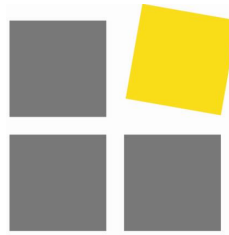


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Social Transfers and Chronic Poverty: A Policy Analysis Research Project

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Background

Chronic poverty, which is often transmitted from generation to generation, remains a major challenge for the international community. Recent estimates suggest that between 320 and 443 million people are trapped in a chronic state of human deprivation, from which they are unlikely to escape in the absence of institutional assistance¹.

The nature and proximate causes of chronic poverty are complex and diverse. They include *inter alia* extreme deficits in well being, inaccessibility to labour and credit markets, social discrimination and high levels of insecurity. Social Transfer Programmes (STPs) are emerging as a core component within social protection policies aimed at tackling poverty and vulnerability. Their ability to reach the targeted population (often those in extreme poverty), capacity to reach large scale, flexibility in scope, as well as an increasing body of empirical work pointing to significant impacts on poverty and well being, is attracting the attention of multilateral institutions and most importantly, many governments in developing countries.

Social transfer programmes are being piloted (or in the design stage) in several countries, e.g. Kenya, Malawi, Zambia, Nigeria, Uganda, Ghana, Bangladesh and Pakistan, whereas other nations have already begun rolling out their schemes, e.g. Paraguay, Honduras, Nicaragua, Panama, Argentina, and the Dominican Republic. This is clearly indicating a general interest in STPs as a potentially effective poverty policy device.

The focus of many social transfer programmes on extreme poverty suggests that they could have important effects in reducing persistent poverty. The 2005 Manchester Conference on Social Protection for the Poorest, the publications and research that followed it (Special Issue on Chronic Poverty and Social Protection in *European Journal of Development Research* 17(1) March 2005 and A. Barrientos and D. Hulme *Social Protection for the Poor and Poorest*, Palgrave 2008), as well as the 2008 CPRC Uganda Conference on Social Protection helped assemble a range of research supporting this proposition. This research project aims to contribute to the knowledge on the effectiveness of social transfers in reducing persistent poverty.

A typology of social transfers

Social Transfers in the form of pure income transfers such as pensions or child support benefits; combined with other services such as primary education, health and nutrition, or within an integrated poverty reduction programme, are increasingly being adopted by developing countries as part of a broader framework of social protection to support vulnerable groups against different kinds of extreme deprivation. A growing body of empirical research throws light on the advantages and disadvantages of key features transfers. Common ground is emerging demonstrating the ability of transfers to reach the intended beneficiaries even in the most adverse conditions.

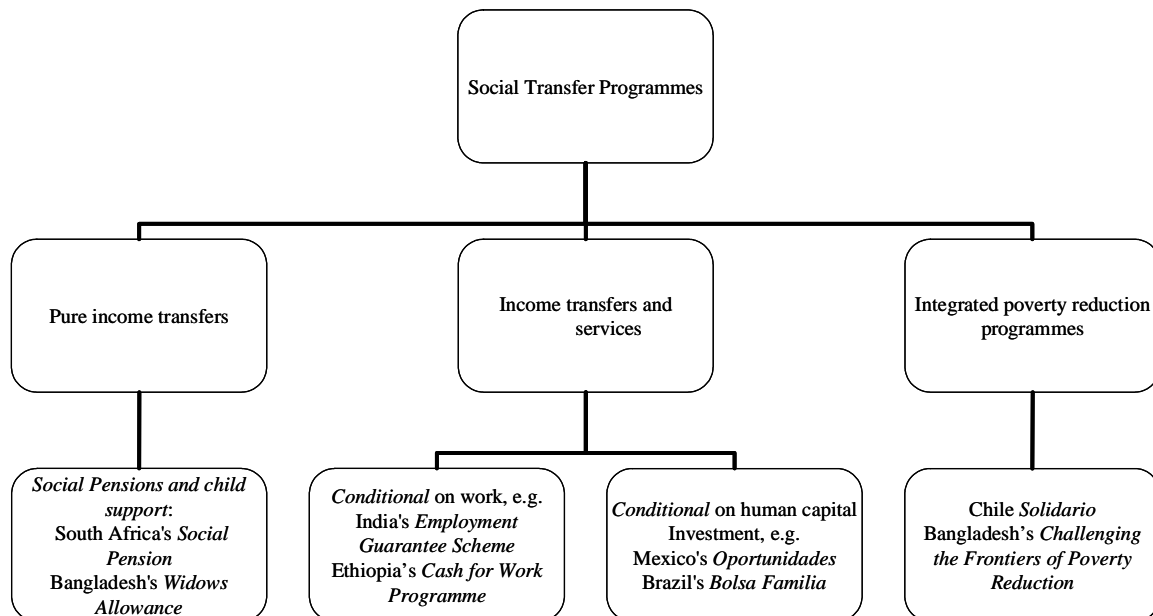
The role of social transfers in tackling poverty appear to go beyond supporting short-term consumption, and in several countries they aim at facilitating longer-term and multidimensional human development. This entails a shift in approach, from dealing with transitory income shortfalls to addressing the various causes of persistent deprivation, which in parallel reflects a goal of breaking down potential poverty traps rather than simply focusing on poverty *alleviation*. This approach is commonly found in the form of income transfers

¹ See *Chronic Poverty Report 2008-09. Escaping Poverty Traps*. Chronic Poverty Research Centre. Manchester

conditional upon human capital investment. Mexico's *Oportunidades* programme and Brazil's *Bolsa Familia* are the earliest examples of this kind.

Social pensions are *pure* income transfers, which have become an important component within the framework of social protection in countries such as South Africa, Brazil and Bangladesh. Social transfers are also important components within integrated poverty reduction programmes in Chile where a range of interventions combine to address shortfalls along seven dimensions of wellbeing among the extreme poor (see figure 1).

Figure 1. Typology of social transfer programmes



A growing number of studies points to positive and significant impacts of social transfers on poverty and well being. Special attention has been paid to the analysis of *direct* impacts, particularly on children, since they are perceived as effective channels to breaking down the inter-generational poverty trap that causes chronic poverty, although other studies also look at wider impact routes that affect the household. Static approaches to poverty analysis are dominant in impact assessment. This is not surprising. After all, poverty and welfare measures are well developed for the static case. Not least important is the fact that for empirical work, longitudinal survey data, which is ideally the best possible option for studying dynamic poverty (and well being), are scarce in most developing countries. However, emerging longitudinal household surveys from a small group of developing countries offer the opportunity to explore pioneering dynamic measures of chronic poverty.

Research objectives

This research project aims to contribute to knowledge on social transfers, by examining the way they impact households' chronic poverty. In particular, the main objectives are to:

- provide an assessment of whether and to what extent Social transfers are an effective response to chronic poverty in developing countries;
- identify and assess the modalities of social transfers that are most effective in addressing chronic poverty;

- provide tools for policy analysis and research in the area of social transfers;
- disseminate research findings through journal articles, media, briefings, and website materials.

The empirical analysis will focus on a range of countries (see table 1) that satisfy the following criteria:

- 1) Countries with large scale programme evaluation datasets (specially longitudinal);
- 2) Countries with household survey datasets;
- 3) Covering different types of programmes;
- 4) Ensuring a balance in the regional coverage.

Table 1 Preliminary list of programmes to be included in the study

Region	Pure income transfers	Conditional income transfers	Integrated poverty reduction programmes
Latin America	<ul style="list-style-type: none"> • Brazil's Previdencia Rural. 	<ul style="list-style-type: none"> • Mexico's <i>Oportunidades</i> • Brazil's <i>Bolsa Escola</i>. • Nicaragua's <i>Red de Protección Social</i>. 	<ul style="list-style-type: none"> • Chile Solidario
Africa	<ul style="list-style-type: none"> • South Africa's <i>Social Pension</i> 	<ul style="list-style-type: none"> • Ethiopia's <i>Cash for Work</i>. 	
Asia	<ul style="list-style-type: none"> • China's <i>Minimum Living Subsidy Scheme</i>. • Bangladesh's <i>Old Age Allowance Scheme and Assistance Programme for Widowed and Destitute Women</i>. 	<ul style="list-style-type: none"> • India's NREGS. • Bangladesh's <i>Cash for Education</i>. 	<ul style="list-style-type: none"> • Bangladesh's <i>Challenging the Frontiers of Poverty Reduction/Targeting the Ultra Poor (CFPR/TUP)</i>

Research questions and methodology

There are three central questions that will be addressed in this research project:

1. What are the difficulties and advantages associated with introducing chronic poverty reduction objectives and indicators in the assessment of social transfers?
2. To what extent are social transfers an important component in global policy responses to chronic poverty?
3. What modalities of social transfers, in terms of design, implementation, financing, time windows, and associated politics, are most effective in addressing chronic poverty?

In order to address these research questions, the project will examine outcome variables that capture poverty persistence features of transfer programmes (see figure 2). We propose to undertake a comparative, detailed, and thorough investigation of existing social transfers, with a view of establishing what modalities are more effective in addressing chronic poverty.

Figure 2. Impact analysis of social transfer programmes

