cash transfer has provided relief to the misery of the recipient households.

7.4 Beneficiaries Perception about the Impact of Cash Transfer on Their Welfare

This section presents the views of the beneficiary households about the impact of the financial assistance on their living conditions along with the needs fulfilled, means of fulfilling the needs before receiving financial assistance, needs unfulfilled and change in their wellbeing over a period of one year. It was inquired during the survey from the beneficiary households about the needs fulfilled by the financial assistance received. Table 7.3 shows the percentage distribution of the beneficiary households by needs fulfilled through financial assistance. The examination of the responses reveals that a significantly higher proportion of the beneficiary households utilized the financial assistance to fulfill their daily expenses irrespective of the program. The proportion of beneficiaries varies from 69% to 90% for DBM and OZS respectively. The medical expenses fulfilled through financial assistance stand at second position in priority for the whole sample. It may be noted that 13% of the beneficiaries of DBM utilize the money for educational purpose since DBM provides funds for education to some of the households. These views of beneficiaries to some extent support the PSM analysis made in section 7.2 that most of the funds are utilized by the recipients for food and health. The factor of urgency can be used to justify the significant increase in food and health expenditure as the assistance is disbursed to the recipients. The education cost is periodic in nature, whereby it is mostly a one-off expenditure early in the schooling year, and it could be deferred unlike the food and health costs.

Table 7.3 Distribution of Beneficiary Households by Needs Fulfilled through Financial Assistance (%)

	Beneficiary of			
	DBM	OZS	BISP	All Programs
Daily Household Expenses	68.5	89.8	78.8	78.2
Education Expenses	13	5.1	10.6	9.9
Medical Expenses	18.5	5.1	9.1	11.2
Others	0	0	1.5	0.7
Total	100	100	100	100

Source: Statistics computed by the author based on the data collected through survey conducted in April 2013

The beneficiaries were also asked how they fulfilled these needs before the receipt of financial assistance from these programs. The responses are presented in table 7.4. It is clear from the table that no particular way is used by beneficiaries to finance their needs. It varies across the programs. For the whole sample, about one half of the beneficiaries used to fulfill their needs either through the income of bread winners when they were alive or loans. About one-half of the beneficiaries of OZS reported that bread winner was present while more than one-third of the beneficiaries of DBM were also of the same view. It is noteworthy that more than one-third of the BISP beneficiaries used to fulfill their needs by taking loans. It is also worth mentioning that a significant proportion of the beneficiaries of BISP (33%) did not respond to this question. It seems that they do not like to disclose ways of financing their needs.

Table 7.4 Beneficiaries' Distribution by Means of Fulfilling Needs before Receiving Cash Transfer (%)

	Beneficiary of			
	DBM	OZS	BISP	All Programs
Personally Employed	25.9	15.4	09.1	16.9
Through Loans	9.5	07.7	37.9	21.8
Bread winner was present	35.2	48.7	10.6	25.4
Others	14.8	15.4	09.1	13.4
No Response	14.8	12.8	33.3	22.5
Total	100	100	100	100

Source: Statistics computed by the author based on the data collected through survey conducted in April 2013

The beneficiaries were also asked as to which need(s) remained unfulfilled despite the receipt of financial assistance and if some need is not fulfilled then how much more funds they would need to fulfill it. The responses are recorded in table 7.5 which indicate that at all programs level, 14% of the beneficiary households are of the view that all needs are satisfied, though there is variation in responses about the needs being fulfilled across programs. A consensus is found among the beneficiary households of all programs that daily household expenses remain unfulfilled since majority of the beneficiaries responded to this option, ranging from more than-half to two-third. The other important unfulfilled need is the medical expense. The beneficiaries whose some need(s) remained unfulfilled were inquired that how much more funds they require to fulfill the need. The demands for more funds are also reported in table 7.5 (last row). The table indicates that beneficiaries of DBM and OZS need on the average more than Rs4000/- per month to satisfy their outstanding needs. The demand for additional funds of BISP beneficiaries is about 60% and 47% higher than that of OZS and DBM beneficiaries respectively. This pattern of demand for additional funds to fulfill the remaining needs is similar to the pattern observed under financial assistance received from sources other than these three programs.

Table 7.5 Distribution of Beneficiary Households by Needs Unfulfilled and Average Monthly Funds Required Fulfilling Them (%)

	Beneficiary of			
	DBM	OZS	BISP	All Programs
All Needs Are Fulfilled	16.7	18.2	7.6	14.1
Daily Household Expenses	61.1	51.3	71.2	64.8
Education Expenses	3.7	5.1	9.1	6.3
Medical Expenses	16.7	12.8	9.1	12.7
Others	1.8	2.6	3.0	2.1
Total	100	100	100	100
Monthly Average Funds Required to Fulfill Needs	4417	4035	6442	5305

Source: Statistics computed by the author based on the data collected through survey conducted in April 2013

It was further investigated from the beneficiaries that how they feel after the receipt of financial assistance compared to last year. The responses are presented in table 7.6 which show that more than two-third of the beneficiaries feels “a little better” due to financial assistance compared to last year. If we consider ‘a little better’ and ‘much better’ responses together, it appears that approximately three-quarters of the beneficiary households feel some positive change in their lives. However, overall one-fifth of the respondents opted for ‘no change’, suggesting that the financial assistance from different programs is not sufficient for them to bring a change in their wellbeing. The ‘no change’ option is particularly high, 28%, for the OZS beneficiaries.

Table 7.6 Distribution of Beneficiaries by Their Feelings due to Financial Assistance as Compared to Last Year (%)

Feelings	Beneficiaries of			
	DBM	OZS	BISP	All Programs
Much Better	11.1	5.1	3	6.3
A Little Better	63	66.7	78.8	69.7
No Change	16.7	28.2	16.7	19.7
A Little Worse	7.4	0		2.8
Much Worse	4.8	0	0	0.7
No response	0	0	1.5	0.7
Total	100	100	100	100

Source: Statistics computed by the author based on the data collected through survey conducted in April 2013

7.5 Concluding Remarks

This chapter explores the impact of financial assistance on the welfare of the beneficiary households using different measures. The logit estimates reveal that number of employed members, presence of ailing member and dependency ratio at household level, gender and education level of household head; and quality of housing have the expected and significant effects on the recipients of financial assistance from all programs separately as well as for the

whole sample. The receipt of the remittances and ownership of agricultural land are applicable only for the whole sample whereas employed head, rather than the number of employed member is less likely to receive financial assistance from BISP.

The estimates of the matching methods reveal that per adult equivalent food and per capita health expenditure of cash recipients are significantly higher than those of the non-recipients under different matching methods irrespective of the program. The significant difference in educational expenditure is noticed only between the recipients and non-recipients of DBM and BISP. The significant higher percentage of enrolled children of the beneficiary households is observed at the program and overall level for the whole sample and BISP. The cash transfer does not have negative impact on the poverty status of the beneficiaries. The financial assistance is mostly utilized for daily household expenses. A significant proportion of the beneficiary households are of the view that a positive change is observed in their living conditions over the last one year.

CHAPTER-8

PUBLIC PERCEPTION OF THE CASH TRANSFER PROGRAMS

8.1 Introduction

The third main objective of the study is to explore the respondents' perception of the cash transfer programs working in Dandot and Dhalwal towns. The study attempts to have answer to the question "what perception the respondents have about working and performance of DBM, OZS and BISP?" The following sub-questions are tackled under this main question:

- a. Do the programs exist in the town? If so what are their objectives?
- b. Do management committees exist to run the programs? If yes, for how long present management committees are working? What are the ways of their formation? Are you satisfied with them? If not, what is reason(s) for non-satisfaction with ways of formation of committees?
- c. What are the procedures to invite applications and criteria followed by the committees to grant financial assistance?
- d. Why do these programs fail to alleviate poverty? Do the programs have potential to overcome poverty? If yes, what are the ways to overcome the poverty?
- e. Are you satisfied with the performance of the committees? If not, what are the reasons for their poor performance? What is the nature of unfairness?

f. Do the programs succeed to achieve their objectives? Should they continue? If not, what are the reasons for non-continuation? What suggestions do you make for improving their performance?

The sections on public perception of literature review and methodology chapters of this study reveal that survey method is one of the mostly used techniques to assess the public perception of different aspects of the welfare programs. This study also seeks the public perception about different aspects of the programs under study by using the primary data collected through a survey conducted by the author in April 2013. The rest of the chapter comprises eight sections which describe the public perception of different aspects of the programs working in the towns.

The data used in this chapter is highly consistent since $\alpha = 0.936$.

8.2 Public Perception about Existence and Objectives of the Programs

It is important to know whether the respondents are well informed about the presence of the welfare programs about which their opinions are being sought. Obviously if the respondent does not know about the existence of the program, it would have been worthless to ask any question from him about the program.

The public perception about the existence and objective of the welfare programs working in the towns is reported in table 8.1. The analysis of the responses about the existence of the programs concerned shows that almost all the respondents know about the existence of the programs particularly, DBM. These programs are meant to help the poor- widows, handicapped, orphans/ and unemployed- is the view of more than 93% of the respondents who have knowledge of the existence of these programs. Our results are very supportive to conclude that management of these programs is not involved in corruption or pursuing political motives

and helping relatives, friends and politically affiliated persons since these options were also listed but a negligible proportion (1.2%) of the respondents opted for them.

Table 8. 1 Distribution of Respondents by Perception about Existence and Objectives of Programs (%)

		Program			Overall
		DBM	LZC	BISP	
Program working in the town	Yes	99.4	97.8	94.4	96.8
	No		0.4	0.3	0.2
	Don't know	0.6	1.9	5.4	2.9
Total		100	100	100	100
Objective of the program	To help poor (widow/ handicapped/ orphan/ unemployed)	93.2	98.9	88	93.5
	Other	1.2	0.3	2.1	1.2
	Don't know	5.6	0.9	9.8	5.3
Total		100	100	100	100

Source: Statistics computed by the author based on the data collected through a survey conducted in April 2013.

It means that the programs have a positive perception in the mind of the public. This public perception supports our findings provided under section 6.7 of chapter 6 that no sign of financial corruption is found about the programs under study. The public perception does not support the view point of Yusuf (2010); Malik (2016) that cash transfer programs suffer from corruption. The perception of the objectives of the programs is independent of the type of households, i.e. whether households are beneficiary, non-beneficiary, poor or non-poor.

8.3 Public Perception about Existence and Duration of Working of Present Committees

The analysis is extended by asking about the existence and duration of working of management committees to run the affairs of the programs. The responses presented in table 8.2 show that four-fifth of the respondents confirmed the presence of committees to run the affairs of the programs. A negligible percentage of respondents opted that committees did not exist whereas 12.4% of the respondents did not know about the existence of committees. Our personal

assessment about the existence of the committees to run the affairs of the programs is that committees did exist for DBM and OZS in the towns whereas there was no committee for BISP at town level.

Table 8. 2 Distribution of Respondents by Perception about Existence and Duration of Working of Committees (%)

		Program			Overall
		DBM	LZC	BISP	
Existence of management committee to run the program	Yes	86.3	93.4	65.9	81.4
	No	0.6	1.8	14.2	6.1
	Don't know	13	4.9	19.9	12.4
Total		100	100	100.	100
For how long present committee has been working?	Upto three year	10.4	19.7	11	14.7
	More than three year	63.8	67	69.2	66.9
	Don't know	25.9	13.3	19.7	18.4
Total		100	100	100	100

Source: Statistics computed by the author based on the data collected through a survey conducted in April 2013.

It is worth noting that although officially no committee did exist at town level for BISP even then more than 65% of the respondents replied that committee existed for BISP. The confusion may be resolved that initially MNAs were provided with application forms which were distributed to the public through political workers. These influential workers who also helped/guided public and struggled to get funds from the program for their areas may be considered as committee by the respondents. At overall level, more than two-third of the respondents were of the opinion that these committees have been working for more than three years while about 18% of the respondents did not know for how long the present committees are working. About 15% of respondents report that present LZC had been working for one year. It is also worth mentioning that about one-fourth and one-fifth of the respondents did not know for how long present committees of DBM and BISP respectively had been working. It means that these committees have been working for longer period and no consensus was found among the respondents about the duration of working of the present committees.

8.4 Perception of Ways of formation, Satisfaction and Reasons for Non-Satisfaction with Ways of Formation of Committees

The opinion of the respondents was also sought about the procedures of formation, satisfaction and reasons for non-satisfaction with procedure of formation of the committees. The responses are reported in table 8.3. At the overall level, the majority (59.1%) of respondents are of the view that members are nominated for the committees while a significant proportion (27.4%) of the respondents is ignorant of the committee formation procedures. The data help conclude that the dominant procedure to formulate committees of DBM and OZS is the nomination by the local people and officials respectively. It is noticeable that about 43.7% of the respondents do not know the procedure of formation of committee for BISP because either the committee does not exist at all or at least at the towns' level.

The table indicates that election does not emerge as the leading way of formulation of the committee of any program as only 12.9% of the respondents go for this choice. The reason may be that election process is costly in terms of resource and time. It may also craft enmity among the people so the stakeholders may have decided to nominate the members particularly for DBM and Local Zakat committees rather to elect them. The respondents are further inquired whether they are satisfied with the procedure of formation of committees. The data reported in table 8.3 reveals that about four-fifth (78.1%) of the respondents are satisfied with the procedure used to make the committees while one-fifth (21.3%) of the respondents show dissatisfaction with the procedure. No significant difference of opinion about the procedure and satisfaction with procedure of committees' formation is observed among different types of households.

Table 8.3 Distribution of Respondents by Perception about procedures, satisfaction and reasons of Non-Satisfaction with procedures of formation of Committees (%)

		Program			Overall
		DBM	LZC	BISP	
Procedure of formation of management committee	Election	4.3	20	9.7	12.9
	Nomination	69.3	62	46.5	59.1
	Other	1.2	0.5	0.2	0.6
	Don't know	25.2	17.5	43.7	27.4
Total		100	100	100	100
Satisfied with the procedure of formation of management committee	Yes	91.7	82.2	47.5	78.1
	No	7.9	17.8	51.1	21.3
	No response	0.4		1.4	0.6
Total		100	100	100	100
Reasons for non-satisfaction with the procedure of formation of management committee	No Proper election		9.5	1.4	2.6
	Personal liking and disliking involves	95.5	81.0	95.8	93
	Other		9.6	2.8	1.8
	No response	4.5		1.4	1.8
Total		100	100	100	100

Source: Statistics computed by the author on the basis of data collected through a survey conducted in April 2013

The respondents, who revealed their dissatisfaction with the procedures of committees' formation, particularly BISP's committee, were further asked as to why they were not satisfied with the procedure of formulation of management committee. A clear-cut image emerges from the responses reported in table 8.3. More than 95% and 80% of the respondents report that personal liking and disliking involves in the nomination of committee members for DBM & BISP, and LZC respectively. Absence of proper election of and religious scholar in the LZC are the reasons of dissatisfaction reported by about 10% and 5% of the respondents respectively.

8.5 Public Perception about Procedure to Invite Applications and Criteria Followed by Committees to Grant Financial Assistance

It was also inquired during the survey about the procedure of inviting applications for grant of financial assistance. The data are reported in table 8.4. The analysis of the responses reveals that 'announcement is made in the mosque/public gathering' and 'people know the procedure and contact the committee' turn out dominant procedures adopted by the committee of DBM to invite applications for the grant of financial assistance. In contrast, more than 76% of the respondents view that 'public know the procedure and contact the committee' of OZS for the financial assistance. It is also important to mention that more than 40% of the respondents do not know the way of inviting application for the financial assistance by BISP. The discussion with individuals responsible for managing the DBM reveals that there is no proper procedure to invite applications for the grant of financial assistance. The deserving households can submit their applications any time. They inform that though announcement is made in the mosque to distribute funds in the first week of each month but not for inviting applications for financial assistance. The majority of the respondents do not provide support to the claim of the management committee of DBM about the procedure for inviting applications for grant of financial assistance.

The respondents were also asked to mention the criteria followed by the committees to award financial assistance. 'Low income' and 'presence of an orphan/a widow in the household' are the main criteria followed by committee of DBM and OZS to award financial assistance. These findings are in line with our results of the question that why beneficiary households consider themselves eligible for financial assistance (6.4 section of chapter 6).

Table 8. 4 Distribution of Respondents by Perception about Procedure for Inviting Applications and Criteria for granting Assistance followed by Committees (%)

		Program			Overall
		DBM	LZC	BISP	
Procedure of inviting applications for financial assistance	Announcement is made in the mosque/Public gathering	49.1	11.6	4.8	25.0
	People know procedure and contact committee	44.8	76.2	48.5	52.3
	Others	0.5	5.2	6.3	3.6
	No response	5.6	7.0	40.5	19.1
Total		100	100	100	100
Criteria committee follows for grant of financial assistance/Zakat	low income	31.3	36.6	25.6	30.2
	Political affiliation	2.1	3.5	28.3	12.3
	Chairman/committee member discretion	1.9	16.9	7.7	7.0
	Orphan/widow	60.5	37.2	10.4	36.9
	Others	1.6	2.9	2.1	1.2
	No response	2.7	2.9	25.0	11.2
Total		100	100.0	100	100

Source: Statistics computed by the author on the basis of data collected through a survey conducted in April 2013

A significant fraction of the respondents (28.3%) blames that BISP committee keeps in mind the 'political affiliation' of the applicants to approve financial grant. It means that political image of the BISP is dominant in the mind of the respondents whereas DBM and OZS are considered as unprejudiced welfare programs. Disregard of the type of household, the low income and presence of widow in the household turned out main criteria followed by DBM and LZ committees to grant financial assistance.

8.6 Perception about Satisfaction with and Reasons for Poor Performance and Nature of Unfairness

The respondents, who were of view that these programs had committees to run their affairs, were also inquired whether they were satisfied with performance of the committees. The analysis of the responses indicates that about 55% and 43% of the respondents are satisfied and unsatisfied respectively with the performance of the committees for the whole sample. The analysis of the responses at program level make it clear that about four-fifth (87.3%) of the respondents are satisfied with the performance of the committee of DBM whereas LZC and BISP don't come up to the expectations of the majority of the respondents. These findings help us conclude that whatever the way the committees are formed, DBM's committee has full confidence of the residents of the town who are satisfied with its performance while majority of the respondents show dissatisfaction with LZC and BISP committee. Those, who were not satisfied with the performance of the committees, were further inquired about the reasons for their non-satisfaction with performance of the committees. The results are very consistent and surprising. More than 90% of the respondents allege the members of LZC and BISP committee that they are not fair in their dealings. About 83% of the respondents report that DBM's committee members are also 'unfair' whereas more than 12% of the respondents blame that they don't make effort to collect funds. The above discussion is based on the data reported in table 8.5. The respondents, who believed that members of committees were 'unfair', were further investigated to explain the nature of unfairness. The responses at program level are found again very much consistent. More than 94% the respondents complain that committees' members disburse funds among their friends/relatives irrespective of the program and for the whole sample. Table 8.5 helps us to conclude that the respondents don't blame the committees' members for disbursing amount far below than what is recorded and that bribery is demanded for registering the name. It is important to highlight that blames of financial corruption and

bribery documented in the literature about BISP and particularly about LZC are not supported by our findings.

Table 8. 5 Distribution of respondents by Perception about Satisfaction With and Reasons for Poor Performance and Nature of Unfairness of the committees (%)

		Program			Overall
		DBM	LZC	BISP	
Satisfaction with the performance of the committee	Yes	87.3	46	40.0	54.7
	No	9.8	52.9	55.3	42.7
	No response	2.9	1.1	4.6	2.6
Total		100	100	100	100
Main reason for poor performance	Committee members are unfair	82.9	94.8	90.9	92.6
	No effort is made to collect funds	12.2	2.8	2.5	3.3
	Other	4.9	1.8	4.7	3.2
	Don't know		0.5	1.8	1.0
Total		100	100	100	100
Nature of unfairness	Distribution of funds among friends/ relatives	94.1	99.2	95.2	97.4
	Other	5.8	0.9	4.8	2.3
Total		100	100	100	100

Source: Statistics computed by the author on the basis of data collected through a survey conducted in April 2013

8.7 Public Perception about Causes of Failure of Alleviating Poverty, Potential and Ways to Overcome Poverty by Programs

The analysis made in chapter 5 indicates that poverty exists in the towns. So it is investigated that why these programs cannot overcome poverty. The responses are reported in table 8.6. An overwhelming majority of the respondents are of the view that poverty cannot be defeated because 'funds are insufficient' and 'funds don't reach deserving' irrespective of programs. However more than one-fourth of the respondents blame BISP that 'funds are used for to have political motives'. It means that as per perception of the respondents, DBM and OZS are unable to defeat poverty in the area because of insufficient funds and targeting failure; while BISP fails to overcome poverty since 'funds are used to have political motives'. Here again the political impression of BISP comes into picture. The perception that these programs cannot

remove poverty from the area is in line with our empirical analysis which indicates financial assistance does not have negative effect on poverty. It implies that the beneficiary households are so deprived that most of them remained below the poverty line even after receiving financial assistance from the programs. It may also be noted that meager amount of assistance is granted to poor and objective of programs is not to alleviate poverty. The analysis of the poverty estimates discloses that 26% and 10% of the beneficiary and non-beneficiary households respectively are poor. We do not observe difference of opinion about reasons of failure of the programs to reduce poverty between beneficiary and non-beneficiary households.

An attempt is also made to know about the potential of the programs to eradicate poverty in the area. The consensus is found among views of the respondents that the programs have the potential to overcome poverty. Our results are consistent with the findings of Hussain and Shirazi (1994), Malik et al. (1994); Shaikh (2015) that cash transfer (*Zakat*) programs have the potential to eradicate poverty. Khan et al. (1999) contend that only one-fourth of the respondents believe that *Zakat* can be effective to overcome poverty while our findings do not fall in line with Mohammad (1991) who concludes that cash transfer (*Zakat*) has no potential to remove poverty.

The respondents, who believed that poverty could be overcome by effective implementation of the programs, were further asked to suggest the ways to overcome poverty from the towns. 'By introducing rehabilitation schemes' and 'motivating rich people to contribute funds' are the approaches proposed by more than two-third of the respondents to overcome the poverty by DBM and OZS; whereas, 44% of the respondents suggest to de-politicize the BISP. About 12% of the respondents either recommend some other measures to reduce poverty or don't give response.

Table 8. 6 Distribution of Respondents by Perception about Causes of Failure of Alleviating Poverty, Potential and Ways to Overcome Poverty by the Programs

		Program			Overall
		DBM	LZC	BISP	
Reasons for poverty not reduced in the town	Funds are insufficient	78.3	68.1	27.5	55.3
	Funds do not reach the deserving	11	17.2	33.3	21.7
	Funds are used to have political motives	1.4	7.5	27.9	13.7
	Other	2.9	4.7	3.8	4.0
	No response	6.4	2.4	7.6	5.3
Total		100	100	100	100
Belief that poverty can be overcome by effective implementation of the program	Yes	97.3	98.7	95.2	97.1
	No	1.2	0.4	3.2	1.6
	Don't know	1.4	0.9	1.6	1.3
	Total	100	100	100	100
Ways to overcome poverty	By introducing rehabilitation schemes	35	61.4	28.6	43
	By motivating rich people to contribute funds	33.9	13.4	12.1	17.8
	By de-politicizing the system	7.5	15.4	43.5	23.8
	Other	11.7	6.3	5.4	7.3
	No response	11.9	3.5	10.4	8.1
Total		100	100	100	100
Whether begging has been eliminated from the town	Yes	62.5	68.8	39.9	56.5
	No	35.2	29.0	55.8	40.5
	Don't know	2.3	2.2	4.2	3
Total		100	100	100	100
Reasons for non-elimination of begging	Funds are insufficient	51.2	25.6	22.8	29.5
	Beggars are usually ignored while	34.7	59.5	49.9	49.4
	Begging is easy and highly paying	8.8	11.0	20.9	15.6
	No response	4.1	3.1	5.0	4.3
Total		100	100	100	100

Source: Statistics computed by the author on the basis of data collected through a survey conducted in April 2013

It is noteworthy to highlight that Khan (1989) claimed that there was no beggary in the town because of successful implementation of the DBM. Hence an effort is also made to testify his claim. The begging is observed as a sign of poverty or impoverishment, and as an occupation of last resort (ILO, 2004). About 63% of the respondents are of the view that DBM succeed to

eliminate begging from the town; whereas, marginally more than one-third (35.2%) of the respondents do not support the claim. These findings partially support the claim of Khan (1989). The further analysis of the responses shows that ten percentage point more beneficiary than non-beneficiary households are of the view that DBM is unable to overcome begging from the area. The respondents, who believed that the program failed to eliminate begging, were asked as to why it could not eliminate begging from the area. 'Insufficient funds', 'beggars are usually ignored while distributing funds' and 'begging is highly paying profession' are the reasons referred to by respondents for non-elimination of begging from the town. A significant difference of opinion about reasons for not eliminating begging is witnessed among beneficiary and non-beneficiary households.

8.8 Perception about Success, Continuation, Reasons for Non-Continuation and Suggestions for Improvement of Programs

The respondents were also asked to express their view about success, continuation, if not, then reasons for non-continuation and to give suggestions for improving the role of these programs. The responses are recorded in table 8.7 which show that more than 91% of the respondents vote that DBM is successful up to some extent in achieving its objective. While, more than 80% and 62% of the respondents hold the same view about accomplishment of the objectives by LZC and BISP respectively. It may also be noted that more than one-third of the respondents are of the opinion that BISP fails to achieve its objectives. From this analysis, we can safely conclude that as per perception of the residents of the town, DBM is the most successful whereas BISP is the least successful program of the town to achieve its objective. The respondents, who said that the programs totally failed, were further inquired about the continuation of the programs. More than two-third of the respondents are still in favor of continuation of these programs; whereas, less than one-third do not favor their continuation. It

is pertinent to mention that more than 90% of the respondents voted for the continuation of DBM. It is very strange to note that more than one-third (36%) of the respondents are not in favor of continuation of OZS.

The respondents, who were not in favor of continuation of the programs, were further inquired to explain the reasons for discontinuation of the programs. It is observed that more than 80% and 94% of the respondents point out that DBM and OZS respectively fail to achieve their objective. The BISP is blamed by majority of the respondents (54%) that its funds are 'used to have political motives'. More than 14% and 35% of the respondents state that DBM and BISP has promoted nepotism.

Table 8.7 Distribution of Respondents by Perception about Success, Continuation, Reasons for Non-Continuation and Suggestions for Improvement of the Programs (%)

		Program			Overall
		DBM	LZC	BISP	
Successful to achieve its objective	Fully	35.0	8.6	9.4	15.2
	Partially	56.3	71.6	52.9	61
	Not at all	8.7	19.8	37.7	23.8
Total		100	100	100	100
Opinion about continuation of the	Yes	90.5	63.2	72.2	70.9
	No	9.5	36.8	27.8	29.1
Total		100	100	100	100
Reasons for non-continuation	Used to have political motives		1.8	54.4	31.4
	Failed to achieve its objective	80.3	94.7	3.8	43.6
	Has made the poor dependent	5.6		6.3	3.6
	Increased nepotism	14.1	3.5	35.4	21.4
Total		100	100	100	100
Suggestions for the improvement of the program	No change/working well	20.3	5	5.5	9.0
	Funds should be raised	47.8	65.8	24.9	46.5
	Survey for the identification of poor should be conducted properly	16.1	19.8	50.5	29.9
	Other	15.8	9.4	14.4	10.4
Total		100	100	100	100

Source: Statistics computed by the author on the basis of data collected through a survey conducted in April 2013

The respondents, who viewed that these programs were fully or partially successful to achieve their objectives or completely failed but they were still in favor of continuation of the program,

were further requested to suggest ways for improving the role of the programs. The analysis of responses reveals that 'funds should be raised' and 'survey for the identification of the poor should be properly conducted' are the ways suggested by majority of the respondents regardless of the program whereas more than 20% of respondents are satisfied with status quo of DBM that it is working well. A negligible percentage of the respondents also suggest some other ways to bring improvement such as 'efforts should be made to inspire the people to give donations', 'rehabilitation schemes should be launched' and 'de-politicize the system'. The recommendations regarding the improvement of the programs help us conclude that 'funds should be raised' and 'survey for the identification of the poor should be properly conducted' turn out two main recommendations irrespective of the program. The respondents, who answered 'yes' to the question about the working of the program(s) in the towns, were asked to rank the programs in terms of their overall performance. More than 72%, 17% and 10% of the respondents speak out that DBM, BISP and LZC to be the best programs respectively.

8.9 Concluding Remarks

This chapter deals with the public perception of the existence and objectives of the programs, procedure of formation of the committees, satisfaction with them and reasons for dissatisfaction, ways of inviting applications and criteria adopted by the committees to grant assistance, satisfaction with the performance, nature of unfairness, causes of and means to eradicate poverty. Almost all the respondents are aware of the working of the programs in the towns and 'to help the poor' is their main objective. The dominant majority is of the view that present committees have been running the affairs of the programs for more than three year. Generally nomination turns out a leading procedure to form the committees and over whelming majority of the respondents show satisfaction with the procedure. The personal liking and disliking involves in nomination of the committees' members is the main reason of

dissatisfaction with the procedure of committee formation. 'People know the way and contact the committee to apply for grant of financial assistance' is supported by majority of the respondents. 'Low income' and 'presence of a widowed in the household are the criteria followed by the committees to grant financial assistance regardless of the program, however 'political affiliation' is observed by BISP committee to award financial assistance.

DBM and OZS are unable to alleviate poverty because of insufficient funds while BISP fails to do that for the reason that 'funds don't reach the deserving.' Almost all the respondents report that the DBM has the potential to overcome poverty by introducing rehabilitation schemes and motivating well the people to contribute funds for the program. Dominant majority of the respondents believes that DBM succeeds to eliminate begging from the town. The respondents are of the view that DBM is the most while BISP is the least successful program to achieve its objectives. More than two-third of the respondents, who are of the opinion that "programs totally failed", are also in favor of continuation of the programs. In contrast, 'Failed to achieve objective' and 'used to have political motives' are quoted as main reasons for discontinuation of the programs. 'Funds should be raised' and 'survey for the identification of the poor should be properly conducted' is suggested by over whelming majority of respondents for improving the role of the programs to help the poor.

CHAPTER-9

SUMMARY, CONCLUSIONS AND SUGGESTIONS FOR FUTURE RESEARCH

9.1 Introduction

This chapter recaps the study and recommends policies for improving the role of the programs under study so that their impact on the welfare of the society may be enhanced. It also provides suggestion for future research. The main objectives of the study are to evaluate the targeting efficiency, investigate the impact of financial assistance on welfare of the recipients and to assess the respondents' perception about the performance of DBM, OZS and BISP working in Dandot and Dhalwal towns of district Chakwal, province Punjab, Pakistan. To achieve the objectives, primary data was collected through a households survey conducted in the month of April 2013. The survey covered the whole population of the beneficiary households, while for the selection of the non-beneficiary population, a stratified and simple random sampling techniques was applied. More than 800 households -both the beneficiaries and non-beneficiaries- were interviewed and 800 were found complete in all respect. About 60.75% and 39.25% of the respondents belonged to Dandot and Dhalwal towns respectively.

For evaluating the efficiency of the programs, this study used targeting ratio, error of inclusion (type-I error) and exclusion (type-II error), targeting count gap, amount of financial assistance received by different quintiles, regularity in payment of financial assistance, leakage of funds and indicators targeting by households' head, housing and households' characteristics.

The study also assesses the impact of cash transfer on the welfare of recipients' households. The propensity score matching method is used to address the objective. Based on computed propensity scores which are obtained by running logit regression, the average treatment effects on food, education and health expenditures and the poverty status of the beneficiary households are computed by using the Nearest Neighbor, Radius, Kernel and Stratification matching methods. Poverty estimates are required to assess the effect of the programs on the poverty status of beneficiary households which are obtained by updating official poverty line to Rs2000 per adult equivalent per month consumption expenditure. To aggregate information from household level to group level; Foster, Greer and Thorbecke (1984) poverty's measures are used.

The third main objective of the study is to explore the public perception about the functioning of programs working in the towns. It also draws upon the opinions of the respondents about the presence and objective of the programs, formation of committee, and procedure of inviting applications for grant of financial assistance and criteria followed by the committees to grant assistance. It is also endeavored to explore the perception of causes of poverty, remedies suggested by public and potential role of the welfare programs to overcome poverty.

9.2 Summary of the Findings

About 18% of the households are the beneficiaries of all the three programs while 72% of them belong to Dandot town. Of the total beneficiaries, 12% are the beneficiaries of more than one programs, mainly from Dandot town, however, it is also observed that no one could receive financial assistance simultaneously from all the three programs. More than 86% of the households are headed by male. The disparity in education is prevalent both at the members and heads of household level. The male members have more employment opportunities compared to the female in Dandot town while no disparity is observed in this regard in Dhalwal

town. The majority of the female heads have self-reported health issues. The contribution of the programs toward alleviation of poverty is not promising since 13% of the households are poor irrespective of the town. Unemployment and inflation are reported as the main factors responsible for their poverty.

The descriptive statistics reveal that average household size is 5.8. The majority of household members is young. The beneficiary households prefer to spend more on health than education. They also give preference to food items than non-food. It is also note-able that majority of the beneficiaries is unable to satisfy their needs by financial assistance received from the cash transfer programs. They demand additional funds worth of Rs5305 on average per month to fulfill their needs. The majority of the non-beneficiary households consider themselves eligible for financial assistance because they have low income. But it is surprising to note that about 90% of them never applied for assistance to any program working in the towns. Low income and presence of a widow in the household are the main rationales given by the beneficiary households to qualify for financial assistance.

One of the objectives of the study is to evaluate the targeting efficiency of the programs. The key findings regarding targeting objective are summarized in table 9.1. We can conclude from the table that the targeting of poor is substantially higher, nevertheless, the evidence of leakage of funds to non-poor is also observed irrespective of the program.

Targeting count gap and targeting ratio show that all programs have the problem of under coverage as well as leakage of funds to non-poor. In respect of targeting ratio, BISP performs better. DBM performance is outstanding since its mistargeting (TCG) is smallest. Though BISP pays higher amount to beneficiary households on average per annum than the other two programs but it also disburses higher amount of funds to non-poor than the poor households, which is not the problem of OZS. From the above discussion it can be concluded that all welfare

programs succeeded upto some extent in targeting the poor, however, there is evidence of under coverage and leakage of funds irrespective of the programs. No sign of monetary corruption is found in the programs under study.

Table 9. 1 Program Wise Summary of Key Findings with Respect to Sub-Objectives of 1st Objective

The main objective is to evaluate the targeting efficiency of the programs.			
Sub-objectives	Program		
	DBM	OZS	BISP
Targeting of beneficiaries by expenditure quintile	A weak targeting since 40% of the beneficiaries belong to 3 rd and 4 th quintile	Also weak targeting since 56% of the beneficiaries belong first two quintiles	Relatively better targeting since 65% of the beneficiaries are in lowest quintile
Targeting Ratio	Its targeting is better than OZS targeting but worse than that of BISP	Its targeting is found weaker compared to the targeting of DBM and BISP	Better in targeting than other two programs
Type-I Error	Better in targeting poor than other two programs	Its targeting is found weaker compared to the targeting of DBM and BISP	Its targeting of poor is better than OZS targeting but worse than that of DBM)
Type-II Error	Its performance in terms of leakage of funds to non-poor is worse than OZS performance but better than that of BISP	Better performance in terms of leakage of funds to non-poor than other two programs	Its performance in terms of leakage of funds to non-poor is weaker than other two programs
Total Count Gap	Most efficient	Efficient	More efficient
Frequency of receiving fund	Most regular	Irregular (No specific pattern is observed)	More regular
Leakage of funds (%)	Effective (0%)	Ineffective (2.3%)	Most ineffective (10.4%)
How much more funds received by first two quintiles relative to last three quintiles	More effective	Effective	Most effective
Average amount received by beneficiaries (Rs)	More effective (7704)	Effective (5192)	Most effective (10545)
Indicator targeting in terms of head characteristics	Better and worse targeting than that of BISP and OSZ respectively	Better targeting than other two programs	No targeting
Indicator targeting in terms of housing and household characteristics	Better targeting than other two programs	Better targeting than BISP targeting but worse than that of DBM	Worse targeting than other two programs

Under coverage problem is not unique to these programs in the area rather it is a universal problem. Yusuf (2010) evaluates 30 community based programs in the developing countries and concludes that all 30 programs suffer from under coverage. He documents that *Zakat* system in Pakistan not only suffers from the absence of monitoring, transparency and

accountability but the presence of elite capture, discretion and corruption are common. His estimates reveal that only 21.5% of benefits of *Zakat* are received by bottom quintile of households while we find that more than 37% of the benefits from all programs are received by the poorest which indicates significant targeting.

DBM and BISP have perfect targeting in terms of regularity in payment of financial assistance to the beneficiary households while OZS has weak targeting in this respect. The elite capture is present in all programs since about one-third of the beneficiary households got help in registering their names. On this account, BISP performance is better than other two programs. The beneficiaries of three programs don't differ considerably from each other in terms of getting help from chairmen/members of committees and their relatives/friends. DBM has perfect targeting in disbursing funds to beneficiaries whereas BISP bears weak targeting in this regard since about one-fourth of the funds could not be disbursed to 1st and 2nd quintiles. On account of indicators, OSZ targets the households who are headed by female, unemployed, widowed and ailing persons whereas BISP and DBM target those households whose heads are illiterate and old aged respectively. No beneficiary of DBM and BISP own agriculture land, however, DBM and OZS have relatively better performance in targeting households who have no earning hand.

We can conclude from the above discussion that in terms of targeting households lying in first two expenditure quintiles, disbursement of funds to non-poor (targeting ratio), distribution of funds to poor quintiles and average amount disbursed to the beneficiaries, BISP targeting is better than that of other two programs. DBM has better targeting than that of BISP and OZS on account of under coverage of poor, mistargeting (TCG), regularity in disbursing funds to the beneficiaries, leakage of funds (difference between entitlement and paid amount) and the most deprived households by housing and household characteristics. The OZS is known for

better targeting in terms of funds disbursement to non-poor (type-II error) and underprivileged households by characteristics of household's head. It means that DBM targeting is better in 5, BISP has better targeting in 4 and OZS can show relatively better performance only in 2 out of 11 criteria.

The second objective of the study is to investigate the impact of cash transfer of the programs on the welfare of the recipient households. The estimates of matching score method reveal that per adult equivalent food and per capita health expenditure of cash recipients are significantly higher than those of the non-recipients under different matching methods irrespective of the program. The significant difference in educational expenditures is noticed between recipients and non-recipients only for DBM and BISP. The higher percentage of enrolled children of beneficiary households is observed for all programs separately as well as for the whole sample but it turns out significant only for the whole sample and BISP. The impact of cash transfer on poverty status of the beneficiaries is not only significant but also higher than non-beneficiaries. The financial assistance is mostly utilized for daily household expenses. A significant proportion of the beneficiary households is of the view that a positive change took place in their living conditions over last one year. The main findings regarding the impact of cash transfer on the welfare of the recipient households are summarized in table 9.2.

The table helps us conclude that cash transfer at overall and program level are more likely to increase food, health and education expenditure of the beneficiary households though the magnitude of the impact varies across expenditures and programs. The beneficiary households send more children to school at overall and BISP level. Regarding the impact of cash transfer on poverty status, the impact varies across programs as well as at overall level. The financial assistance of DBM does not improve the poverty status of the beneficiaries while OZS reduces the poverty status of its beneficiary households though the impact is insignificant. Cash transfer

does not have negative effect on poverty status of the beneficiary households at BISP and overall level.

Table 9. 2 Program wise Summary of Key Findings with Respect to Sub-Objectives of 2nd Objective

The main objective is to explore the impact of programs on beneficiary households' welfare				
Sub-objectives	Programs			All programs
The impact of cash transfer	DBM	OZS	BISP	
Increase in food expenditure	Yes	Yes	Yes	Yes
Increase in health expenditure	Yes	Yes	Yes	Yes
Increase in education expenditure	Yes	No	Yes	NO
Increase in children enrollment	No	No	Yes	Yes
Poverty status	No effect	Reduced	Higher	Higher
Public perception about				
Needs fulfilled by the funds	Daily Household Expenses	Daily Household Expenses	Daily Household Expenses	Daily Household Expenses
Way(s) the needs fulfilled before receipt of funds	Bread winner was present	Bread winner was present	By loan	Bread winner was present
Needs unfulfilled	Daily Household Expenses	Daily Household Expenses	Daily Household Expenses	Daily Household Expenses
Beneficiaries feelings about the impact of cash transfer on their welfare	A little better	A little better	A little better	A little better

The beneficiary households' perception of the impact on their welfare is also reported in table 9.2. The table reveals that the financial assistance is mostly utilized to fulfill their daily household expenses which remained unfulfilled even after the receipt of financial assistance regardless of the program. Before the receipt of the financial assistance, the bread winner was alive in the beneficiary households of DBM and OZS to bear out these expenses while BISP beneficiaries were leading their life by taking loans. The beneficiary households observe that their standard of living has become a little better due to receipt of financial assistance compared to the last year.

The study also intends to bring on record the respondents' perception about working of the programs under study. The degree of public awareness about all the three programs is very promising. The key findings of the study regarding public perception are presented in table 9.3. Irrespective of the program, the respondents are of the view that the program's objective is to help the poor. Nomination is the common procedure adopted for formation of the committees and about fourth-fifth of the respondents are satisfied with the procedure. The respondents, who were not satisfied with the procedure, took the view that personal liking and disliking involves in the nomination of committees' members.

Table 9. 3 Summary of the Key Findings of Public Perception of Different Aspects of the Programs

The main objective is to explore public perception of working of the programs under study			
Sub-objectives under main objectives	Program		
	DBM	OZS	BISP
Objective of the program	To help poor	To help poor	To help poor
Committee formation procedure and reason for non-satisfaction with it	Procedure is nomination and reason for dissatisfaction is personal liking and disliking involves		
Criteria committee follows to grant assistance	Orphan/widow	No specific criterion turned out	Political affiliation
Reasons for no-elimination of poverty	Insufficient funds	Insufficient funds	Funds not reach the poor
Potential to overcome poverty	Yes	Yes	Yes
Ways to overcome poverty	No single way ended up	By introducing rehabilitation	By de-politicizing the program
Satisfy with committee performance	Yes	No	No
Main reason for poor performance	Committee members are unfair		
Nature of unfairness	Distribution of funds among friends/relatives		
Successful to achieve its objective	Partially	Partially	Partially
Reasons for non-continuation	Failed to achieve its objective	Failed to achieve its objective	Used to have political motives
Suggestions for the improvement of the program	Funds should be raised	Funds should be raised	Survey for the identification of poor should be conducted properly

The respondents have the perception of applying to committee for grant of financial assistance. As per their perception, DBM is more likely to grant financial assistance to those households who have a widow/orphan. The political affiliation with PPP is the criterion which BISP committee follows to grant financial assistance while LZC does not follow any specific criterion to award assistance to eligible individuals.

On account of satisfaction with the performance of the committees, the respondents are satisfied with the performance of DBM committee while dissatisfaction is shown with functioning of BISP and OZS committees. The committees' members are unfair in their dealings reported as the main reason for dissatisfaction with the performance of the committees while the nature of unfairness is the disbursement of funds to friends/relatives in these programs. The respondents perceive that the programs are partially succeeded to achieve their objective. They are also of the view that 'insufficient funds' is the main impediments in the way of DBM and OZS to alleviate poverty while BISP fails to do that for the reason that 'funds don't reach the deserving. As per perception of the respondents, DBM is the most while BISP is the least successful program to achieve the objective. To improve the role of DBM & OZS and BISP, it is suggested that the 'funds should be raised'. The funds should be raised' and 'survey for the identification of the poor should be properly conducted' are recommended for the improvement of the role of BISP.

9.3 Conclusions

One of the main questions under investigation is to evaluate the targeting efficiency of programs. The findings show that all the three welfare programs have some degree of success in targeting poor; however there is evidence of under coverage and leakage of funds to non-poor. The answer to the sub-question that which of the three programs grants more benefits to

lower expenditure quintiles is the BISP. Regarding the second sub-question, BISP has also better targeting based on the targeting ratio and regularity in payment of financial assistance. DBM seems to target its beneficiaries well on account of type-I error, total count gap (TCG) and regularity in payments while OZS targeting is better in terms of type -II error. The third sub-question asks that which of the three programs has least leakage of funds. The findings reveal that no leakage of funds is observed in case of DBM while OZS has minor leakage of funds than that of BISP. Regarding the indicator targeting, DBM targeting is better, followed by OZS and BISP.

The second main question attempts to quantify the impact of cash transfer on the welfare of the beneficiary households. The results help us to say that the programs succeed upto some extent to improve the welfare of the cash recipient households though the improvement varies across the programs. One of the sub-question is “Does cash transfer of DBM improve food, health and education expenditures; and poverty status of beneficiary households?” The findings reveal that cash transfer of DBM improves food, health and education expenditure but not the poverty status of the beneficiary households. The same sub-question is also raised about OZS and BISP. The outcomes of the study indicate that OZS improves food and health expenditures; and poverty status but not education expenditure of its beneficiary households whereas BISP beneficiaries also feel improvement in food, health and education expenditure but they do not feel improvement in their poverty status. One more sub-question is raised to capture the perception of the beneficiary households about the impact of the programs on their welfare. The respondents perceive that they feel a little better compared to last year.

The last question addressed in the study is to have public perception of different aspects of the programs under study. Overall the respondents have positive perception of the programs. A number of sub-question are investigated in the study. One sub-question is about the existence and objective of the programs. The respondents have the consensus about the existence and the

objective of the programs. They are of the view that 'to help the poor' is the objective of the programs. The programs are run by the committees which have been working for more than 3 years. The nomination is the way followed to form committees. The 'liking and disliking' involves in the nomination is the response to the second sub-question. Another sub-question is about the procedure to invite applications for and the criteria followed by the committee to grant financial assistance. 'Announcement is made in the mosque/public gathering' and 'people know the procedure and contact the committee' are the dominant procedure adopted by committee of DBM and BISP to invite applications for grant of financial assistance while 'public know the procedure and contact the committee' in case of OZS. Low income households are more likely to receive assistance irrespective of the program. Besides it, DBM and LZSC consider those households eligible for assistance who have orphan/widow in the household whereas BISP observes political affiliation of households to grant assistance.

The fourth sub-question seeks to inquire about causes of failure of alleviating poverty, potential and ways to overcome poverty by these programs. The 'funds are insufficient' is the reason of failure of alleviating poverty reported by respondents in general. Besides it, 'funds do not reach the deserving' and 'funds are used to have political motives' are also stated as reasons for failure of alleviating poverty from the towns by BISP. The programs have the potential to eradicate poverty if rehabilitation schemes are introduced. Above and beyond it, 'the rich should be motivated to donate DBM' and depoliticize the BISP are also the ways suggested to alleviate poverty from the towns. The fifth sub-question attempts to have perception of satisfaction with performance, reason(s) for poor performance and the nature of unfairness of the committees. Overall the respondents are satisfied with the performance of the committees regardless of the program. The 'Committees members are unfair' is the reason for dissatisfaction with the performance and 'funds are distributed among relatives/friends' is the nature of unfairness of the committees reported by those who were dissatisfied with

performance of the committees. The last sub-question inquires the perception of success, continuation, reasons for non-continuation and suggestions for improvement of the Programs. The respondents are of the view that programs are partially successful to achieve their objective and they should be continued. The respondents, who were not in favor of continuation of DBM and OZS, suggest that the programs are unable to realize their objectives while BISP should not continue since its funds are used to foster nepotism and political motives. It is suggested that funds should be raised across the programs. Besides it, 'survey for the identification of the poor should be properly conducted' is also proposed for BISP.

9.4 Recommendations of the Study

These programs can play a vital role in improving the lives of the poverty-ridden segments of the society but it needs sincere efforts on the part of stake-holders, particularly the government. Dandot Bait-ul-Mal, the Official *Zakat* System, and Benazir Income Support Program have almost identical goals of providing financial assistance to the poorest segments of the society though they have totally different historical background and sources of financing. On the basis of findings of this study, the general and program level recommendations are given below.

9.4.1 General recommendations

- i. There is immense need to integrate and coordinate among the management of programs, specifically DBM and LZC so that duplication of the beneficiaries can be avoided by exchanging the lists of beneficiaries and making the lists public.
- ii. The identification of the beneficiaries should be transparent, reliable and credible. The criteria for selecting the beneficiaries should be known to every stakeholder. There is need to have a third party audit of all the programs particularly of DBM and OZS.

- iii. Cash transfer should be made only to those who are unable to participate in the production process such as aged, sick and handicapped.
- iv. At least one member of the poor households, who have insufficient resources for usual financing of households, should be equipped with training so that they can come out of poverty. This is essential since 'introducing rehabilitation schemes' and 'motivating rich people to contribute funds' were the main approaches proposed by more than 60% of the respondents to overcome poverty by the programs.
- v. Necessary funds should be raised for eradication of poverty from the area.

9.4.2 Recommendations at program level

9.4.2.1 Dandot Bait-ul-Mal

- i. The management of DBM has been using community targeting approach to identify the eligible households to grant financial assistance. It is proposed that some objective approach such as PMT is adopted to identify the eligible households.
- ii. The management of DBM needs help of some institution to impart the skill of managing the system and improving its professional competence. It is felt that management is sincere to help the poor but it is being done informally. There is need to do it according to well-designed arrangements at each step.
- iii. Graduate strategy needs to be introduced in the program structure. Presently, it is disbursing monthly Rs1000 per eligible household to more than fifty households. If five households are selected and every household is given sufficient amount so that they are able to start some income generated activity, it may bring the beneficiaries out of poverty.

- iv. The Dandot Bait-ul-Mal model may be replicated in other parts of the country through gradual and stepwise integrated program under supervision of an institution.

9.4.2.2 OFFICIAL ZAKAT SYSTEM

- i. There is need to revive the trust deficit of the *Zakat* payers. Members of LZC may be given the status of *A'mileen Zakat* or *fresh A'mileen Zakat* are appointed. They should be assigned responsibilities to collect *Zakat* and *Ushr* funds from well to do individuals and disburse them among the poor of the area. If some funds are left after fulfilling the needs of the local poor, then the funds can be transferred to other areas of the country through provincial and federal governments.
- ii. All types of exemptions should be withdrawn. The emphasis should not only be laid on the collection side but also on the regular disbursement of funds to the poor.
- iii. Political support is mandatory for the success of the program.
- iv. There is dire need to highlight the significance of spending in the way of Allah, particularly, *Zakat* since it is fourth pillar of Islam.

9.4.2.3 BENAZIR INCOME SUPPORT PROGRAM

- i. The BISP has already initiated a number of initiatives for the betterment of beneficiary households. It would be better if the program gives priority to bring the poor out of poverty rather than expanding it.
- ii. Unconditional transfer may be replaced with conditional transfer.
- iii. Even if the BISP has been declared “an island of transparency”, our results indicate that there is widespread leakage of funds to well off segment of the society. So targeting mechanism of the program may be improved

iv. The BISP should consider not only poverty status of a household but also the dynamic nature of poverty. For example, a beneficiary household may come out of poverty and become ineligible while a non-poor household may become eligible if he/she falls into poverty. Such changes should be considered by the BISP design for a balanced and equitable disbursement of the financial assistance.

9.5 Suggestions for future Research

The Future research can be extended on the following grounds:

9.5.1 Methods for investigation:

We employed a number of measures to evaluate the targeting efficiency of the programs. In addition to them, cost and benefits of the programs; and the effect on the behavior of the cash recipients' households may be explored. The propensity score matching methods are used to explore the impact of the cash transfer of the programs on the welfare of the cash recipients, however, some other methods such as double difference, Instrumental variables, regressive discontinuity, Distribution impacts and structural and other modellings are available in the literature (Khandker et al., 2010).

9.5.2 Location selection and coverage:

The DBM is confined to Dandot town. It cannot be extended to other locations, however, it can be extended in terms of respondents and beneficiaries. The analysis of BISP and OZS can be extended to other areas of the country.

9.5.3 Welfare programs put under studies:

A comparative study of DBM with some other programs run on private initiative in other part of the country may be useful to evaluate their performance and impact on the

lives of beneficiaries. The comparative study of private programs such as AKHUWA with government programs can also be useful. The households under study may be approached to have a panel study so that the present status of the households can be known.

9.5.4 Socio-economic dimensions that are put under discussion

A number of socio-economic dimensions of the members and heads of households under study have been put under discussion. However, the discussion can be extended to educational attainment and employment status of the respondents which will provide more insight about the respondents. We categorizes the members and heads of households into paid employees, self-employed and employers. The discussion can be expanded to whether they are paid employees in private or government sector. The analysis can also be broadened by the type of industry and ministry/department of the employees. The discussion about self-employed individuals can be extended to the nature of business executed by them. Whether they are providing services or producing some goods? Similar discussion can be made for employers. We keep the analysis to the point that whether members and heads of households suffer from a disease or not. The debate can be extended to the life-threatening diseases such as cancer, heart attack and paralysis.

9.5.5 Topic of welfare impact to be studied

We have evaluated the welfare impact on food, health, education and poverty status of the beneficiary households. The analysis can be extended to the impact on saving, investment, child nutrition and labor, labor force participation rate, women empowerment and income inequality.

9.6 Concluding Remarks

- i. The beneficiary households are significantly marginalized than non-beneficiary households in terms of literacy, educational attainment, land ownership and employment opportunities. Gender disparity in education is also widespread.
- ii. One of the most important conclusions is that though these programs do not appear “magic bullet” to alleviate poverty but they have significant positive effect on the food, health and educational expenditures of the beneficiary households.
- iii. The programs appear to be achieving their primary objective of helping the poor as stated by more than 90% of the respondents.
- iv. There is no evidence that programs have noticeable impact on poverty because of ‘insufficient funds’.
- v. The DBM, OZS and initial design of BISP do not have any exit strategy from poverty since unconditional cash transfer which does not require from the recipient households to make an effort to have human or physical capital.
- vi. All the three welfare programs have some degree of success in targeting poor; however there is evidence of under coverage and leakage of funds irrespective of the program.
- vii. In spite of the leakage of funds to non-poor, no sign of monetary corruption is observed in the programs.
- viii. The consensus is found that these programs, particularly DBM, have the potential to alleviate poverty if the ‘funds are raised’ and ‘survey for the identification of the poor is properly conducted’.

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Appendix A

Zakat and Related Issues

Take, [O, Muhammad], from their wealth a charity by which you purify them and cause them increase, and invoke [Allah's blessings] upon them. Indeed, your invocations are reassurance for them. And Allah is Hearing and Knowing (9:103).

Different aspects of *Zakat*, ranging from its appraisal and evaluation, macroeconomic impacts, its role in alleviating poverty, reducing income inequality both theoretically⁷⁶ as well as empirically to *Fiqhi* issues, have been discussed in the literature. On the empirical side; most of the studies related to Pakistan have focused on the relation of *Zakat* with poverty and income distribution (Ali, 1985; Mohammad, 1991; Hussain & Shirazi, 1994; Salih, 2001; Shirazi, 1994; 1996b, 1999, 2003, 2006); Yasin & Tahir, 2002).

Concept/meaning of Zakat

Zakat is one of the pillars of Islam. It ranks its importance immediately after *Salah*⁷⁷. According to traditional approach *Zakat* is derived from the root of *ZAKA* which means purification (*Tazkiyah*) and growth (*Nama*). In Islam *Zakat* is the fraction of *Mall* (wealth) which is ordained on the rich to spend on have-nots⁷⁸. The Holy Prophet (peace be upon him) is commanded in *Surah Taubah*, “To take of their wealth alms to purify and cleanse them thereby”⁷⁹. According to modern approach, *Zakat* can be explained by considering the life is a test. Allah (SWT) has also provided the means of test. Allah wants total obedience in the form

⁷⁶ On the theoretical side see Ahmad (1989), Sadiq (1994), Siddiqui (1996), Shirazi (1996a) and Iqbal (2002).

⁷⁷ Holy *Quran*, 2:43, 83, 110; 7:152; 22:8; 31:14; 33:33; 58:13; 73:20.

⁷⁸ Ibid, 9:60

⁷⁹ Ibid, 9:103

of submission and recognition. The Quranic *Ahkam*⁸⁰ are applicable on the body as well as property of an individual. The *Salah* (Prayer) is performed physically according to the instructions of the Prophet (peace be upon him). When he/she performs *Sajdah*⁸¹, he/she announces that Allah (SWT) is the sole master. *Zakat* is obligatory on the *Mall* (wealth) of an individual. In *Salah* the actions are performed physically while *Zakat* is obligatory for *Mall* (wealth). Saying *Salah* also means to spare time, and time is money (wealth) according to economists. *Zakat* is the right of Allah on the *Mall* of an individual. Hence *Zakat* is formal recognition of Allah and this recognition should be regimentially followed by Muslims. *Zakat* is also called “*Sadaqah*”, although the scholars consider *Zakat* is specific to obligatory form of alms whereas *Sadaqah* encompasses obligatory as well as voluntary alms. *Salah* and *Zakat* are reported *Zakat* together thirty two times in the holy Quran while the categorical order to pay *Zakat* is mentioned eighty two times.

When *Zakat* was made obligatory?

There is disagreement among *Fuqha* about the time of obligation of *Zakat*. Some *Fukha* are of the view that *Zakat* is made obligatory in the early *Makki* period while other say that it is made obligatory in *Madini* period.

i. Arguments of those who view that *Zakat* is made obligatory in the *Makki* period

The following points are considerable in this regard.

- a. The verses of Quran, in which word *Zakat* lies, belong both to *Makki* and *Madini* period
- b. It is also observed that almost in every verse where Muslims are directed to perform *Salah*, they are also directed to pay *Zakat*. There is no doubt that *Salah* was made

⁸⁰ ‘*Ahkam*’ (plural of *Hukm*) refers to the Islamic commandments, derived and understood from religious jurisprudence resources.

⁸¹ ‘*Sajdah*’; is an arabic word, which means conducting prostration prior to the Almighty God in the direction of the *Qibla* (the Holy Kaaba) or is to bow down in prostration with knees and forehead on the floor in obedience, humility and worship to none other than Allah and is occasionally performed while offering the obligatory and nafl Prayers

obligatory in the *Makki* period at the time of *Miraj*. It is logical conclusion that *Zakat* is made obligatory in the *Makki* period.

However, throughout the *Makki* period, *Zakat* was an obligation left entirely on the Muslims to determine as to value and distribution. It was upon them how much to give so long as it was given to poor and needy because there was no central authority (Islamic State) for collection and distribution. Once the Islamic state came into being in *Madina*, the *Zakat* was institutionalized, collected and distributed by the then Head of the state-the Prophet (peace be upon Him). It means that *Zakat* is made obligatory in early *Makki* period but its Ahkam (details) completed in *Madini* period.

ii. Arguments of those who view that *Zakat* is made obligatory in *Madini* period:

The scholars, who are of the view that *Zakat* is made obligatory in *Madini* period, argue that:

- a. The use of word *Zakat* in *Makki Surah* is a clear indication that its use was not unknown before Islam. There is no doubt that *Zakat* is also enjoined in Judaism and Christianity. The Quran say that, "They (Jews and Christian) were commanded only to serve Allah (SWT) sincerely devoting their worship to Him being men of pure faith and to perform the prayers and pay *Zakat*⁸²".
- b. The presence of word *Zakat* in *Makki Surah* does not mean that the whole *Surah* was revealed in *Makki* period. Possibility is there that some part of the *Surah* was revealed at one time and other part at other time e,g. the first part of the *Surah Muzammal* was revealed in the early *Makki* period and second part of this *Surah* was revealed in *Madini* period. According to narration of Sayyidina Saeed bin Zubair, the second part of this *Surah* was revealed after ten years of first part. The internal contents of second part of the *Surah* also support that it was revealed in the

⁸² Holy *Quran*, 98:5

Madini period because the Muslims were commanded to fight in the way of Allah⁸³.

There is no question of fighting in the *Makki* period.

- c. Allah (SWT) has used same word with different meaning in the Quran. They argued that if word *Zakat* had come in the *Makki* period, the meaning of *Zakat* was voluntary alms not obligatory.
- d. The Prophet (peace be upon Him) was instructed to take *Sadaqah* from Muslims in *Surah Tauba*. The *Surah* was revealed in 9 A.H. *Zakat* was made mandatory in the 2nd year of *Hijrah* and the ‘State’ was held responsible for its collection and disbursement (Yasin and Khan, 2016).

It is worth mentioning that to make anything obligatory Allah (SWT) first of all mentally prepares individuals for that matter. Allah (SWT) urged the Muslims to spend in the way of Allah and then some percentage is made obligatory. The same practice was also followed for drinking. Initially it was stated that there were some benefits and losses but losses are more than benefits. Later on drinking was completely prohibited for Muslims. Keeping in view the arguments of both schools of thought, we can conclude that *Zakat* was made obligatory in year 2 after *Hijrah* and it would remain obligatory for Muslims forever if they fulfill the condition for its imposition.

Zakatable Assets

The *Nisab*, rates and heads of disposal of *Zakat* have been clearly mentioned by *Sharaih* and not left at the discretion of any person or group. However, a distinction can be made between the revealed (*Amwal Zahira*) and un-revealed (*Amwal Batinah*) wealth. The Islamic State is obliged to collect *Zakat* out of the revealed wealth, whereas the individuals are free to estimate

⁸³ Ibid., 73:10

and distribute it personally and to whom they like out of their un-revealed wealth. The State will not investigate or compel them if they don't like payment to the State (Yasin and Khan, 2016).

So far as the admissibility of *Zakat* is concerned, all the assets that are privately owned are subject to *Zakat* levy while the assets meant for the common benefit of the society are excluded. For examples; the assets held by government functionaries, the possessions of various public organizations and properties donated by the people for social purposes (*Aqaf*), natural resources under State control like forests and mineral resources. All the financial assets, which can be invested and thus capable of generating a stream of income for the owner, are liable to *Zakat*. Thus, the personal utilities like clothing, dwellings (residential houses), household utensils and durable, professional equipment and instruments, working animals, stock of machinery and physical capital are exempt from the levy. There is due relaxation for the *Zakat* payer in the form of exemption limit in every kind of assets/produce where *Zakat* is admissible⁸⁴.

The Qur'an neither specifies *Zakatable* wealth nor rate of *Zakat*. The Prophet (p) was assigned to give details of the general Qur'anic command. God says, "And we have sent down unto thee the message that thou mayest explain clearly to people what is sent for them and that they may give thought"⁸⁵. However the Qur'an has mentioned following assets which are *Zakatable*

i. Gold and Silver (Money)

"And those who hoard gold and silver and spend it not in the way of Allah - give them tidings of a painful punishment"⁸⁶ (9:34).

⁸⁴ Abu Saeed al-Khudri reported that the Messenger of Allah (peace be upon him) said, "No *Sadaqah* (*Zakat*) is payable on less than five *Wasq* (measure for dates or cereals), on less than five *Zuwad* (mature camels) and on less than five *Awaq* (plural of *Auqiyah* –measure for silver)". Bukhari, Muslim.

⁸⁵ Holy *Quran*, 16:44

⁸⁶ Ibid, 9:34

Items used as medium of exchange like cash money, gold, silver, jewellery, ornaments and precious stones; near money and financial assets including bonds, stocks/shares; credit money like time and saving deposits with the banks are liable to *Zakat*.

ii. Agricultural Products (Crops and Fruits)

Allah has mentioned these things in the Quran as “He causes to grow for you thereby the crops, olives, palm trees, grapevines, and from all the fruits. Indeed in that is a sign for a people who give thought? And [He has subjected] whatever He multiplied for you on the earth of varying colors. Indeed in that is a sign for a people who remember” (16:11, 13). “Then let mankind look at his food. How We poured down water in torrents? Then We broke open the earth, splitting [it with sprouts]. And caused to grow within it grain, And grapes and herbage, And olive and palm trees, And gardens of dense shrubbery. And fruits and grass, [As] enjoyment for you and your grazing livestock: (80:24-32)]. Crops and fruits that are referred to in *“Eat of their fruit in their season, but render the dues that are proper on the day that the harvest is gathered”*, Agricultural produce (unprocessed), comprising food crops (grain, vegetables and fruit) and cash crops (cotton, tobacco, sugar cane) is liable to *Zakat* levy as and when ready for harvest.

iii. Business Inventories and Trade Earning

Tradable goods, stocks and inventories in possession comprise another base for *Zakat* levy. The Quran says, “O you who have believed, spend from the good things which you have earned” (2:267). “And from their properties was [given] the right of the [needy] petitioner and the deprived” (51:19). “And those within whose wealth is a known right, For the petitioner and the deprived” (70:24-25).

iv. What is derived from Earth (Mineral and Sea Products)

Natural resources like forests and mines, held in private ownership, are liable to *Zakat* The total proceeds after deducting the cost of exploitation; extraction, refining, cutting,

transportation are liable to zakat. The Quran narrates that, "O you who have believed, spend from the good things which you have earned and from that which We have produced for you from the earth. And do not aim toward the defective there from; spending [from that] while you would not take it [yourself] except with closed eyes. And know that Allah is Free of need and Praiseworthy" (2:267).

Except for the items mentioned above, the Qur'an mentions *Zakat* in general and the word *amwal* [assets or wealth] such as in the verse, "Out of their wealth take sadaqah so by it you purify and sanctify them," and "In their wealth and properties is the right of the poor, he who asks, and he who is deprived."

v. Livestock:

The Quran does not have any verse that obligates *Zakat* on animals (An'am) but it is clear from the *Sunnah* and *AHadith* of Prophet (PBUH) that pasturing cattle kept in herds and meant for trading like camels, cows and buffaloes, goats and sheep, horses, mules and donkey are liable to *Zakat*.

vi. Real Estate

Real estates like commercial buildings, automobiles and machinery offered for renting are also liable to *Zakat*. In principle, *Zakat* should be levied on the income generated and not on the capital value of the assets (Yasin and Khan, 2016).

Conditions for Applicability of Zakat

i. Completeness of ownership

It means that not only asset is in the ownership of a person but also he/she can exercise right of ownership.

ii. Growth

It means that asset provides profit or benefit or asset is itself the result of growth' e.g. crops and fruits because wealth never decreases as a result of Sadaqah. Assets must actually grow or have the ability to grow through business, breeding or seed planting.

iii. ***Nisab***

Nisab is the amount of wealth on which *Zakat* is obligatory. The Islamic Jurists (Fuqaha) are of the view that in the time of Prophet (BUH) the *Nisab* was ‘five wasq’ of grain or dates which was sufficient for a household of three members for one year. The Islamic Jurists (Fuqaha) are agreed on *Nisab* for *Zakat* for all *Zakatable* assets except crops, fruits and minerals. This *Nisab* was converted into 20 dinars (gold coins) which are equivalent to 87.48 grams or 7.5 tolas of gold or 200 dirhams (silver coins) which are equivalent 612.62 grams or 52.5 tolas of silver. During the time of the Prophet (peace be upon him) and his rightly-guided caliphs, the ratio of the value of gold to silver was 1 to 7⁸⁷. At present, this ratio in Pakistan is about 1 to 74. In Pakistan, the Islamic jurists (Fuqaha) are therefore of the opinion to consider 612.62 grams of silver as the *Nisab* so that more benefit to the poor and needy due to smaller value of *Nisab*.

iv. **Excess above essential needs**

Zakat is not imposed on things for personal use. Sadaqah is only out of richness. The Quran says spend what is beyond/ excess your needs.⁸⁸

v. **Freedom from Debt**

It is an implication of completeness of ownership and excess above basic needs. If debt is beyond the *Nisab* or it reduces the net worth below the *Nisab*, *Zakat* is not applicable but consensus is not found among jurists. According to the Hanafi school of thought, *Zakat* should be assessed on the wealth net of debt liabilities and subject to the usual condition that it is above the basic exemption limit. However, other jurists hold that *Zakat* is liable to

⁸⁷ Hussain and Shirazi (1995), P.1, footnote 2

⁸⁸ Holy-Quran 2:219

the gross wealth if the debt is refundable at some future date. An intermediate opinion holds that debt outstanding against some assets (like properties and capital stock) should be deducted from the value of the assets concerned for the purpose of assessment and *Zakat* levied on the remainder (Yasin and Khan, 2016).

vi. Passage of one year

Zakat is obligatory after a time span of one lunar year passes with the money in the control of its owner. This condition is applicable to livestock, money and business assets but not valid for crops, fruits, honey, extracted mineral and found treasure (Al Qurdawi, 1969).

Nisab and Rate of Zakat

i. Zakat on Gold and Silver (Money)

Gold and silver will be used as standards of value for the purpose. The equivalent market value of either 200 *dirhams* (612.62 grams) of silver or 20 *dinars* (87.48 grams) of gold provides the exemption limit for all forms of assets in aggregate. The rate of *Zakat* has been invariably fixed by *Shariah* to be 2.5% proportionately of the total value over and above the exemption limit.

It may be noted that the two standards were equal in value during the period of the Holy Prophet (peace be upon him), the Pious Caliphate and afterwards for a longer time. Since the two basis i.e. 87.48 grams of gold and 612.62 grams of silver now differ widely in value, therefore most of the jurists are of the opinion that valuation of assets for *Zakat* assessment should be reckoned on the basis of the metal having the lower price. This is to ensure maximum financial benefit of the poor. However, the individual is free to choose the basis for valuation of his wealth. The *Zakat* and *Ushr* ordinance (1984) promulgated by

the government of Pakistan considers silver as the basis for valuation so far as revealed wealth is concerned (Yasin and Khan, 2016).

ii. Zakat on Agriculture Produce (Fruits and Crops)

Zakat on agriculture produce is '*Ushr*'. The condition of passage of one year is not applicable on agriculture produce. It is payable at the time of harvest. It is obligatory on four items- wheat, barely, date and raisin- narrated by Umar Bin Abdullah. Some jurists have included corn in list of *Zakatable* items. The rational for *Zakatability* is condition of edibility and preservability of agriculture produce. The edibility of an item means that people normally use it for subsistence. The majority scholars are agreed that their *Nisab* is five 'Wasq' which are equal to 825 liter or 652.8 kilograms of wheat for all crops. Hanifites are in favor of condition of *Nisab*. The jurists agreed that the *Zakat* on irrigated and rain-fed land is 5% and 10% respectively. The fruit, vegetable and fodder grown for domestic consumption are exempted from *Ushr*.

iii. Zakat on Business Inventories and Trade Earning

In Arabic it is known as '*Urud al Tijarah*'. It means that anything that is acquired for resale intention to earn profit or benefit, i.e., one buys it in order to sell for profit. It consist of everything that is being traded, e.g., machinery, plants, furniture, land, building, food stuff, computer and cars. The fixed assets which are used for business are not *Zakatable*. It imposed on principal and increments occurring above principal. If the value is greater than *Nisab* of money, 2.5% *Zakat* is payable. There are three opinions about the evaluation of *Nisab*. *Zakat* will be applicable if the value is equal to *Nisab*

- a. at the time of evaluation (b) for complete year (c) in the beginning and end of year

At the time of evaluation the *Nisab* is calculated as: amount of money plus value of inventories plus amount of debt on customers expected to be received minus debt trader

owe to others. There is disagreement about the deduction of type of debt, i.e., whether debt is for business or private purpose. In older times, the imported goods used to be transported from far flung areas and it was easy to check and assess the value at the end when the goods were brought in a city and offered for sale. However, the assessment in modern time is not easy. Infinite quantities and volumes of different goods are manufactured or imported and supplied to different cities on daily basis. It may be possible to impose *Zakat* at the point of production like the value added tax or at the point of entry in a town like the tolls tax.

iv. Zakat on Mineral, Sea Product and Buried Treasure

Mineral are *Zakatable* but there is difference of opinions that whether *Zakat* is on all types of mineral or on some specific. The condition of *Nisab* and passage of one year is not pertinent to them. About the rate of *Zakat*, Abu Hanifa (RT) and his disciples are in favor of one-fifth while Maliki and Shafi'i in favor 2.5% like gold and silver. Their *Nisab* should be equal to money. There is also difference of opinions about rates whether cost involves on their extraction or not. If there is no cost and effort involves, the rate is 20%, otherwise 2.5%. The condition of *Nisab* is valid but passage of one year is not applicable. The things that are buried under earth or exist on earth are known as 'Rikaz'. If they are found from inhabited areas/busy road, announce it and wait for one year of the owner, otherwise you are the owner of the thing. If they are found from desert/wilderness, you are the owner and *Zakat* is obligatory on them. There is no condition of passage of one year but scholars differ about applicability of *Nisab* on Rikaz. Regarding *Zakat* on sea products, Abu Haniffa (RT) is of view point that nothing due on sea products. This is also the opinion of Ibn Abbass (RA). His other view is one-fifth *Zakat* on sea products. There is *Zakat* on fishing as Abu Ubaid reported from Yunus bin Ubaid that Umar Bin Abdul Aziz wrote to his governor of

Oman “Donot take any-thing from fish it reaches 200 dirhams in Value similar to *Nisab* of money. Once it becomes 200 dirhams, take *Zakat* from it”⁸⁹.

v. Livestock

It may be noted that animals given in *Zakat* should be free of defect and damage either by birth or accident. Baby livestock are not *Zakatable*.

Table A1 Nisab and Zakat Rate of camel, Sheep and Cows

Camel		Sheep/goat		Cow/Oxen/buffalo	
<i>Nisab</i>	Rate	<i>Nisab</i>	Rate	<i>Nisab</i>	Rate
5 -9	1 sheep	40-120	1 sheep	30 ⁹⁰	1 year old cow
10-14	2 sheep	121-200	2 sheep	40-59	1 cow 2years old
15-19	3 sheep	201-300	3 sheep	60	2 one year old cows
20-24	4 sheep	301-400	4 sheep	70	2 cows of 1 & 2 years old
25-35	Female Camel between 1 and 2 years old	401-500	5 sheep	80	2 cows each 2 years old
36-45	Female Camel between 2 and 3 years old	And so on		90	3 cows each one year old
46-60	Female Camel between 3 and 4 years old			100	1 two years & 2 one year old
61-75	Female Camel between 4 and 5 years old			110	2 two years & 1 one year old
76-90	2 Female Camel between 2 and 3 years old			120	3 two years or 4 one year old
91-120	2 Female Camel between 3 and 4 years old				
Beyond 120 for each extra 40 camels ⁹¹	Additional <i>Zakat</i> is a female camel between 2 and 3 years old				
Beyond 120 for each extra 50 camel	Additional <i>Zakat</i> is a female camel between 3 and 4 years old				

Source: Developed by the author from the information given in Al Qardawi (1969)

No consensus is about the sex of livestock to be paid in *Zakat*. No *Zakat* on horses. Those who in favor of *Zakat* on horses, the *Nisab* is five horses. The rate of *Zakat* is five dirhams for each 200 dirhams value of horse. It is pertinent to mention that in case of dairy farms,

⁸⁹ Al Mughani, Vol.3, p.128

⁹⁰ Tabrari says that *Nisab* of cow is 50 and there is *Zakat* of one cow. Anything below 50 cow is controversial and not supported by a clear evidence

⁹¹ There is no consensus among jurists about rate of *Zakat* on above 120 camels

Zakat is due on the sale proceeds of the products at the usual rate of 2.5% and not on the animals per se. The same principle applies to poultry farms, fishery ponds, beehives and other agro-based industries. The animals meant for domestic services (milking/riding) are exempted.

vi. **Zakat on Real Estates**

There is controversy among the jurists regarding the rate of *Zakat* on real estate. The majority opinion considers the usual rate of 2.5% on the aggregate wealth, which includes the proceeds from rent. Another opinion regards the rent of buildings not different from the agricultural yield since the same land formerly under cultivation is now used for construction purposes. Thus *Zakat* should be levied at the rate of 5% on net proceeds from rent after meeting the maintenance costs⁹².

Beneficiaries of Zakat

Quran has clear mentioned the list of beneficiaries in surah *Taubah*:

“*Zakat* expenditures are only for the poor and for the needy and for those employed to collect [*Zakat*] and for bringing hearts together [for Islam] and for freeing captives [or slaves] and for those in debt and for the cause of Allah and for the [stranded] traveler - an obligation [imposed] by Allah. And Allah is Knowing and Wise (9:60)”.

- i. **The poor (*Fuqara*);** those who do not have resources sufficient enough to fulfil their basic needs and therefore eligible for assistance. The term poor applies to all those who are incapable of getting sufficient livelihood, although they may possess some means. They include widows and orphans, the aged and disabled persons, the unemployed permanently or temporarily. They deserve financial support for rehabilitation. They live in miserable condition but modest enough not to beg.

⁹² For more details, please consult ‘*Fiqh-al-Zakat*’ by Al Qardawi (1969).

- ii. **The destitute (*Masakeen*)**; they are extremely poor and have nothing and therefore in dire need. They may include the individuals who usually conceal their poverty and restrain from begging due to self-esteem. The Holy Qura'n has emphasized to help such people.
- iii. **The administrators (*A'mileen*)**, those who are employed in this service for the full time, including the collectors, accountants and bursars. That is, charitable funds are not to be diverted to other uses, but the genuine expenses of administering charity are properly chargeable to such funds. However, the Holy Prophet (peace be upon him) offered these services free of cost during his lifetime and prohibited any assistance for his family and relatives (*Banu Hashim*) out of *Zakat* funds.
- iv. ***Taleef al-Qulub*** The newly converted to Islam or those who are expected to embrace Islam in the near future need particular attention. The very purpose of assistance is to reconcile heads and hearts (*Taleef al-Qulub*). These people would probably be persecuted by their former associates, and thus require assistance until they establish new connections in their new environment. This category also includes those non-Muslims who have a soft corner for Islam and ready to work for its cause. Similarly, the deadly opponents may be pacified, where needed, or their resistance against the cause of Islam diffused or softened by providing them with some assistance⁹³.
- v. ***Fi al-Riqab*** The slaves and those in bondage, literally and figuratively (*fi al-Riqab*), comprise another category of *Zakat* recipients. In earlier times and until the end of 19th century, when slavery was common, the slaves could get freedom after entering into a contract with their masters of making them payment in ransom immediately or within a specified period. These conditionally freed slaves were called *Makateeb*, and they

⁹³ For further clarification, please consult "Tafsheem-al-Qura'n", Volume 2, PP 205-208.

could be helped out of *Zakat*. The present-day case of bonded labour resembles slavery in effects. Such people qualify for assistance out of *Zakat* in relieving them of their burden.

- vi. **The debtors (*al-Gharimeen*)** whose debt burden exceeds their gross assets are also eligible for *Zakat*. They should be helped to achieve economic freedom, irrespective of the fact whether they are sound or disabled, employed or not.
- vii. **Expenditure in the way of Allah (*fi Sabeel-el-Allah*)** is another head for *Zakat* disbursement. This is a vast head and not confined merely to financing of the Holy War (*Jihad*). In contrast, it comprises financial support to all those who are struggling and striving for the cause of Islam in one way or the other. For instance, those engaged in studying and teaching, preaching and fighting or in duties assigned to them by the Islamic State; and therefore unable to earn their usual livelihood, may be provided with due assistance. However, the jurists of Hanafi School impose the condition of possession (*Qabdh*) by the recipient for the fulfilment of obligation. This condition seems sensible for proper disbursement and eradication of corruption. Other jurists do not consider this condition to be necessary and they allow allocation of *Zakat* for provision of general purpose facilities like drinking water, construction of schools, hospitals, hostels and free restaurants for the masses, facilitating marriages for the poor youth and all similar fields in the wider interest of the general public under this head if sufficient funds are available.
- viii. **The wayfarer (*ibn-Sabeel*) or traveller**, who may be otherwise well-to-do in his native country/ homeland but who is stranger and run out of money and thus in dire need to be helped. Such people have a claim to charity and they should be relieved of the worries. In modern times, however, when travelling is far easier and transfer of money from far flung places through banks is feasible, this category will be seldom come to front.

Objectives of Zakat

Zakat is a main instrument of social security system in Islamic society which provides help to poor, needy, disabled, widowed and destitute. It is different from the conventional/secular social security/insurance systems in that these systems usually require the beneficiaries to pay premium and contributions in order to have share in the benefits. *Zakat* does not require the beneficiaries to contribute in the fund. The system of *Zakat* is unilaterally provides assistance to those in need after identifying them. An effective enforcement of *Zakat* will erode idle saving and encourage a wider circulation of wealth in the society. Apart from being an instrument of social security system, *Zakat* system also seeks to achieve many other objectives⁹⁴ (Mansoori, 2002). Economic objectives the *Zakat* system seeks to achieve are:

i. Discouragement of Concentration and Achievement of Equitable Distribution of wealth

The Quran, explaining the rationale lying behind the distribution of proceeds of Fay among needy, says, “What Allah has bestowed on his messenger and taken away from the people of township belongs to Allah, His messenger, kindred and orphan, needy and the wayfarer, in order that it may not merely make a circuit between the wealthy among you”.⁹⁵ The Prophet (peace be upon him) said, “Allah has made *Zakat* an obligatory charity which is taken from the rich and returned to the poor⁹⁶”. He said, “No wealth ever decreases on account of charity”. Hazrat Ali (RA) has rightly observed as cited in Mansoori (2002), “Allah has prescribed well calculated portion as obligatory charity in the wealth of rich. This portion should be brought to the poor. And if someone is hungry or without clothes or wanting anything else, this is only due to that the rich don’t pay *Zakat* completely”. This

⁹⁴ Social, Economic, Spiritual and Religious Objectives

⁹⁵ The *Quran*, Surah Hashr, verse No.7

⁹⁶ Ibn Majah, Sunan, Riyad: Dar-al-Salam, *Hadith* No. 1783; Nas’ISunan, Riyad: Dar-al-Salam, H. #. 2437.

transfer of wealth from the rich to the poor helps to achieve fair and equitable distribution of wealth. The equitable distribution of resources brought about by the observance of *Zakat* is not only beneficial for the poor but also in the interest of the rich. The transfer of wealth/income from the rich to the poor enhances the purchasing power of the poor. They would purchase the necessities of the life from the shop of the rich. Thus the money comes back to the rich in a way. It would also increase the demand for products in the economy and consequently the firms, which are owned by the rich, would produce more. It would also generate the employment and this cycle may continue.

ii. **Alleviation of Poverty**

The objective of *Zakat* to alleviate poverty from the society is also highlighted in the Quran and *Sunnah*. The Quran says, “The alms are for the needy and the destitute and,⁹⁷ It also says , “Alms are for the poor who are straitened for the cause of Allah, who cannot go forth in the land for trade, the ignorant man thinks---- because of their modesty---- that they are free from want, you shall know them by their mark; they beg not importunately; and .⁹⁸

The Prophet (peace be upon him) instructed Mu’adh Ibn Jabal (RA) when he was sent to Yemen as Governor, “Tell them that Allah has prescribed *Zakat* on them, to be taken from the rich among them and rendered to the poor among them”.

These verses of the Quran and *AHadith* illustrate that the primary/ main target of *Zakat* is the poor so that poverty and deprivation from the society may be eliminated. *Zakat* redistributes wealth into consumption flows for the poor and the needy, reallocates ex-ante saving by checking the tendency to hoard idle cash resources and stimulates the production through inter-sectoral allocation of resources. Since both consumption and production have

⁹⁷ Surah Taubah, verse 60

⁹⁸ Surah Al-Baqarah, verse 273

a close interrelationship, *Zakat* by stimulating production of consumption goods and services of the poor, tends to create new lines of trade and to direct these from the production of luxury good to the goods of the common use by the people of the small means at least to the extent it reduces the disposable income of the rich resulting from the imposition of *Zakat* (Manan, 2000). Manan (2000) is also of the view that *Zakat* revenue can be spent to raise the productivity of the poor. The productive investment of the *Zakat* fund for financing various development projects in education, health care, safe water and other social welfare activities, designed exclusively for the benefit of the poor. The income of the poor is expected to increase resulting from their higher productivity (Manan, 1983).

iii. Stabilization

A fiscal system incorporating *Zakat* as an essential ingredient ensures a built-in stabilization mechanism. Combined with other monetary and social policy measures like the elimination of interest from financial transactions and discouraging speculation and gambling activities, the implementation of *Zakat* will ensure stabilization in the economy. It is important to note that while collection/payment of *Zakat* is necessary as and when it is due, its disbursement during the given financial period is not. In other words, a part of revenues from *Zakat* can be retained in the treasury for unlimited time and can be disposed off as and when needed. Thus in the times of boom and prosperity, the revenues from *Zakat* will swell up and held as budget surplus. This will reduce consumption and investment expenditure and thereby lead to dampen inflation. On the other hand, the disbursement of *Zakat* will encourage consumption and aggregate demand due to multiplier effect in the periods of depression, leading to more investment and employment generation. The stable rate of *Zakat* but the variable volume of revenues and expenditure will regulate the budget. As such, the adverse effects of business cycles will be minimized on account of the cushioning effect of *Zakat* system.

iv. Development and Growth

Most of the Muslim countries in the contemporary world are under-developed. There is a dire need of providing the necessary infrastructure to the masses to accelerate the pace of development and growth. However, capital formation requires mobilization of the necessary resources that are scarce. The provision of social services at various sectors and improvement in the standard of living is another feature of development. The institution of *Zakat* can serve these purposes to some extent. The basic objective of the institution is the provision of basic needs to poor masses that will elevate the standard of living automatically.

An effective enforcement of *Zakat* will erode idle saving and encourage a wider circulation of wealth in the society. So far as the poor sections of the society are concerned, their consumption expenditure will definitely rise when assistance from *Zakat* is available. However, some individuals within the well-to-do classes will also be induced to increase their consumption outlays since *Zakat* is admissible to the stock of saving. This change in behaviour of the society will lead to increase aggregate demand and employment due the multiplier effect. On the other hand, most of the individual asset holders will be forced to invest their idle saving in productive business/projects to minimize the negative (erosion) impacts of *Zakat* on wealth. This may be the usual impact of *Zakat* and the most desirable attitude of the payers in reaction.

The Holy Quran severely forbids the custodians from devouring the wealth of orphans by unfair tactics and also from handing over properties to their owners unless they are capable of bearing the responsibilities to properly manage. Meanwhile they are obliged to invest the funds at their disposal in productive business thereby rendering the properties as permanent sources of income and reservoirs from where the basic needs of the owners

could be fulfilled⁹⁹. Thus the enforcement of *Zakat* will mobilize idle saving, lower the cost of capital and encourage investment even in the least profitable but economically viable and socially desirable avenues. These areas are usually ignored by the private sector due to higher risk and low profitability in the prevailing capitalist system and left for the public sector investment.

The instrument of *Zakat*, combined with other policy ingredients, has a strong but gradual impact on growth and development through induced investment. It has a positive effect on the product-mix of goods and services since the Islamic system emphasizes the free interplay of market forces. In the presence of *Zakat*, the product-mix will comprise a larger fraction of necessities and a lower fraction of luxuries. Further, due to suppression of conspicuous consumption, private saving is encouraged and its efficient transmission into socially desirable projects is the most probable impact of *Zakat*.

v. Welfare Effects and Economic Efficiency

As discussed above, some of the jurists hold the opinion that the head of expenditure, namely 'in the way of Allah', prescribed for disbursement of *Zakat* is very vast and unlimited. Therefore the funds can be allocated directly or indirectly to achieve a number of objectives. For instance, provision of facilities in health, education, technical training, low cost housing for the workers and improvement of working conditions can be financed of *Zakat* funds. These will certainly enhance efficiency and production. Although, the fulfilment of immediate needs of the poor like food and clothing deserve the first priority in *Zakat* distribution, however, the

⁹⁹ To those weak of understanding (insane, minors) make not over your property, which Allah has made a means of support (sustenance) for you, but feed and clothe them therewith and speak to them words of kindness and justice". Al-Quran: 4:5.

provision of substantial financial assistance to eligible candidates for skill development and rehabilitation is the most desirable goal of public policy in an Islamic State.

A taxation structure is said to be efficient if the excess burden (welfare cost) is minimum. The direct taxes are considered to be more efficient than commodity taxes. Again, the proportional taxes are more efficient as compared to progressive taxes under this criterion. *Zakat* is a medium of resource transfer from rich to the poor with or without State intermediation. There is no doubt that the recipients enjoy a welfare gain in terms of higher utility attainment. So far as the payer is concerned, there are rare chances of reduction in his utility level and so welfare loss will be minimal, if any. *Zakat* is admissible to accumulated wealth and so personal saving may be adversely affected rather than consumption. As such, the level of investment is likely to increase to minimize the disincentive effects of *Zakat* on idle savings. All these factors lead to the conclusion that *Zakat* system is more efficient than any other transfer mechanism.

APPENDIX B
QUESTIONNAIRE

QUESTIONNAIRE							
SECTION 1:							
A: IDENTIFICATION							
1. Interview number							
2. Name of head of household							
3. Zau/ cast of household							
4. Respondent is sampled from							
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">1 - Dandot town</td> <td style="width: 30%;">1 - Local <i>Zakat</i> Committee</td> <td style="width: 30%;">2 - Benazir Income Support Program</td> </tr> <tr> <td>3 - General public</td> <td>3 - General public</td> <td>4 - Dandot Bait-ul-Mal</td> </tr> </table>		1 - Dandot town	1 - Local <i>Zakat</i> Committee	2 - Benazir Income Support Program	3 - General public	3 - General public	4 - Dandot Bait-ul-Mal
1 - Dandot town	1 - Local <i>Zakat</i> Committee	2 - Benazir Income Support Program					
3 - General public	3 - General public	4 - Dandot Bait-ul-Mal					
5. Control group							
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">1 - Local <i>Zakat</i> Committee</td> <td style="width: 30%;">2 - Benazir Income Support Program</td> </tr> <tr> <td>3 - General public</td> <td>4 - Other (specify)</td> </tr> </table>		1 - Local <i>Zakat</i> Committee	2 - Benazir Income Support Program	3 - General public	4 - Other (specify)		
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3 - General public	4 - Other (specify)						
6. Respondent's name							
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">1 - Male</td> <td style="width: 30%;">2 - Female</td> </tr> </table>		1 - Male	2 - Female				
1 - Male	2 - Female						
7. The respondent is?							
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">1 - Head of household</td> <td style="width: 30%;">2 - Other member of household (use code of Q.5 of section 2)</td> </tr> </table>		1 - Head of household	2 - Other member of household (use code of Q.5 of section 2)				
1 - Head of household	2 - Other member of household (use code of Q.5 of section 2)						
8. Contact number of respondent							
9. Mohallah/ Ward							
B: FIELD OPERATION							
1. Date of survey							
2. Name of enumerator							
3. Contact number of enumerator							
4. Signature of enumerator							
5. Start time							
6. Checking/ Editing and coding in the field by							
7. Signature of supervisor							
8. Editing / Coding in the office and data entry by							
9. Name							
10. Signature							

**POVERTY ALLEVIATION THROUGH ZAKAT AND BAIT-UL-MAL IN PAKISTAN : A
REGIONAL CASE STUDY OF BAIT-UL-MAL DANDOT**
BY
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H-10 SECTOR ISLAMABAD

We tend to study the impact of Dandot Bait-ul-Mal on the lives of the residents of the town. This research is solely for academic purpose and your responses will remain totally confidential. We are extremely thankful to you for cooperation and sparing some of your precious time to respond our queries regarding the working and impact of Bait-ul-Mal on the lives of the people of the town. To see whether Dandot Bait-ul-Mal contributed to the welfare of the residents, we compare the economic, living and other conditions of the resident of Dandot with that of the people of Dhalwai town (control group).

SECTION 2: HOUSEHOLD ROSTER

Q.1	Q.2	Q.3 Age (in completed years)	Q.4	Q.5 Relation to Head	Q.6 Marital Status (For all persons 10 years and above)	Q.7 Residential status of the member	Q.8		Q.9		Q.10																			
							Spouse Code	Father Code	Mother Code	Spouse Code	Father Code	Mother Code																		
<p>Member code</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> <td>8</td> <td>9</td> <td>10</td> <td>11</td> <td>12</td> <td>13</td> <td>14</td> <td>15</td> <td>16</td> <td>17</td> <td>18</td> </tr> </table>											1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18													
<p>1 = Male</p> <p>2= Female</p> <p>1- Head (self)</p> <p>2- Wife/husband</p> <p>3- Son/daughter</p> <p>4- Father/mother</p> <p>5- Brother/sister</p> <p>6- Son/daughter in law</p> <p>7- Father/mother in law</p> <p>8- Nephew/niece</p> <p>9- Grandson /daughter</p> <p>10- Sister/brother-in-law</p> <p>11- Other (specify)</p>																														
<p>1 = Present most of the time last month</p> <p>2=Temporarily absent</p> <p>3=Working outside the town but within the country</p> <p>4- Working abroad</p> <p>5- Studying/ training outside the town</p> <p>6- Other (specify)</p>																														

SECTION 3: EDUCATION

		All PERSONS 4 YEARS AND ABOVE				All persons 10 years and above											
		Q.2	Q.3	Q.4	Q.5	Q.6	Q.7	Q.8	Q.9								
		Hasever attended to school?	Highest Edu obtained?	Main reason for leaving school?	Currently getting education	Why did you enrol in this institution?	For last 12 months how much did your household spend on the education of...? (fee, uniform, text books, stationary and transport)	Technical/ vocational training/ Edu. completed	Q.10								
Transfer code and name of all household members who are of age 4 year and above from household roster	<p>Literacy (can read and write with understanding in any language?)</p> <p>1= Never attended school</p> <p>2= Attended school in the past</p> <p>3= Currently getting education (Go to Q.5)</p> <p>1- Yes</p> <p>2- No (Go to next person)</p>	<p>Age (in completed years)</p>	<p>1= Financial constraints 2= Had to help home/ business 3= Elders did not approve 4= No interest 5= Too far 6= Marriage 5- Intermediate 6- Graduation 7- Master 8- Other (specify)</p>	<p>1= Pre primary 2- Primary 3= Middle 4- Matric 5- Too far 6= Marriage 7- Education completed 8- Other (specify)</p>	<p>1 Govt. 2 Private 3 Deeni-madrassa 4 Privately</p>	<p>1 Quality Edu. 2 Cheaper Edu. 3 Near to home 4 Other (specify)</p>	<p>1=No technical training/ education of any type (go to next person) 2- Informal training 3=DAT courses (specify technology) 4- Short courses (specify technology)</p>	<p>1- 1-3 months 2- 4-6 months 3- 7-9 months 4 10-12 months 5- 2 years 6- 3 years 7 > 3 years (specify No. of years)</p>	<p>(Go to next person)</p>								
										Code	Name	Years	Code	Code	Code	Code	Code
										1							
										2							
										3							
										4							
										5							
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18																	

SECTION 4: EMPLOYMENT STATUS

ALL PERSONS 5 YEARS AND ABOVE

SECTION 5: HEALTH		FOR ALL MEMBERS OF HOUSEHOLD				IMMUNIZATION AND DIARRHEA (Children 5 years and younger)													
Transfer code	Name and name of all household members from household roster	Q.1	Q.2	Q.3	Q.4	Q.5	Q.6	Q.7	Q.8	Q.9	Q.10	Q.11							
<p>During last month did you suffer from any illness/ accident which made difficult to perform his/her normal activities?</p> <p>1= Fever/cold 2= Intestinal problems 3= Skin problems 4= TB 5= Asthma 6= Heart problems 7= Kidney problems 8= Respiratory problems 9= Injury 10= Other (specify)</p> <p>1= Yes 2= No (go to next person)</p> <p>Age (in completed years)</p>	<p>What was the illness?</p> <p>1= No one consulted 2= Govt. Hospital 3= Private doctor/ hospital 4= Private doctor/ hospital 5= Homeopath 6= Faith healer 7= Hakim 8= Other (specify)</p> <p>(Go to next person)</p>	<p>Who was consulted?</p> <p>1= No one (Go to Q.5) 2= Govt. Hospital 3= Private doctor/ hospital 4= Private doctor/ hospital 5= Homeopathic 6= Faith healer 7= Hakim 8= Other (specify)</p> <p>(Go to next person)</p>	<p>How much did your household spend altogether on treatment of during last month?</p> <p>1= Self medication 2= No need 3= Doctor not available 4= Unqualified staff 5= Too expensive 6= Long waiting time 7= Hospital far away 8= Other (specify)</p> <p>(Go to next person)</p>	<p>Main reason for non-consultation?</p> <p>1= No mobile team visited 2= Don't want children to be immunized 3= Unnecessary 4= Child gets sick 5= Other(specify)</p> <p>(Go to next person)</p>	<p>Has been immunized?</p> <p>1= Yes (Go to Q.8) 2= No 3= Private doctor/ hospital 4= Govt. Hospital 5= Homeopathic 6= Faith healer 7= Hakim 8= Other (specify)</p> <p>(Go to next child)</p>	<p>Who was consulted?</p> <p>1= No one (Go to Q.10) 2= Govt. Hospital 3= Private doctor/ hospital 4= Govt. Hospital 5= Homeopathic 6= Faith healer 7= Hakim 8= Other (specify)</p> <p>(Go to next child)</p>	<p>Did any child of 5 years or younger die in your household during last 10 years?</p> <p>1= Yes 2= No (go to next section)</p>	<p>During Diarrhea did you give ORS (Nimco) to ?</p> <p>1= No 2= Yes</p>	<p>Did any child of 5 years or younger die in your household during last 10 years?</p> <p>1= No one (Go to Q.10) 2= Govt. Hospital 3= Private doctor/ hospital 4= Govt. Hospital 5= Homeopathic 6= Faith healer 7= Hakim 8= Other (specify)</p> <p>(Go to next section)</p>										
										1	1	1	1	1	1	1	1	1	1
										2	2	2	2	2	2	2	2	2	2
										3	3	3	3	3	3	3	3	3	3
										4	4	4	4	4	4	4	4	4	4
										5	5	5	5	5	5	5	5	5	5
										6	6	6	6	6	6	6	6	6	6
										7	7	7	7	7	7	7	7	7	7
										8	8	8	8	8	8	8	8	8	8
										9	9	9	9	9	9	9	9	9	9
10	10	10	10	10	10	10	10	10	10										
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16	16	16	16	16	16	16	16	16	16										
17	17	17	17	17	17	17	17	17	17										
18	18	18	18	18	18	18	18	18	18										

SECTION 6: HOUSEHOLD CONSUMPTION EXPENDITURES ON FOOD ITEMS DURING LAST MONTH

Food code	PAID AND CONSUMED: REPORT GOODS WHICH ARE ACTUALLY CONSUMED BY PURCHASING BUT NOT ALL PURCHASES	PAID AND CONSUMED		UNPAID AND CONSUMED (report value in rupees)				Q.8 Received as gifts/donations from relatives/ friends/ individuals/ Govt. or private institutions and consumed
		Q.1 (Report value in rupees)	Q.2	Q.3	Q.4 wages and salaries received in kind and consumed	Q.5 Own produced goods and consumed	Q.6	
1	Wheat/wheat flour	Unit	Qty	Value	Qty	Value	Qty	Value
2	Rice/ Rice flour	Kg						
3	Maize/Maize flour	Kg						
4	Bardly/Jawar (whole/ flour)	Kg						
5	Besan	Kg						
6	Other cereal products such as vermicellies, corn/ rice flakes, Sooji, Maida	Only value						
7	Chana whole(black & white)	Kg						
8	Dal Chana)	Kg						
9	Dal Maash	Kg						
10	Dal Mung	Kg						
11	Dal Masoor	Kg						
12	Other Dals/Lobia	Kg						
13	Cooking oil	Liter						
14	Banaspati Ghee	Kg						
15	Milk (Fresh and boiled)	Liter						
16	Milk Packed	Liter						
17	Milk Powder	Kg						
18	Yoghurt	Kg						
19	Desi Ghee	Kg						
20	Cheese/Butter	Gms						
21	Lassi	Liter						
22	Mutton	Kg						
23	Beef	Kg						
24	Fish(Fresh/frozen)	Kg						
25	Chicken	Kg						
26	Egg	No.						

SECTION 6 (Continued): CONSUMPTION EXPENDITURES ON FOOD ITEMS DURING LAST MONTH

Food code	ITEM	PAID AND CONSUMED		UNPAID AND CONSUMED (report value in rupees)		Q.3 (Report value in rupees)	Q.4 wages and salaries received in kind and consumed	Q.5 Own produced goods and consumed	Q.6	Q.7	Q.8 Received as gifts/ donations from relatives/ friends/ individuals/ Govt. or private institutions and consumed
		Q.1	Q.2	Qty	Value						
27	Banana		No								
28	Apple		Kg								
29	Guava		Kg								
30	Melon (waicr, grma, sarda)		Kg								
31	Kino, Malta , Musami, fruitier			Only value							
32	Straw Berry		Kg								
33	Peanuts		Kg								
34	Almond		Kg								
35	Walnut		No.								
36	Other dry fruits			Only value							
37	Potato		Kg								
38	Tomato		Kg								
39	Onion		Kg								
40	Peas		Kg			Only value					
41	Radish/ Carrot		Kg								
42	Goobi		Kg			Only value					
43	Spinach/ Sag			Only value							
44	Lady Finger		Kg								
45	Shimla Mirch		Kg								
46	Tinda		Kg								
47	Pumpkin		Kg			Only value					
48	Other vegetables			Only value							
49	Ginger and garlic,			Only value							
50	Chillies, Salt, Cinnamon, Cardamom, Turmeric			Only value							
51	Tea/ Coffee			Cms							
52	Carbonated beverages and juices			Liter							
53	Sugar/ Gur/Honey			Kg							

SECTION 7: FINANCIAL ASSISTANCE/ ZAKAT DURING LAST YEAR

Q.1 Did your household receive financial assistance/ <i>Zakat</i> from 1= Dandot Bait ul mal <input type="checkbox"/> 2- BISP <input type="checkbox"/> 3- Zakat committee <input type="checkbox"/> 4- Did not receive (GO to Q. 21)	Q.12 What type of difficulty did your household face? 1- Have to wait for long time <input type="checkbox"/> 2- Have to wait time and again <input type="checkbox"/> 3- Other (specify) <input type="checkbox"/>
Q.2 Why has your household been selected for financial assistance/ <i>Zakat</i> from ... 1- Disability <input type="checkbox"/> 2= Presence of a widow <input type="checkbox"/> 3- Unemployment/No source of income <input type="checkbox"/> 4- Low income <input type="checkbox"/> 5- No bread winner <input type="checkbox"/> 6- Other (specify) <input type="checkbox"/>	Q.13 After how many months did you get financial assistance/ <i>Zakat</i> after registration? Q.14 In addition to financial assistance/ <i>Zakat</i> from from philanthropist (relatives/ non relatives) or any other source during last year? 1- Yes <input type="checkbox"/> 2- No (Go to Q.16)
Q.3 Did your household get help or recommendation (safarish) of any person for this selection? 1- Yes <input type="checkbox"/> 2- No (GO to Q. 5)	Q.15 How much financial assistance/ <i>Zakat</i> did your household receive during last year? RS <input type="checkbox"/>
Q.4 Who did help your households? 1- Own relatives/friends <input type="checkbox"/> 2- Relatives/friends of chairman/ Committee members <input type="checkbox"/> 3- Nazim/ councilor <input type="checkbox"/> 4= Religious leader <input type="checkbox"/> 5- Other (specify) <input type="checkbox"/>	Q.16 What type of need does your household fulfill with the assistance? 1- Daily household expenses <input type="checkbox"/> 2= Education <input type="checkbox"/> 3- Medical <input type="checkbox"/> 4- Other (specify) <input type="checkbox"/>
Q.5 For how many years/ months has your household been receiving this financial assistance/ <i>Zakat</i> ? Years <input type="checkbox"/> Months <input type="checkbox"/>	Q.17 How did your household fulfill this need before the receipt of financial assistance/ <i>Zakat</i> ? 1= Was personally employed <input type="checkbox"/> 2= Through loans <input type="checkbox"/> 3- Bread winner was present <input type="checkbox"/> 4- Other (specify) <input type="checkbox"/> 5= No response <input type="checkbox"/>
Q.6 How often does your household receive financial assistance/ <i>Zakat</i> from 1- Monthly <input type="checkbox"/> 2= Quarterly <input type="checkbox"/> 3- Biannual <input type="checkbox"/> 4- Annually <input type="checkbox"/> 5= Other (specify) <input type="checkbox"/>	Q.18 Which of your need is still unfulfilled? 1- All are fulfilled (Go to Q.20) <input type="checkbox"/> 2- Daily household expenses <input type="checkbox"/> 3- Education <input type="checkbox"/> 4= Medical <input type="checkbox"/> 5- Other (specify) <input type="checkbox"/>
Q.7 How much financial assistance/ <i>Zakat</i> did your household receive during this period? RS <input type="checkbox"/>	Q.19 How much more money per month would you need to fulfill this need (s)? RS <input type="checkbox"/>
Q.8 How much total assistance/ <i>Zakat</i> did your household receive during last 12 months? RS <input type="checkbox"/>	Q.20 Compared with one year ago how do you feel now because of this assistance? 1- Much better <input type="checkbox"/> 2- A little better <input type="checkbox"/> 3- No change <input type="checkbox"/> 4- A little worse <input type="checkbox"/> 5- Much worse <input type="checkbox"/> 6- Don't know <input type="checkbox"/>
Q.9 What was your entitlement/claim during last 12 months? RS <input type="checkbox"/>	Q.21 Do you think that your household is eligible for financial assistance/ <i>Zakat</i> ? 1- Yes <input type="checkbox"/> 2- No (GO to Q.23)
Q.10 In which form does your household receive this assistance/ <i>Zakat</i> ? 1- Directly from the committee in the form of cash <input type="checkbox"/> 2- Through cheque from a bank <input type="checkbox"/> 3- Other (specify) <input type="checkbox"/>	Q.22 Why do you think that your household is eligible for financial assistance/ <i>Zakat</i> ? 1- Disability <input type="checkbox"/> 2- Presence of a widow <input type="checkbox"/> 3- Unemployment/No source of income (specify) <input type="checkbox"/> 4- Low income <input type="checkbox"/> 5- No bread winner <input type="checkbox"/> 6- Other (specify) <input type="checkbox"/>
Q.11 Did your household face any difficulty in receiving financial assistance/ <i>Zakat</i> ? 1- No difficulty (GO to Q.13) <input type="checkbox"/> 2- Difficulty for the first time <input type="checkbox"/> 3= Difficulty for the first time as well as subsequently <input type="checkbox"/> 4- Other (specify) <input type="checkbox"/>	

SECTION 7: (Cont)**FINANCIAL ASSISTANCE/ ZAKAT DURING LAST YEAR**Q.23 Has your household ever received *Zakat* assistance from welfare organizations working in your town?

1 - Yes 2 - No (**GO to Q.25**)

Q.24 How did your household come out of the program?

1:=Employment 2 - Business 3 - Children started work
 4 - Still needy of financial assistance but committee struck out my name **(Go to Q.26)** 5 -other (specify)

Q.25 Have you ever applied for assistance/*Zakat* to any welfare organization working in your town to assist poor?

1 - Yes 2 - No

Q.26 Did your household receive financial assistance/*Zakat*/Sadaqat from philanthropists (relatives/ non relatives) or any other source during last year?

1 - Yes 2 - No (**GO to Q.28**)

Q.27 How much financial assistance/*Zakat*/ Sadaqat did your household receive during last year? (**GO to Q.36**)

 (Go to Q.36)

Q.28 Is your household eligible to pay *Zakat* (Sahib-e-*Nisab*)?

1 - Yes 2 - No (**GO TO Q. 36**) 3 - Don't know (**GO to Q. 36**)

2:= No (**GO to Q. 36**) **(GO to Q. 33)**

Q.29 Did you pay your *Zakat* last year?

1 - Yes 2:= Paid by myself (**GO to Q. 33**)

 (GO to Q. 35)

Q.30 How did you pay your *Zakat*? 1 - Deducted by bank

 2 - Fixed deposits 3 - Saving Certificates

 4 - NTT units 5 - Other (specify) 6 - No response

1 - Yes 2 - No (**GO TO Q.35**)

Q.32 Did you also pay *Zakat* on items other than that deducted by bank

 3 - Prize Bonds /cash
 1 - Jewelry 2 - Business Assets 6 - No response
 4 - Agricultural products 5 - other (specify)

FINANCIAL ASSISTANCE/ ZAKAT DURING LAST YEARQ.34 To whom did you pay *Zakat*?

1:=Orphans/widows/ handicapped 2 - Relatives/friends 3 - Welfare/Religious Organizations
 4 - LZC/Govt.'s *Zakat* account in a bank 5 - Dandoi Bait-ul-Mal 6 - Other (specify)
Rs

Q.35 How much total *Zakat* did your household pay/ financial institutions deducted last year?

Q.36 Presently financial assistance/*Zakat* is paid in cash. Should it be continued or be paid in kind?

1 - Continue to be paid in cash 2 - Should be paid in kind? (**Go to Q.38**) 3 - No response (**Go to Q.39**)

Q.37 Why do you favor payment of financial assistance/ *Zakat* in cash?

1 - It enables to purchase necessary items according to needs 2 - Cash is easy to use
 3 - Other (specify) 4 - No response | **For all codes Go to Q.39**

Q.38 Why do you propose payment of financial assistance/*Zakat* in kind?

1 - Cash can be used for drug and wrong purpose 2:= Inflation
 3 - It will relieve us from the trouble of buying goods 4 - Other (specify)

Q.39 In your view should Govt. collect *Zakat* compulsorily from Sahib-e-*Nisab* or should leave it to them?

1 -Favor voluntary payment 2- Favor compulsory collection
 3 - Other (specify) 4 - No response

Q.40 Compared with 3 year ago how do you feel the current economic condition of your town?

1 - Much better 2=A little better 3 - No change 4 - Don't know (**For code 1, 2 , 3 or 4 Go to next section**)

Q.41 What is the main reason of worse economic condition?

1 - Inflation 2 - Corruption 3 - Unemployment
 5 - Others (specify) 6 - No response

GO TO NEXT SECTION

SECTION 8: PIBI'S OPINION ABOUT THE PERFORMANCE OF DIFFERENT WELFARE PROGRAMS WORKING IN THE TOWNS

SECTION 8 (Cont): PUBLIC OPINION ABOUT THE PERFORMANCE OF DIFFERENT ORGANIZATIONS WORKING IN THE TOWN

SECTION 1: OVERVIEW		Q.13		Q.14		Q.15		Q.16		Q.17		Q.18		Q.19		Q.20		Q.21		Q.22		Q.23	
What is the most important reason of poverty in the town?	In your view why... could not reduce poverty from the town?	Do you believe that poverty can be overcome?	In your view how poverty can be overcome?	Do you think that the program has totally eliminated begging from the town?	In your view why program could not eliminate beggary?	Is the program overall successful to achieve its objective?	Is the program successful to achieve its objective?	Should the system continue?	Why should not continue?	Do you suggest a change for the improvement of...?	Rank the organizations according to their performance	Does your household regularly donate to Dandot Bait-ul-Mal?	Q.1	Q.2	Q.3	Q.4	Q.5	Q.6	Q.7	Q.8	Q.9		
1= Funds are insufficient	2= Funds do not reach the deserving	1= Yes	2= No (Go to Q.17)	1= By introducing rehabilitation schemes	2= By motivating rich people to contribute funds	3= By will/ determination on both sides (residents and institution)	4= By de-politicizing the system	5= Other (specify)	6= No response	1= Yes (Go to Q.19)	2= Begging has become a profession	3= Beggars are usually ignored while distributing funds	4= Begging is easy and highly paying	5= Other (specify)	6= No response	1= No change/ working well	2= Amount should be raised	3= Efforts should be made to inspire the people to give donations	4= Survey for the identification of poor should be conducted properly	5= Rehabilitation schemes should be launched	6= Other(Specify)	1= Yes	2= No (go to Q.3)
1= Inflation	2= Landlessness	3= Unemployment	4= Large family size	5= Illness/disability	6= No earning hand	7= Other (Specify)	8= Do not know	9= Other (specify)	10= No response	11= Yes (Go to Q.19)	12= Begging has become a profession	13= Beggars are usually ignored while distributing funds	14= Begging is easy and highly paying	15= Other (specify)	16= No response	17= Failed to achieve its objective	18= Not at all	19= Partially	20= Fully	21= For code 2 or 3 go to Q.22	22= No	23= Yes	24= No (go to Q.3)
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Other (specify)	2= Other (specify)	3= Other (specify)	4= Other (specify)	5= Other (specify)	6= Other (specify)	7= No response	8= No response	9= No response	10= No response	11= No response	12= No response	13= No response	14= No response	15= No response	16= No response	17= No response	18= No response	19= No response	20= No response	21= No response	22= No response	23= No response	
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No (go to Q.3)	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.34	Q.35	
1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No	1= Yes	2= No
Q.13	Q.14	Q.15	Q.16	Q.17	Q.18	Q.19	Q.20	Q.21	Q.22	Q.23	Q.24	Q.25	Q.26	Q.27	Q.28	Q.29	Q.30	Q.31	Q.32	Q.33	Q.3		

SECTION 13: SELECTED DURABLE CONSUMPTION ITEMS OWNED BY HOUSEHOLD

Q.6 Did your household borrow in Cash/Kind during last 12 months? 1=Yes 2=No (Go to next section)

Rs

Q.7 How much loan was taken?

Rs

Q.8 From whom the borrowing was made?

1=Relative/friends 2= Bank /MFI 3=Money lender

4= Shopkeeper

5= Neighbor

6= NGO

7= Other (specify)

Q.9 For what purpose the loan was taken?

1= Crop/ farming 2=Business 3= Education 4=Medical expenses

5=Consumption needs 6= Marriage 7= Other (specify)

Q.10 What was the rate of interest on borrowing? 1=No interest rate 2= Interest rate per year

Q.11 How much debt is outstanding?

Rs

SECTION 12: REMITTANCES

Q.1 Is any household member (s) working outside the town? 1= Yes 2= No (GO TO Q.6)

2= Abroad

Q.2 Where is the household member(s) working? 1= With-in country

2=From abroad

Rs

Q.3 During last 12 months the household member working outside the town remitted something to you?

1= Yes

2= No (GO TO Q.6)

Q.4 From where money was remitted? 1= With-in country

2=From abroad

Rs

Q.5 During last 12 months how much money did your household receive?

1=From with-in country

2=From abroad

Rs

Q.6 During last 12 months did you receive money from a person who is not a member of household?

1= Yes

2=No (NEXT SECTION)

Q.7 During last 12 months how much money did your household receive from non-household member?

1=From with-in country

2= From abroad

Rs

Q.8 What is the relationship of remitter with the head of household?

Q. Does your household currently own the following things?

Code	Name of items	1- Yes	2- No	Code	Name of items	1- Yes 2- No
1	Washing Machine			14	Dining Table	
2	Dryer			15	Sofa set	
3	Micro wave oven			16	Iron	
4	Refrigerator			17	Heater	
5	Freezer			18	Cooking range	
6	A.C.			19	Stove	
7	Split unit			20	Ceiling/ Pedestal fan	
8	Air cooler			21	Sewing machine	
9	Geyser			22	Bicycle	
10	Television			23	Motor Cycle	
11	Computer/ Laptop			24	Telephone/Mobile	
12	Tape recorder/ radio			25	Tractor	
13	Juicer			26	Car	

SECTION 14: LIVESTOCK OWNERSHIP:

Q. Does your household own the following animal?

code	Buffalo	Cow/ Bull	Goat/Sheep	Donkey/Horse	Camel	Poultry
1= Yes 2= NO						
Number						

SECTION 15: PROPERTY: Which of the following property owned by your household?

code	Nature of property	1- Yes	2- No
1	Agricultural land (specify how many)		
2	Residential Plots		
3	Residential building for rent		
4	Shop/plaza for rent		
5	Jewelry		
6	Mines		

SECTION 16: HOUSEHOLD'S NON-FOOD CONSUMPTION EXPENDITURE AND

Q.1 The expenditure of your household on the following items during last month?

Code	Item	Rs	Code	Item	Rs
1	Electricity		9	Soap/laundry/cosmetics	
2	Gas		10	Cloths and shoes	
3	Telephone/mobile		11	Sport and entertainment	
4	Traveling within the		12	Purchase of fodder	
5	Permit/visa, traveling		13	Pan/cigarettes/tobacco	
6	Construction/repairing		14	Cash wages to servants	
7	Household appliances		15	Rent	
8	Tooth paste/ shampoo		16	Others (specify)	

Q.2 How much did your household get from the following sources during last month?

Code	Source	Amount (Rs)	Code	Source	Amount (Rs)
1	Agriculture		2	Remittances	
3	Services		4	Zakat/Transfer	
5	Business		6	Rent	
7	Pension/bonus		8	Gift/donation	
9	livestock		10	Other	

SECTION 17: SERVICES/FACILITIES

Q.4

SERVICES/ FACILITIES	Is --- available?	Q.1	Q.2	Q.3	Q.4
	1- Yes 2- No (go to next service)				During last 12 months did you find any change in the ---

1= Satisfied
2= Unsatisfied
3= Irrelevant (go to next service)

AGAIN I WOULD LIKE TO KNOW ABOUT

Your household's monthly earnings (from all sources)

DEFICIT/SURPLUS

(If deficit) How did you finance the deficit?

1= Loans

2= Support from friends and Relatives

3= LZC

4= Dandot Bait-ul-Mal

5= BISP

6= Other (specify)

7= No response

FINISH TIME

11 M A.M/PM

THE RESPONDENT WAS 1- Cooperative 2- Non-cooperative 3- Talkative

THANK YOU FOR COOPERATION

APPENDIX C

DO FILES

Propensity Score Matching Calculation in terms of pscore.

```
pscore s7q1_1 Employed_sum HH_Edu_sum hhsiz HHF s12q3 livestock s15_1 DepRc msfd
Hindex, pscore(mypscore) blockid(myblock) comsup numblo(5) level(0.005) logit
```

1. Stratification matching method

```
atts lpcfexp s7q1_1 , pscore (mypscore) blockid(myblock) comsup boot reps(100) dots
```

2. Kernel matching method

```
attk lpcfexp s7q1_1 Employed_sum HH_Edu_sum HH_Emp HHF s12q3 DepRc msfd Hindex,
comsup boot reps(100) dots logit
```

3. Nearest neighbor matching method

```
atnd lpcfexp s7q1_1 Employed_sum HH_Edu_sum HH_Emp HHF s12q3 DepRc msfd Hindex,
comsup boot reps(100) dots logit
```

4. Radius matching method

```
attr s7q1_1 Employed_sum HH_Edu_sum HH_Emp HHF s12q3 DepRc msfd Hindex, comsup
boot reps(100) dots logit radius(0.0001)
```

OR

Propensity Score Matching Calculation in terms of psmatch2

```
psmatch2 s7q1_1 Employed_sum HH_Edu_sum HHSIZE HHF s12q3 livestock s15_1 DepRc msfd
Hindex, pscore(mypscore) blockid(myblock) comsup numblo(5) level(0.005) logit
```

Balance property must satisfy before proceeding

Kernel matching method

```
psmatch2 s7q1_1 Employed_sum HH_Edu_sum MEM1_sum HHF s12q3 livestock s15_1 DepRc
msfd Hindex, kernel (biweight) outcome(lpcfexp) comm
```

Nearest neighbor matching method

```
psmatch2 s7q1_1 Employed_sum HH_Edu_sum MEM1_sum HHF s12q3 livestock s15_1 DepRc  
msfd Hindex, outcome(lpcfexp) logit neighbor(1) common
```

Radius

```
psmatch2 FARNR Employed_sum HH_Edu_sum MEM1_sum HHF s12q3 livestock s15_1 DepRc msfd Hindex,  
outcome(lpcfexp) logit radius common
```

Stratification

```
psmatch2 FARNR Employed_sum HH_Edu_sum MEM1_sum HHF s12q3 livestock s15_1 DepRc msfd Hindex,  
strata outcome(lpcfexp) common
```

Note:

1. 'att' stand for average treatment effect
2. 's7q1_1' beneficiary of Dandot Bait-ul-Mal or
3. These set of commands are for evaluation of the impact of **cash transfer of Dandot Bait-ul-Mal on per adult equivalent food expenditure** of its beneficiaries. The impact on health and education expenditures and poverty status can be found by replacing world 'lpcfexp' by variables measuring health, education and poverty.
4. The impact of cash transfer of BISP and official zakat system at overall level, replace variable 's7q1_1' with 'beneficiary of BISP or not (s7q1_2)' 'beneficiary of Zakat (s7q1_3)' and beneficiary of any program or not (FARNR) respectively.