

# DIALOGUE

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## Focus: Worldwide poverty reduction policies – lessons from the NOPOOR programme

A conference was held in Brussels on 6 and 7 June 2017 to present some of the findings of the research programmes funded by the [Nopoor](#) programme, a DIAL-coordinated project involving some 20 research institutes. A selection of 20 of the 120 funded projects was presented. This Focus draws on the policy briefs produced by the project's researchers (which can all be consulted on the project's website (<http://www.nopoor.eu/publication-list/all/policy-brief>)).

Six research areas are covered here: conditional cash transfer programme effectiveness, access to education and educational quality issues, women's empowerment, access to employment and more especially decent work, and the question of governance and its effects on the implementation of poverty reduction policies.

### Conditional cash transfer programmes

In the late 1990s, the Latin American countries launched major national programmes for large-scale poverty reduction. Such programmes are also in place in Asia and are starting to develop in Africa.

These conditional cash transfer programmes (CCTs) pay sums of money directly to the poor on the condition that recipient families enrol their children in school and see to it that they receive healthcare. Other conditions, such as job seeking, may also be attached. One of the main problems faced by these programmes is determining who the poor actually are. The poor can only be targeted at national level if proper information is available on incomes, living conditions and problems putting children in school. So targeting is often expensive. To simplify targeting and for want of accurate information at household level, entire villages identified as poor benefit from these programmes, as is the case in Mexico. In Vietnam, all members of ethnic minority communities (living in the mountains or remote areas) are automatically selected as programme recipients. Targeting is often conducted locally, giving rise to misuse of the system where those closest to the decision-makers may be chosen at the expense of truly poor individuals.<sup>1</sup> It is estimated, for example, that just 45% of Mexico's poor were included in the programme in 2012.<sup>2</sup>

<sup>1</sup> Basudeb Chauduri (2017). Supply or demand? How politics influences the implementation of the Mahatma Gandhi National Rural Employment Guarantee Act in Rajasthan, Policy Brief No.39.

<sup>2</sup> Manuel Robles et al. (2015) Have Cash Transfers Succeeded in Reaching the Poor in Latin America and the Caribbean? Inter-American Development Bank, IDB-PB-246.



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Despite these problems, the programmes are powerful poverty reduction tools.<sup>3</sup> They have reduced the number of poor, particularly those in extreme poverty (Mexico and Brazil). They have also improved the rate of school enrolment for children, especially girls, and the number of pregnant women and infants receiving healthcare.

In addition, the programmes are relatively inexpensive compared with a social security policy, for example. In Brazil, Bolsa Familia costs 0.6% of GNP and reaches a quarter of the population, at 50 million recipients. In nearly all the Latin American countries, CCT programmes cost less than half a point of GDP and reach 10% to 40% of the population.

In Latin America, however, CCT programmes have been shown to be unable to solve the structural poverty problem of access to employment for the adult population in that few of them include any direct employment access measures. Instead, they can entail a risk of recipient dependency on the transfers. Few households leave the programme for reasons of improved living standards. The most recent versions of these programmes, such as Prospera in Mexico, address these questions of access to employment for the working-age population such that the poverty exit rate has improved just recently after 20 years of CCT programmes in operation.

In India, the initial aim of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) launched in 2008 was to create jobs for the most deprived rural populations. Transfers are paid to local communities to pay wages, with the local community responsible for finding work – preferably productive – for the poor. The programme offers 100 days of waged work to poor individuals who apply. This scheme reaches 140 million people at a cost of 8 billion euros (in 2009). Its brief is to prioritise low castes, women and all those excluded from the labour market, especially seasonal workers who are unemployed part of the year.

Yet the programme has come under harsh criticism for its lack of effectiveness.<sup>4</sup> One of the main problems is finding a supply of enough useful jobs with positive productivity. As this condition is not necessarily met, available jobs are often rationed and the temptation is then great to assign these rationed jobs in a discriminatory manner.

Improving the lives of the extremely poor does not necessarily have an impact on inequalities. In Brazil, for example, the Bolsa Familia programme has done nothing to improve income distribution. Yet the increase in the minimum wage under Lula's presidency saw a spectacular drop in the Gini coefficient.<sup>5</sup>

Despite their poverty reduction successes, conditional cash transfer programmes do not constitute a real welfare policy able to totally eradicate poverty. They may well be known to be effective at improving children's school enrolment rates and access to primary healthcare. The number of extremely poor people has also dropped. Yet in most of the countries where these programmes are in use, they do nothing to tackle the structural causes of poverty such as access to employment and income distribution. They have, however, created a new social demand for government entitlements.

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<sup>3</sup> Araceli Ortega Diaz (2014), Assessment of the different measures of poverty in Mexico: relevance, feasibility and limits, Working Paper No. 8.

<sup>4</sup> Basudeb Chauduri (2017), *op. cit.*

<sup>5</sup> Joao Saboia (2016). Minimum Wage, Income Distribution and Poverty in Brazil, Policy Brief No. 10.

Before the wave of conditional cash transfers in Latin America, caring for the poor was a matter of religious charity. It has now become a government duty and the people's right.<sup>6</sup>

### **Education**

Many countries have made huge progress with putting children in school. In South-East Asia and Latin America, virtually all children under 15 years old are enrolled in school. Yet education remains one of the main markers of poverty. It is now the quality of education, more than school participation itself, that is a factor of inequality and poverty.

In Vietnam, for example, lengthening instructional time has not been enough to improve the skills of poor children and reduce inequalities of opportunity.<sup>7</sup> The transition from part-time to full-day schooling is made without any extra investment in teacher training, school supplies, facilities, etc. In poor schools, full-time schooling has failed to improve students' performances for want of experienced teachers even as funding from parents improves the quality of education in schools attended by children from more well-off backgrounds. So a measure supposed to reduce inequalities has actually ended up doing the opposite.

A similar experience in South Africa shows that additional non-personnel operating funding for schools to improve the quality of education has no effect on the quality of schooling. The schools used the funds distributed to raise the number of students rather than improve the quality of teaching.<sup>8</sup>

So how can the quality of learning be improved? More targeted policies are needed. Yet the question is which policies are likely to be successful. Should teachers be better trained and selected, raising the risk of conflicts with their unions, as in Mexico? Should schools be partly performance-based funded to increase school competitiveness? A study in India shows that informing parents about the quality of each school has an impact on their tendency to enrol their children in school. Yet better information is no guarantee of access to quality education for the poor.<sup>9</sup>

Moreover, even successful investment in access to education and the quality of the education provided fails to open the door to employment for certain poor individuals. Another study in India shows that, even when low-caste children do complete secondary education, they have less chance of finding a good job than children of Brahmins. Skills other than pure intellectual capacity are important for professional success. Poor children lack non-cognitive skills not taught in school such as interpersonal skills and the self-confidence to present themselves to others and potential employers.<sup>10</sup>

Raising the quality of education can therefore be achieved by better teacher training, more non-personnel resources for schools and better information for parents. Yet these quality advances need to be flanked by measures to support deprived children.

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<sup>6</sup> Lena Levinas, Conditional Cash Transfers: Pros and Cons, Policy Brief No. 13.

<sup>7</sup> Tran Ngo Thi Minh Tam & Laure Pasquier-Doumer. Full-Day Schooling and Educational Inequality in Vietnam. The impact of lengthening the instructional time on inequality: the case of Vietnam, Policy Brief No. 16.

<sup>8</sup> Miquel Pellicer, Patrizio Piraino (2017). The impact of non-personnel school resources on educational outcomes: evidence from South Africa, Policy Brief No. 43.

<sup>9</sup> Rohini Somanathan in Ashwini Deshpande (2015) To what extent do education and social mobility break people out of poverty? Deliverable 7.1, Nopoor Project.

<sup>10</sup> Ashwini Deshpande (2017). Education and social mobility: the critical role of high school years, Policy Brief No. 29.

### **Women's empowerment**

A number of the project's studies show that the empowerment of women is an important poverty reduction vehicle.

For example, one of the aims of the Oportunidades programme in Mexico is to empower women. Subsidies are paid to mothers to put their daughters into school. The girls' school enrolment rate has subsequently improved, but the mothers find themselves with a greater load of household tasks since their daughters have been in school. The fact that the women have to manage the programme for their family does nothing to change the division of labour between the parents. With more domestic work to do, these mothers have gained nothing from the programme in terms of better access to work.<sup>11</sup>

In India, women's empowerment has been found to improve the rules of local governance. Villages governed by women post less corruption in the granting of subsidies to the poor. Yet it takes time to achieve these results. Women are often not well trained to govern the villages, and initial analyses of the effects of measures to promote women to these positions were relatively negative. As these female leaders become more experienced, they become more mindful of applying the subsidy programmes to the poor. This study shows that female empowerment policies take time and that their effects cannot be perceived immediately.<sup>12</sup>

Violence against women is an important dimension of poverty. A sociological study in Peru to evaluate the extent of domestic violence in Lima's deprived neighbourhoods has helped improve the public action taken to curb the phenomenon. With legislation in place against such violence, specialised centres have been set up to help these women. Yet just one-quarter of women who are victims of violence actually report it. The research shows that women who speak out against violence are prompted to do so by their social and family networks (their "social capital"). In poor districts, the absence of a social network prevents women from reporting violence. This research has led district authorities to set up support networks for abused women so that those who have dared to speak out can encourage others to do so. At the same time, social centre staff have become more informed about the problem. Networks re-instil self-confidence in the women. Social networks are therefore an important tool for successful policies to eradicate poverty and social segregation.<sup>13</sup>

Another form of violence, female genital cutting, is banned in Senegal, but is still widely practised. One study has shown that the adoption of national legislation has not put a stop to the practice, but has driven it further underground. Girls are now circumcised at a young age without any medical supervision, making the operation more inconspicuous than when performed on girls aged four years or more. The government and many NGOs have conducted information campaigns on the ban on cutting and its damaging effects on women's health, although apparently without much success as genital cutting is regarded as a social standard of identification with the community and it is hard to combat such customs. The issue here is how to promote social change to end the custom. The study shows that effective action has to be able to change the entire population's system of "preferences" or values so that they will accept a new norm. Practices can only change if new legislation is

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<sup>11</sup> Marta Ochman (2017) An assessment of the gender dimension of Mexican social programs: ways to improve gender integration in poverty policy, Policy Brief No. 31.

<sup>12</sup> Farzana Afridi, Vegard Iversen & M.R. Sharan (2017) Women political leaders, corruption and learning: evidence from a large public program in India, Policy Brief No. 47. The women are elected in compliance with a positive discrimination law.

<sup>13</sup> Martin Benavides (2017) Opportunity or Challenge: The Role of Social Networks in Reducing Domestic Violence in Metropolitan Poor Contexts of Peru, Policy Brief No. 33.

accompanied by a change in attitudes. Economic growth and the mobility that comes with it can also facilitate such social progress.<sup>14</sup>

### **Decent work**

One of the main causes of poverty is found in unemployment and low-paid work. Helping the poor gain access to decent work should be one of the main tracks of any poverty eradication policy. Yet poverty reduction policies have only recently taken this aspect on board. Employment assistance measures are often stand-alone schemes, such as the rural job creation programme in India.

Job creation is also an industrial development policy goal, in particular via the establishment of free trade zones. In Brazil, for example, the Manaus industrial free trade zone has raised the local people's standard of living by creating a large number of jobs. The region's poverty rate has dropped to a level now lower than across the country as a whole.<sup>15</sup> However, jobs in poor countries' industrial areas where wages are low need to be created in compliance with the labour code and include social security coverage. Otherwise, workers cannot secure the economic livelihood they need to break out of the cycle of poverty. Such is the case in Madagascar where the poverty rate has increased among the people working in firms in these zones.<sup>16</sup>

Access to social security coverage for poor workers, especially those working in the informal sector, is a major concern in countries where most of the labour force are not wage earners. Research on workers in this sector in Vietnam shows that the voluntary insurance system and especially the pension fund contribution system do little to help informal workers. These measures therefore need to be adjusted in support of these workers, a move promoted by our research.<sup>17</sup>

Job creation is not enough to break people out of poverty. Quality employment is needed with a wage and decent working conditions. The ILO's decent work promotion policies are working to achieve this goal. This issue is especially important in that job quality in emerging countries is often vulnerable: no employment contract, no social security, no guarantee of job security, etc. In Chile, the drop in the quality of work in a period of high economic growth increased the vulnerability of many workers, a factor behind the adoption of the quality of employment as one of the four multidimensional poverty measurement indicators in 2013.<sup>18</sup>

International standards regarding working conditions could help improve the quality of work in developing countries, but they have proved hard to enforce. This can be seen from the apparent lack of effect of international free trade agreements (FTAs) with their labour standards clauses, despite the efforts of the European Union and especially the ILO. The new bilateral FTA trend is to omit such

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<sup>14</sup> Giulia Camilotti & Jean-Philippe Platteau (2016) Fighting harmful practices: the case of female genital cutting, Policy Brief No. 12.

<sup>15</sup> Martha Castilho, Aude Sztulman & Marta Ménendez (2017) The free trade zone of Manaus: a model for development? Policy Brief No. 34.

<sup>16</sup> Hery Ramiarison & Mamy Ravelomanana (2017) Attracting FDI to Export Processing Zones: A potential tool to reverse poverty trends in Madagascar, Policy Brief No. 25.

<sup>17</sup> Nguyen Thu Phuong, Pham Minh Thai, Xavier Oudin & Laure Pasquier-Doumer (2017) The role of household businesses in the economy of Vietnam, Policy Brief No. 27.

<sup>18</sup> Jaime Ruiz-Tagle & Kirsten Sehnbruch (2013) More, But Not Better Jobs in Chile? The Fundamental Importance of Open-Ended Contracts, Working Paper No. 6.

clauses on the basis that countries do not enforce them.<sup>19</sup> The globalisation of international trade therefore has no positive impact on working conditions.

### **Governance and poverty reduction**

It is now widely accepted that good governance is key to the success of poverty reduction policies. Good governance is a condition for economic growth, which itself fosters poverty alleviation. Many players are involved in putting these policies in place: national and local leaders and non-governmental organisations. The risks of fraud, corruption, or quite simply poor management, at all these different levels can prevent pro-poor programmes from being truly effective.

Political manipulation and clientelism frequently hinder the implementation of national poverty reduction programmes, as in the case of the employment guarantee scheme in India. Local authorities prioritise households in their own villages or from their own political party when allocating jobs. This imbalance is particularly marked when elections are impending and competition between dominant parties is running high.<sup>20</sup>

Confiscation of power by political elites considerably hampers pro-poor redistribution. Madagascar is a good example of this. Political, often hereditary, elites have held onto power supported by solid traditional networks. This has made Madagascar's political system an undemocratic regime where encouraging development is not on the agenda. The question is whether these elites cut off from the people can one day become progressive elites capable of conducting reforms.<sup>21</sup>

However, democratic regimes are not always capable either of implementing pro-poor policies in the best way. A lack of financial, institutional and human capacities holds back the execution of effective public policies. Also, however, a blatant lack of political transparency and accountability to the people can breed fraud and corruption. In Ghana, a democratic country with a free press and alternation of parties in power, the lack of political accountability to voters and transparency in policy implementations means that the population of poor districts feels neither represented nor heard. For example, there is no obligation for elected representatives to inform their electorate of their actions. This makes it hard for the public to talk to the administration and obtain explanations as to certain political choices, whether nationally or locally.<sup>22</sup> The authors consequently ask whether the Ghanaian presidential democratic regime is capable of effectively implementing inclusive economic and social policies.<sup>23</sup>

However, in certain circumstances, democratic practices do help to give voice to the poor. For example, the use of an electronic voting system in Brazil considerably improved the poor's participation in the political process by reducing ballot rigging.<sup>24</sup> More generally, governance can be

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<sup>19</sup> Jean-Marc Siroën & David Andrade (2016) Trade Agreements and Core Labour Standards, Policy Brief No. 5.

<sup>20</sup> Basudeb Chaudhuri, op. cit.

<sup>21</sup> Mireille Razafindrakoto, François Roubaud & Jean-Michel Wachsberger (2017) Elites, démocratie et gouvernance : clivage entre le pouvoir et les citoyens à Madagascar, Policy Brief No. 41.

<sup>22</sup> Franklin Oduro, Regina Oforiwa Amanfo-Tetteh (2016) An Empirical Study into the Expectations, Preferences and Behaviour of Ghanaian Voters towards their MPs in Constituencies with High Incidence of Poverty, Policy Brief No.8.

<sup>23</sup> Mohammed Awal, Franklin Oduro (2017) The quality of governance and inclusive development, Policy Brief No.42.

<sup>24</sup> Jairo Nicolau (2014) Elections in Brazil, Background Paper.

improved by the better and fairer holding of democratic elections so that the poor can express their choices.<sup>25</sup>

Non-governmental organisations work to combat discrimination, defend the interests of marginalised groups and can help put pressure on local governments to be more accountable to the population for their political decisions. Any government concerned for the well-being of the majority of the population should support these NGOs. Yet, as in the case of Vietnam, these organisations are often subsidised on the basis of their political loyalties or are used to better control the people. Their actions in these cases do absolutely nothing to improve citizen participation in the design and oversight of the policies that concern them.<sup>26</sup>

The same problem occurs with funding granted to local NGOs by foreign donors. National governments may consider foreign financing of NGOs in their country to be an unacceptable intrusion by foreign countries in their own domestic affairs. This risk runs particularly high when the local NGOs are working on improving human rights and other socially and politically sensitive issues that represent a challenge to the political power and elements deeply rooted in the local culture.<sup>27</sup>

### **Conclusion**

The Nopoor project has explored a large number of poverty dimensions. To end on a positive note, the different case studies show that it is now becoming hard for governments of countries not at war to ignore their poor populations. Growing numbers of policies, even those led by international organisations and development aid programmes, seek to improve social cohesion and integrate underprivileged groups who increasingly have the means to assert their rights.

However, the implementation of blanket poverty reduction policies, and measures targeting a specific aspect such as access to education, raises many problems often due to poor programme management and a lack of liaison between policymakers and the people, if not fraud and corruption. Therefore, in addition to studying the causes of poverty, research needs to determine which factors prevent the sound implementation of poverty reduction programmes.

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<sup>25</sup> On free and fair elections, see Anke Hoeffler and Sylvia Bishop (2013) Free and Fair Elections – A New Database, Working Paper No. 7.

<sup>26</sup> Marine Emorine, Hai Anh La, Yoann Lamballe & Xavier Oudin (2014) Dynamics of citizen participation in Vietnam, Working Paper No. 76.

<sup>27</sup> On aid distributed via NGOs in undemocratic countries, see Martin Acht, Toman Omar Mahmoud & Rainer Thiele (2014) Corrupt Governments Receive Less State-to-State Aid: Governance and the Delivery of Foreign Aid through Non-State Actors, Working Paper No. 15, and also Thomas Barsbai & Rainer Thiele (2016) Governance Does Matter for the Allocation of Foreign Aid, Policy Brief No. 9.