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**Are area-based schemes effective solutions for alleviating  
social problems?**

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## **Are area-based schemes effective solutions for alleviating social problems?**

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### **ABSTRACT**

This paper looks closely at the phenomenon of area-based approaches to social problems, with particular focus on poverty in Thailand. It considers the definition of area-based poverty and policies addressing the same. As opposed to people poverty, area-based poverty also encompasses the consideration of environmental, economic, and social factors. This paper first introduces the methodology of area-based poverty as approached from an international perspective. It then goes on to explain the background and history of poverty alleviation in Thailand, focusing on the area-based approach favoured by the Thai government. This paper subsequently evaluates the weaknesses and strengths of the area-based approach in addressing poverty, particularly in rural areas. It concludes that the effectiveness of the approach depends on the mechanism(s) used for targeting it and contends that more research in this field is urgently needed.

## INTRODUCTION

Poverty has become the most prominent problem that governments of both developed and developing countries face. Over the years, a variety of policies and approaches have been developed to tackle this problem. The targeting approach, as opposed to the universalistic approach, is one of the most prevalent approaches (see Bruan *et al.*, 2000). Poverty targeting includes approaches ranging from targeting by activity, targeting by indicators (mean testing or household indicators), targeting by location, and self-targeting (Besley and Kanbur, 1993; Bigman and Fofack, 2000; World Bank, 2000), but this paper focuses only on geographical or area-based targeting. The paper uses a case approach to analyze the area-based scheme as it has been applied within Thailand, and it contributes to debates on the effectiveness of the targeting approach.

## AREA-BASED APPROACH FOR POVERTY ALLEVIATION

Some researchers argue that in the past decades various aspects of deprivation—for instance inadequate health care, labour market disadvantage, education under-attainment, and crime—are geographically concentrated (such as Jargowsky, 1996; Hills, 1996; Smith, 1999; Wilson, 1987; World Bank, 2001). Area-based schemes<sup>1</sup> have become a strategy that governments in both developed and developing countries have widely employed to tackle poverty (Bigman and Fofack, 2000; Lipton and Ravallion, 1995; Pantazis and Gordon, 2000; Parkinson, 1998; Smith, 1999). The most deprived areas are targeted on the basis of indicators, such as the Index of Multiple Deprivation and Index of Local Deprivation in the case of England (Tunstall and Lupton, 2003), that earmark those areas as places experiencing some degree of poverty or deprivation. Once the areas have been identified, specific interventions are employed to solve the defined types of deprivation. Area-based schemes can be applied at different levels, ranging from regional, to district, to village. In addition, a wide variety of instruments can be employed to transfer benefits to the residents of target areas. The nature and pattern

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<sup>1</sup> In this paper, other similar terms such as *area-based initiatives*, *area-based solutions*, *geographical targeting*, *area-targeted schemes*, or *area-based policies* may be used interchangeably with the term *area-based schemes*.

of area-based interventions thus depend on the context and nature of the problems found (Smith, 1999).

Several rationales support the area-based approach in alleviating poverty.

First, both developing and developed countries contain identifiable geographical areas where the problems of deprivation are concentrated. Large inequalities in the standards of living between geographic areas happen because of several factors, for example the unequal distribution of natural resources, different climatic conditions, unequal distances to markets, difficulties accessing transport routes, biased distribution of infrastructure, constraints in internal migration, or uneven distribution of public services (Bigman and Fofack, 2000). Because of the spatial dimension of concentrated geographic-based poverty, it requires specific measures to address the poor living conditions in the deprived areas.

Second, the argument goes that area-based schemes can be an effective way to reach poor individuals. A greater number of poor people are encompassed when resources are geographically targeted than when they are spread out more evenly. Although the universal distribution approach is an ideal, constrained public resources for social welfare prevent governments from providing universal coverage, making targeting the only feasible alternative for practical welfare delivery. In their study, Baker and Grosh (1994) argue that, using geographical targeting, poverty is reduced to a greater degree than it is with a universal distribution programme.

Third, compared to other methods of targeting, area-based targeting has relatively little influence on household behaviour since it is difficult and costly to force people to change their place of residence (Bigman and Fofack, 2000).

Fourth, the approach can be used as a form of rationing funding (Tunstall and Lupton, 2003). It is more convenient to target defined geographical area using existing aggregate data, than to find other ways of rationing funding between individuals.

Fifth, area-based targeting may be used to pilot programmes (Smith, 1999; Tunstall and Lupton, 2003). Successful area-based programmes may be presented as pilot cases that influence mainstream policies. Lessons learnt from area-based programmes can filter through and influence main programmes already operating and may eventually be applied to a wider number of areas<sup>2</sup>.

Last, area-based programmes also tend to promote bottom-up, partnership approaches which can result in the more effective identification of problems and delivery solutions (Smith, 1999).

However, data indicate that area-based approaches have achieved both success and failure. Results of some studies—such as comparative studies of area-based programmes in Latin America (Grosh, 1994; Baker and Grosh, 1994) and India (Datt and Ravallion, 1993)—point to geographic targeting as a useful mechanism for transferring benefits to the poor. In contrast, some area-based initiatives were found unsuccessful, such as in the USA (Modarres, 2002) and in England (Chatterton and Bradley, 2000; Davey Smith and Gordon, 2000; Plewis, 1998, 2000; Oatley, 2000). This paper contributes to this debate by focusing on area-based policy in Thailand to illustrate the potentials and limitations of area-based solutions for poverty alleviation.

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<sup>2</sup> However, the evidence is mixed at the national level while the international experience illustrates the difficulties in influencing main programmes through area-based approaches (Smith, 1999).

## POVERTY IN THAILAND AND AREA-BASED SCHEME

Despite many disputes over the measurement and definition of poverty in Thailand (Somchai, 2000, 2001, 2001a; Withayakorn, no date; Kakwani and Medhi, 1998), some basic points can be drawn from Socio-Economic Survey (SES) statistics,<sup>3</sup> as shown in Table 1 and Figures 1 and 2.

**Table 1: Poverty in Thailand from 1962-2002**

Year	Poverty incidence* (Headcount measure, per cent of population)			Poverty line (Baht/month)
	Aggregate	Rural	Urban	
1962	88.3	96.4	78.5	N/A
1969	63.1	69.6	53.7	N/A
1975	48.6	57.2	25.8	N/A
1981	35.5	43.1	15.5	N/A
1986	44.9	56.3	12.1	N/A
1988	32.6	40.3	12.6	473
1990	27.2	33.8	1.6	522
1992	23.2	29.7	6.6	600
1994	16.3	21.2	4.8	636
1996	11.4	14.9	3.0	737
1998	12.9	17.2	3.4	878
1999	15.9	21.5	3.1	886
2000	14.2	19.1	3.6	882
2001	13.0	16.6	5.1	916
2002	9.8	12.6	3.8	922
Poverty share (2000)**	100	92.6	7.4	
Population share (2000)***	100	68.4	31.6	

Source: Development Evaluation Division, NESDB<sup>4</sup>; data from 1962-1986 are summarised in Medhi (1993); and the last two rows are calculated by Warr (2005).

\* Poverty incidence means the number of poor within a reference population group expressed as a proportion of the total population of the group. Headcount measure of aggregate poverty incidence is the percentage of the total population whose incomes fall below a poverty line held constant over time in real terms. Rural poverty is the percentage of the rural population whose incomes fall below a poverty line held constant over time in real terms.

\*\* This row indicates the number of poor within a reference population group expressed as a proportion of the total number of poor within the whole population.

\*\*\* This row indicates the population of a reference group expressed as a proportion of the total population of that group.

First, absolute poverty in Thailand has declined dramatically over the past four decades. Second, poverty is concentrated in rural areas. Poverty incidence is highest in the rural areas, followed by the outer urban, and lowest in the inner urban areas (World Bank, 2001). In 2000, rural areas accounted for 92.6 per cent of the total number of poor people in Thailand or 68.4 per cent of total population.

<sup>3</sup> The calculated figures are based upon household income data collected in the Socio-Economic Surveys (SES). SES is the primary data source for calculating income poverty. Data is gathered by survey at the household level every two years with a typical sample size of about 25,000 households. For instance, the SES 1998 surveyed a total of 23,549 households comprising of 86,058 individuals. The SES typically obtains information on household income and household expenditures, household consumption patterns, changes in assets and liabilities, ownership of durable goods, and housing characteristics.

<sup>4</sup> NESDB calculated the figures based upon household income data collected in the SES. SES, collected since 1962, is the only long term data available.

Third, the Northeast region has the highest concentration of poverty in Thailand. In 2000, it accounted for highest proportion of poor: 60.6 per cent, and shared 34.2 per cent of the total population, while other regions' share of the poor was smaller than their share of the total population. Interestingly, in 2000, the rural population in the Northeast accounted for 59 per cent of all poor in Thailand and shared 29 per cent of the total population (Warr, 2005).

<Figure 1>

<Figure 2>

Although an inception of Thailand's the first four-year National Economic and Social Development Plan<sup>5</sup> was in 1959, not until 1982—in the Fifth Plan (1982-1986)—poverty alleviation was seriously addressed. Area-based initiatives first existed under this Plan and gave priority to 12,586 villages in 38 rural provinces where poverty was concentrated<sup>6</sup>. Nevertheless, in subsequent Plans, policy agendas shifted from area-based poverty alleviation scheme to a heavy focus on income distribution. Some anti-poverty programmes had been adopted, but the majority of them were not exclusively area-based; instead, they relied on the universal coverage approach (NESDB, 2002). A number of poverty alleviation programmes targeted specific disadvantaged groups (such as the elderly, HIV infected groups, financially disadvantaged students) or low income peoples (especially farmers). Other programmes were applied uniformly across all geographic areas (for instance universal health insurance and village microfinance start-up funds). Poverty alleviation did not become the prime agenda of national Plans until Thailand's 1997 financial crisis, which brought poverty alleviation back onto the table as the central objective of the Ninth Plan (2002-2006). As Table 1 indicates, the reduction of poverty between year 2000 and 2002 was very successful (it was reduced by

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<sup>5</sup> This medium-term planning was institutionalised in Thailand in 1959 with the formation of the National Economic Development Board, subsequently renamed the National Economic and Social Development Board (NESDB). The NESDB is assigned the tasks of coordinating the activities of the various government ministries and producing a medium-term development plan every four years. Although the Plans are indicative only and have no enforcing mechanism compelling the various ministries to comply with the Plan, they do indicate a seemingly appropriate direction for Thailand's economic and social development policies.

<sup>6</sup> The size of rainfed rice land area, yield of this land, and dependency on rain water were used as variables to classify poor from non-poor villages (Medhi *et al.*, 1993).

approximately 2.2 per cent per annum). The reasons for this larger than expected reduction in poverty are not yet well understood. Encouraged by this achievement, the Prime Minister further announced in 2003 that poverty would be eliminated completely within 6 years (by 2009). The logic behind this announcement might have been that if poverty could be reduced at a rate of 2.2 per cent per year, then using this rate of reduction, six years should be sufficient to eliminate it completely (Warr, 2005). However, the rapid reduction in poverty that occurred between 2000 and 2002 could not be replicated continuously in this way, in particular when there was a decline in specific anti-poverty policy.

The most recent report analyses the past policies and finds that Thailand lacks specific policy to target poor people in specific geographic regions (SPDPC, 2003).<sup>7</sup> Many policies are formulated centrally from each ministry and, thus, tend to use universal targeting across the country while poverty in fact is highly concentrated in some regions and in a relatively small number of villages in a few provinces. For example, data indicate that in 1998, the Northern provinces of Surin, Kalasin, Sakon Nakorn, and Roi Et; the Northern province of Mae Hong Sorn; and the Southern provinces of Narathiwat and Yala had some of the highest poverty rates in the country. Further, the poorest 17 provinces (out of 76) accounted for nearly two-thirds of all poor in Thailand. The four poorest provinces accounted for a quarter of all the poor in the country. In fact, a mere 10 per cent of the poorest villages in the year 1998 SES sample accounted for nearly a third of all the poor, and slightly more than a quarter of the poorest villages in the sample accounted for all of the poor. However, these numbers are merely suggestive of possible patterns (for further details, see World Bank (2001). This means that using poverty interventions to geographically target some of the poorest provinces is likely to be cost-effective in reducing poverty (World Bank, 2001). For this reason, one measure in the Ninth Plan suggests that specific needs of each poverty group within each geographic area be identified and stipulates that programmes for poor be more directly targeted to the poor in deprived areas (NESBD,

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<sup>7</sup> Some area-based policies do exist, but they mainly target other problems and are not directly focused on tackling poverty-associated problems. However, these policies may pertain to poverty alleviation to some extent (this also depends on the definition of poverty used). However, information from this group of policies is dispersed because no one has systematically collected it yet.

2002a). The targeted areas were identified at the village level using the National Rural Development 2c (NRD2c) database.

NRD2c (known in Thai as *kor chor chor song khor*) contains a very wide-ranging set of variables at the village level: including the village's physical and geographical characteristics; its demographic structure; education; health conditions; economic conditions; community social profile, including the village's degree of social cohesion and level of culture; and natural resources. Village is the unit of analysis. Villages are classified into three categories—least-developed villages, less-developed villages, and developed villages—according to each village's level of achievement. Data is collected every two years. Recently 16,735 villages<sup>8</sup> have been identified as targets (NESDB, 2003).

Thus, it seems that the Thai government has agreed with area-based targeting and employed it as a major measure of poverty alleviation at the moment. However, it is highly important for policymakers to understand the potentials as well as limitations of this approach, so they can effectively utilise this method while implementing other interventions to complement its weaknesses. This paper uses the most recent area-based programme that clearly tried to address poverty problems—the Solving Poverty Problem Programme (SPPP)—as a case study and critically analyses this approach in the context of the case.

The programme, run by the Community Development Department (CDD) of the Ministry of Interior, functioned between 1993 and 2001. It was divided into two phases. The first phase (1993-1997) targeted the 11,608 least-developed villages as identified by the NRD2c database in 1990. The second phase (1998-2001) covered 28,038 villages, in which more than 30 per cent of the households had incomes below the criteria of the Basic Minimum Needs Indicators (BMN)<sup>9</sup> (which was 15,000

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<sup>8</sup> 6,676 villages are in the Northeast region; 5,806 villages are in the North; 3,012 villages are in the Central region; and 1,214 villages are in South. See details at [http://poverty.nesdb.go.th/Province/pov\\_area.htm](http://poverty.nesdb.go.th/Province/pov_area.htm) (in Thai).

<sup>9</sup> BMN consists of 39 indicators grouped in 8 categories (it should be noted that some indicators are rather abstract, subjective and hard to quantify). The eight categories were as follows: health, accommodation and living conditions, education and information, family, incomes, community participation, intellectual development, and community mindedness. Data is collected from every household in the rural areas but use village as the unit of analysis. BMN also includes a consideration of needed basic household items and has a narrower focus than NRD2c.

baht/person/year at that time). The programme aimed at raising the income level of households in each targeted village to at least 15,000 baht/person/year to meet BMN standards. The ultimate beneficiaries were households whose incomes fell below the BMN criteria in each targeted village. The government provided each village with a 280,000 baht fund<sup>10</sup> to be used as interest-free micro loans by poor families, who could borrow the money to initiate income-generating activities. Each village set up its own loans committee to manage the lending and repayment procedures. The programme envisaged a system whereby poor households in each village initiated their own projects and submitted proposals to the village committee for examination and approval. Then when the loans were approved, the families would receive fund allocations directly from the village loan committee, bypassing the normal bureaucratic channels. Repayment periods were flexible but could be no later than 5 years. The additional advantage of this scheme was that, not only could the rural poor choose projects suitable to their needs and manage their own finances, the villages could enhance their self-governing skills. The results of this programme are summarised in Table 2.

**Table 2: Summary of the results of the Solving Poverty Problems Programme**

Year	Targeted villages	Total households	Targeted households (a)	No. of targeted households that took out loans		No. of targeted households that fell below the poverty threshold*		
				No. (b)	% of (a)	No.	% of (b)	% of (a)
1993	1,000	135,601	79,769	69,864	87.58	45,111	64.57	56.55
1994	1,335	159,594	104,474	92,620	88.65	60,340	65.15	57.76
1995	3,100	354,700	252,867	217,684	86.09	122,568	56.31	48.47
1996	4,500	508,432	375,100	308,383	82.21	157,032	50.92	41.86
1997	1,673	210,787	138,336	114,759	82.96	56,306	49.06	40.70
<b>Phase 1</b>	<b>11,608</b>	<b>1,369,114</b>	<b>950,546</b>	<b>803,310</b>	<b>84.51</b>	<b>441,357</b>	<b>54.94</b>	<b>46.43</b>
1998	878	101,059	70,037	61,454	87.75	32,466	52.83	46.36
1999	4,536	556,901	391,662	313,580	80.06	153,905	49.08	39.30
2000	1,612	174,812	124,574	93,818	75.31	44,438	47.37	35.67
2001	10,600	1,239,686	906,292	539,582	59.54	201,348	37.32	22.22
<b>Phase 2</b>	<b>17,626**</b>	<b>2,072,458</b>	<b>1,492,565</b>	<b>1,008,434</b>	<b>67.56</b>	<b>432,157</b>	<b>42.85</b>	<b>28.95</b>
<b>Both phases</b>	<b>29,234</b>	<b>3,441,572</b>	<b>2,443,111</b>	<b>1,811,744</b>	<b>74.16</b>	<b>873,514</b>	<b>48.21</b>	<b>35.75</b>

Source: Community Development Department (2004)

\* Households whose incomes were higher than 15,000 baht/person/year.

\*\* Up to the end of 2001, for some reason, the programme funded only 17,626 villages, which is less than the second phase's target.

<sup>10</sup> There should be a rationale behind this amount, but I have not yet found one.

## THINKING ABOUT THE EFFECTIVENESS OF AREA-BASED APPROACH

According to CDD's report, SPPP reached 84.51 per cent of targeted poor households in the first phase, although the rate dropped to 67.56 per cent in the second phase, especially in 2001. One evaluation claimed that 94 per cent of the participating households experienced an increase in income (Thammasat University, quoted in Prayong, 2001), and half of the participants in the first phase rose above the poverty threshold (54.94 per cent). However, some critical questions still remain. Who really benefited the most from the programme? Did the programme reach the targeted poor and help to raise them from poverty? Were the targeted people appropriately defined? Were the beneficiaries of the programme the poor in each area? Unfortunately, apart from data in Table 2, data available online are not sufficient to thoroughly and empirically assess the programme's effectiveness. Therefore, to assess its effectiveness, the programme should be approached conceptually. Some conceptual and methodological difficulties of this scheme need to be considered.

### Ecological fallacy

One important criticism of the area-based approach is that it tends to fall into the 'ecological trap,' which assumes that all people living in an area conform to the group average and have the same problems and needs (Brook, 1985). But, in fact, people living in one area, even in one small area, tend to have a mixture of poor and non-poor (Lee *et al.*, 1995). People who are not poor, then, are not the intended beneficiaries. However, they may still live in the target area and will be automatically included in the programme. At the same time, any intended beneficiaries living outside the area will be automatically excluded. Many deprived people do not live in the targeted areas, especially the poor living in more affluent areas; thus, the area-targeted activities will miss most of them. Table 2 shows the total number of targeted households that received benefits from SPPP. Percentages are reported at the national level but could be fluctuate at the village level. Some villages could have high attainment rates which meant a large number of the targeted poor in those villages were involved in the programme, while some villages could have low percentages. However, it becomes clear that those

poor who lived outside the targeted villages did not receive programme benefits. In the case of SPPP, information given was not enough to draw any conclusion about this issue at this point. In some other micro-credit programmes, information from SES in 1996, 1998, and 1999 suggests that better-off agricultural households appeared to account for the bulk of credit from the Bank of Agriculture and Agricultural Cooperatives (BAAC), a major credit provider to the poor in Thailand's agricultural sector (World Bank, 2001). Based on this criticism, therefore, in cases where the intended beneficiaries of the policies are not areas but a collection of individuals (such as poor people, people with health problems, or the unemployed), area-based targeting may not be an effective mechanism for targeting intended beneficiaries.

### **Defining and measuring poverty**

Even if the intended beneficiaries of the policies are areas, another problem still remains. Since the area-based approach uses certain indicators to identify target poor, the second difficulty of this approach lies with the issue of defining and measuring poverty. How can we define poor areas? This question directly relates to the question, "What do we mean by *poverty*?". Poverty is a widely used concept comprised of multidimensional variables, ranging from income; access to education, healthcare, roads, information, and a safe water supply; food security; sanitation and pollution; degree of participation in social and political life. (Gordon, 2000; 2002; 2002a). Its definition is highly contested and inconclusive but whatever measurement we employ will affect the number of people and their geographical distribution it includes, which can, in turn, change the boundaries of poverty areas (Glennster *et al.*, 1999). In Thailand, the poor are generally reported on the basis of their relationship to the poverty line (NESDB, 2002), but in the case of SPPP, the BMN and NRD2c database were used to identify the target areas. Although the NRD2c and BMN databases provided extensive information on a village's demographic, physical and economic conditions, the SPPP just used incomes as sole criterion to identify the poor areas. The poor villages were those where more than 30 per cent of households had incomes fell below the 15,000 baht/person/year threshold. This is problematic as it ignored other aspects of deprivation and overlooked the complexity of poverty. In fact, many

households in some villages could have incomes higher than the threshold, but they still experienced considerably poor living conditions and were deprived in other aspects. For example, their expenses might be higher than their incomes, they could be socially and politically discriminated, or they might not be able to access public services. Villages where their households had these types of problems were not included within the poor areas according to the definition given in SPPP.

The reliability and validity of the indicators are also very important when implementing a targeting approach. Although the strength of NRD2c and BMN databases lies in their wide-ranged variables in measuring deprivation or poverty that extend beyond incomes, their major shortcoming is their reliability, in particular their data collection processes (World Bank, 2001; Witayakorn, no date). In Thailand, several types of human resources were involved in the collection of both databases. Members of the Sub-district Rural Development Support Committee as well as representatives from Sub-district Council filled in questionnaires regarding their duties. Village committees and village headmen filled in any uncompleted answers. Finally, some questions were cross-checked with the official village database at the provincial level. Databases were double-checked by several groups of people to assure their validity and reliability, but a major criticism still holds—the local officials were very likely to have submitted information too optimistically to show their success. So many reported problems tend to be worse in reality, especially when database information was compared with statistics from other government agencies (Witayakorn, no date)<sup>11</sup>. This weakness became obvious in a recent report which shows that people living in Thailand's Northeast region, often the area of deepest poverty, had higher BMN results than people living in Thailand's South and North regions. Thus, the BMN obviously contradicts the fact that the Northeast is the most deprived region.

Also, it should be noted that the way poor areas are defined not only affects geographical distribution but also the interventions employed. Once the deprived areas are defined, specific interventions must be implemented to fit the particular nature of deprivation in each area. But a more detailed analysis of

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<sup>11</sup> Conversely, some village head leaders misreported the data, not only because they lacked the time to collect data but also because of their intention to draw public resources to their village (quoted in Somchai, 2003).

the SPPP results revealed three related issues. First, because the programme relied only on monetary income levels to define poor areas, it selected credit distribution as the only instrument to increase incomes. However, the application of credit (micro-loans) alone does not automatically ensure that poor people can boost their incomes. Healthy income levels also depend on the activities financed by the credit. The poor need to be engaged in economic activities with stronger productive potential, they need to ensure that their products will have market access (either locally or nationally), and the projects proposed by the poor must meet economic viability criteria (Ammar, 1993). Further, apart from finance, the poor need other interventions to help them gain access to new or appropriate technologies, knowledge, and skills, as well as other resources, such as land and information. But SPPP focused only on one aspect of the poverty and ignored other possible interventions.

Second, the credit allocation mechanism was problematic. Since the programme placed the grant allocation procedures under the discretion of the various village committees, there was no guarantee that the poor in villages would be fairly allocated funds. One researcher argues that in some villages, the poor were intentionally excluded from the programme because committees relegated them to lowest priority (Prayong, 2001). This situation meant credits were given to those who were not poor but lived in a poor village. A third problem is seen in the equal funding (280,000 baht) extended to each village without consideration for its number of poor population or degree of poverty. In fact, each deprived village did not experience the same level of deprivation. Further, each village did not have equal number of poor households. The standardized amount of funds was not reflective of the specific conditions of each area and tended not to meet the needs of the poor in each area. This weakness with SPPP interventions and mechanisms reminds us of Tunstall and Lupton's conclusion (2003) that the effectiveness of area-based initiatives depends on the mechanism used.

### **Defining areas**

Another problem with defining deprived areas is the difficulty of defining an *area*. All area-based schemes involve some type of boundary denotation as well as the creation of the 'boundary effect'

(Brook, 1985), that is, including some people while excluding others. In particular, area-based initiatives discriminate against places located just outside the designated area. Defining area boundaries thus requires deliberate and careful judgment. In Thailand, the SPPP used village as its sole reference point to define an area of poverty. But how can this reference point truly reflect poverty boundaries? If not, what factors should be used to delineate an area of poverty? Further, should we use the same conditions to define rural and urban areas, or should they be different? This is the complexity that policymakers face when defining poverty areas. Glennerster *et al.* (1999) points out that areas have different boundaries for different purposes and these boundaries could overlap. In some areas, the sense of loyalty to a neighbourhood may exist on a very small scale, for example to a few houses clustered together. But the sense of belonging may also extend to a much larger area, for example, to the catchment area for a primary school or a health centre. Further, in the cities and urban areas, many people do not have a strong sense of belonging to any area since increasing mobility causes major changes in the perceptions of neighbourhood.

Some studies show that the gains from geographical targeting at the regional level are quite small, even with large regional disparities in poverty, such as in the case of Bangladesh (Ravallion and Wodon, 1997) and Indonesia (Ravallion, 1993). This is because a region's population is typically heterogeneous and includes many non-poor households. Therefore, less leakage to the non-poor is likely in smaller geographic areas because the socioeconomic characteristics of smaller communities, particularly in rural areas, are typically more homogeneous and the population is affected by the same climatic and geographic conditions (Baker and Grosh, 1994; Grosh, 1994). Further, the level of geographic unit chosen does seem to have a notable impact on policy outcomes: poverty can be more significantly reduced when targeting smaller geographic units such as districts or villages than it is when targeting geographic units at the municipal or state level (Baker and Grosh, 1994; Elbers *et al.*, 2004). In Thailand's SPPP, the NRD2c and BMN databases provided extensive information on a village's demographic, physical, and economic conditions that aided development planners in defining the targeted areas. But, because the NRD2c and BMN provided information at the village level alone, this automatically predetermined that the unit "village" would be the geographical currency used *per*

*se.* No scientific rationale was claimed when defending the choice of village as the level of targeting in the SPPP. Could the sub-district or district level have been a better optimal level of targeting the deprived areas? Further studies are needed to answer this question. But the major hurdle in Thailand is that the present databases (SES, NRD2c and BMN) are not good enough to justify the decisions for small area selection (World Bank, 2001).

### **Structural disposition**

One important Achilles' heel of area-based schemes is that they overlook the embedded structural disposition of poverty. Some authors argue that the rationale of employing geographical solutions for concentrated poor areas is a 'misguided' one (Brook, 1985). Area-based initiatives attempt to reconcile the needs of those living in deprived areas, but they also respond to the 'symptoms' rather than to the causes of uneven development at the structural level (Brook, 1985; Oatley, 2000). The symptoms may be apparent at the area level, but the causes are very likely to originate at the regional, national, or international levels. There is a tendency to blame the area for problems which often come from elsewhere and are not exclusively geographical problems at all. Oatley (2000) suggests that by focusing on area, the government is positioning area as the unit at which practical remedies can be implemented while overlooking the structural roots of socioeconomic and political causes. A specific illustration of this condition is this: poverty is a reflection of national level macroeconomic policies and wider structural changes in the economy that affect the real incomes of rural poor households—primarily through their effects on the returns to their assets, on the prices they receive for the goods and services they produce and consume, and on the transfer of government funding and services they receive (Behrman, 1993). To summarize this argument, area-based solution is likely to be unhelpful because it hides the much wider structural reasons for inequality. Some even argue that local poverty is a result of national structural problems. This group advocates national policy for all areas as the means to lasting solutions (Townsend, 1979). In the case of SPPP, the programme touched only the issue of finance in each area but did not tackle other structural problems impeding the rural poor in Thailand, especially the issue of land rights. Land rights and land titles are important to agricultural

productivity, but the distribution of landholdings in Thailand is still quite unequal. The poor are often those who have no land or who are squatters in the forest reserves (Medhi *et al.*, 1993). Rural poverty in Thailand is definitely a national problem that requires not only interventions in given areas but also national policy to solve it.

Moreover, one area itself may not be insulated from the negative repercussions caused by other geographic areas. For example, in the case of SPPP, when households use credit to produce products, they still need to find markets for the products, either on a local or national scale. These producers are very likely to need a supply of raw materials from local or nearby areas or even from other regions. Quite often their production activities need both local workers and some from other areas. It is very likely that the repercussions of area-based schemes do not normally stay within spatially-limited boundaries as expected. It is doubtful if such situations could happen in the case of SPPP, although no evaluation report assessed this issue. To make area-based initiatives work, we cannot focus solely on one particular area while ignoring effects on nearby areas. Furthermore, in fact, each area is affected by other government policies implemented in any given area. Some policies deal with extending credit to village members no matter how poor or rich they are while some aim to generate income in other ways such as using technology to improve yields. Some across-the-board policies fail to differentiate between areas or between urban/rural divides. These kinds of policies may complicate the process of discerning and resolving area-based needs. Thus, effectiveness of area-based policies also depends on the coordination of complementary policies in adjacent areas. Interventions often need to be sensitive to the subtle differences in complex, problematic socioeconomic relationships between areas (Smith, 1999).

### **Political considerations**

A political point of view reveals further limitations and criticisms of area-based programmes. First, area-targeted policies are unfair to those areas that are not covered by the programmes, despite sometimes having similar needs (Smith, 1999). Area-based policies involve a redistribution of

resources, with some areas gaining, while others lose out. The point is that decisions are often made by the central government while the people—both within and without the areas—have no involvement in the decision-making process. This is undemocratic. Second, assistance to rural poor areas means that fewer resources are available for the urban poor in the manufacturing industry (factory workers) or for poor people classified by other non-area-based criteria (such as the disadvantaged and the unemployed). Is this fair? Geographical targeting can cause resentment in people living in non-targeted areas. Third, area-based policies are a way of diffusing regional or national problems and political tensions while retaining central government control (Brook, 1985). Many national governments are pressured to hold on to centralised control in order to preserve political stability and the perpetuation of the nation state as a sovereign entity. At the same time, local pressures demand that political representatives (who come from area-based constituencies) tackle their own areas' demands. Area-based policies thus become a way of reconciling these pressures: policies are financed and coordinated centrally, so central governments are content while they may defuse regional tensions by satisfying a few of the short-term needs of the people living in those areas. Fourth, the national and local politicians who represent moderately deprived constituencies are often reluctant to allow other more deprived areas to gain more resources and attention. Last, Grosh (1994) notes the political feasibility of a programme as one of the central factors that determines its effectiveness or failure, since the main obstacles to targeted programmes have often been political. Targeted programmes tend to isolate and stigmatise the target population, thus reducing political support for the programmes, while universal coverage may provide the political leverage to mobilise the support of the population not encompassed by the programme. Although this paper does not contain enough information to make any comment on the case of SPPP, critical arguments about the particular complexities that political considerations present to area-based schemes should not be disregarded.

## **FINAL COMMENTS**

Although we can see several limitations of area-based approaches, it does not mean the approach is ineffective in helping the poor. One should be aware that area-based targeting, as well as other

targeting approaches used to help the poor, are not panaceas for every problem caused by deprivation. Each targeting approach must aim to increase the effectiveness of the programme by reduce the error of inclusion, the number of non-poor individuals who are included in the programme, and the error of exclusion, the number of poor individuals who are excluded from the programme (Bigman and Fofack, 2000). Area-based policies could be particularly useful where they tackle declines in spatially located phenomena such as housing, infrastructure facilities, and services, where it is the area itself which is the intended unit of change (Tunstall and Lupton, 2003). In many cases, measures to develop the target areas can be particularly important in local villages or urban neighbourhoods where the physical infrastructure is often a critical constraint. In other words, we should consider the difference between the geographical distribution of 'place poverty' and 'people poverty' (Powell *et al.*, 2001). Further, the area-based approach still holds pragmatic rationale in many conditions. Its rationale for using rationing mechanisms and pilot programmes for wider use are still strong. However, if the intended beneficiaries of the programmes are not an area but a collection of individuals or institutions, the area-based approach is likely to be ineffective in reaching the poor.

Finally, the effectiveness of area targeting depends on the mechanism(s) used for targeting. To achieve success in applying area-based initiatives, there is still the need to know more about the poor target population, their unique characteristics that cause their poverty, the pattern of their needs, and so on, so that interventions can be designed to help them directly. This demands a set of very accurate indicators. But one should be aware that different indices target different areas: 'What is being measured determines who is being targeted' (Tunstall and Lupton, 2003: 26). We need the most valid and reliable databases to deliberately define the *area*. Poverty profiling and mapping using geographical information systems (GIS) can be useful in helping to reach targeting decisions (Bigman and Fofack, 2000; Smith, 1999).

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APPENDIX

