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## CREATING KNOWLEDGE TO END POVERTY

### SOCIAL TRANSFERS REDUCE EXTREME POVERTY

Armando Barrientos

Next September representatives from the international community will meet in New York to review progress on the Millennium Development Goals (MDGs). At the top of their agenda will be Goal 1, Target 1: halving extreme poverty by 2015.

Although the MDGs make no mention of social protection, their review is likely to be dominated by the astonishing growth of social transfer programmes in the South. They currently reach around three-quarters of a billion people in the South and are contributing greatly to the worldwide decline in extreme poverty.

In *Just Give Money to the Poor: The Development Revolution from the Global South* (Kumarian Press, 2010), Hanlon, Barrientos and Hulme provide an accessible account of the new thinking and practice behind the growth of social transfers across the South.

Transferring money and resources directly to poor households, so that they are able to find the most effective ways to escape from poverty, is a deceptively simple but powerful idea.

It is the premise behind programmes such as Mexico's *Oportunidades*, Brazil's *Bolsa Familia*, South Africa's Child Support Grant, and India's National Rural Employment Guarantee Scheme. These all provide regular transfers of money to households in poverty, with the aim of improving nutrition, and making sure that children go to school, and expectant mothers have regular check-ups.

This does not rule out the need for investment in economic growth and basic services. Small transfers to very poor households work best by facilitating access to new economic opportunities and vital health and education services. Without such transfers, the costs of transport, school uniforms, medicines, and job search could well be prohibitive.

Social transfer programmes carefully select and monitor recipients, ensure they are well informed about objectives, and track outcomes. In Latin America, transfers are paid directly to mothers, thus strengthening their voice within the household. The responsibilities of government and households are carefully discussed at registration.

Despite attempts by the aid industry to take credit for these initiatives, social transfer programmes are most often national responses to local problems.

Brazil's *Bolsa Familia* began as a municipal programme in Campinas in 1994-95, and built on domestic learning and experience of what works to reduce poverty.

India's National Employment Guarantee Scheme guarantees 100 days labour on demand to unemployed rural heads of household, and is similarly based on domestic experience.

Social transfer programmes have high set-up costs, so international assistance is important in low-income countries. But sustainability and legitimacy require domestic political support and finance in the medium term. Giving money to households in poverty is a 'Southern project', as the diversity of existing programmes demonstrates.

Important challenges remain, especially in low-income countries lacking the capacity to design, deliver and finance social transfer programmes. It is essential that social transfer programmes are not seen as development 'projects', like water pumps and malaria nets. Rather, they should be



Bolivian collecting his social pension (*Bono Dignidad*). Photo: Tom Weller/HAI/2006.

understood as a first stage in the development of strong and stable institutions, able to protect poor and vulnerable populations in the South from the volatility and crisis of the global economy.

The book makes the important point that knowledge on how to eradicate poverty is already freely available, if only we care to learn from the South.

#### Key policy points

- Well designed social transfers can be very effective in tackling extreme and persistent poverty.
- Over the last decade there has been astonishing growth in social transfers in developing countries, currently reaching around 0.75 billion people.
- Introducing social transfers in low-income countries is challenging, especially on delivery capacity and finance, and may require international assistance in the short run.

Armando Barrientos is Research Director at the Brooks World Poverty Institute, University of Manchester. Correspondence address: Humanities Bridgeford Street Building, Oxford Road, Manchester M13 9PL, UK. Email: [armando.barrientos@manchester.ac.uk](mailto:armando.barrientos@manchester.ac.uk)

#### Further reading

- J. Hanlon, A. Barrientos and D. Hulme (2010). *Just Give Money to the Poor. The Development Revolution from the Global South* (Kumarian Press). <http://www.styluspub.com/clients/kum/books/BookDetail.aspx?productID=234740>
- A. Barrientos and D. Hulme (eds.) (2010). *Social Protection for the Poor and Poorest. Concepts, Policies and Politics* (Palgrave). <http://www.palgrave.com/products/title.aspx?PID=279571>

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