

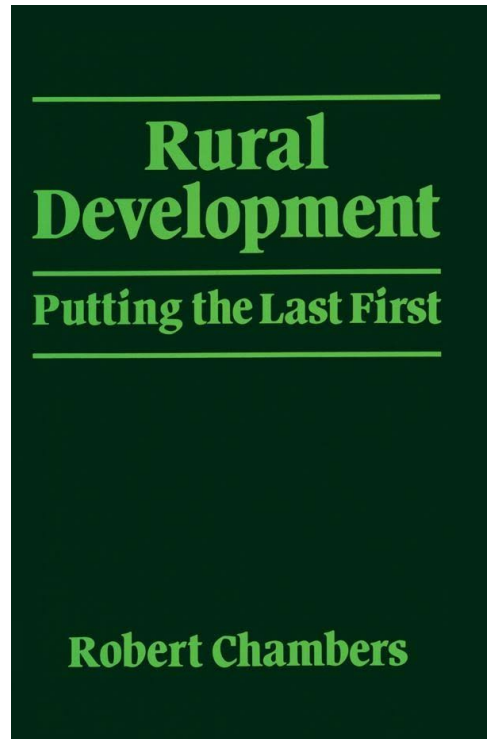
Strategies of poverty alleviation

Lecture 3

Top-down vs Bottom-up

- Top-down approach
 - Poverty is recognized/defined by experts
 - Alleviation programmes were designed by these experts
- Bottom-up
- Poor keep the top/center

- Poverty alleviation strategies have been shaped by these major two paradigms



Poverty Alleviation strategies

- Poverty alleviation strategies may be categorized into four types (by UNDP)
 - Community organizations based micro-financing
 - Capability and social security
 - Market-based
 - Good governance

Community organizations based micro-financing

- Micro-finance is a predominant poverty alleviation strategy
- Having spread rapidly and widely over the last few decades, it is currently operational across several developing countries in Africa, Asia, and Latin America
- Many researchers and policy-makers believe that access to micro-finance in developing countries,
 - empowers the poor (especially women)
 - supporting income-generating activities
 - encouraging the entrepreneurial spirit
 - reducing vulnerability

Capability and social security

- Capability approach is intended to enhance people's well-being and freedom of choices
- According to Sen, development should focus on maximizing the individual's ability to ensure more freedom of choices
- Improving capabilities of the poor is critical for improving their living conditions
- Improving individuals' capabilities also helps in the pooling of resources while allowing the poor to engage in activities that benefit them economically
- Social inclusion of vulnerable communities through the removal of social barriers is as significant as financial inclusion in poverty reduction strategies

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- Social security is a set of public actions designed to reduce levels of vulnerability, risk, and deprivation
- It is an important instrument for addressing the issues of inequality and vulnerability
- It also induces gender parity owing to the equal sovereignty enjoyed by both men and women in the context of economic, social, and political activities

Market-based

- Economic growth will create opportunities to poor
- Economic growth is more important giving essential social services directed towards the poor while creating financial and social safety nets
- Public spending on social protection, including social insurance schemes and social assistance payments, will depend on economic development
- Promote market-oriented behavior in the poor
- This approach believes that participation in markets provides substantial benefits and that making the market more inclusive for the poor will “enhance their economic empowerment and human development” (Mendoza and Thelen 2008, 427).

Good governance

- Good governance relevant to poverty alleviation has gained top priority in development agendas over the past few decades
- developing countries have to deal with enormous challenges related to social services and security due to the weak and political and administrative systems
- High level of corruption culture damages the efficiency, effectiveness and transparency of delivering social services
- Thus, in order to receive financial aid from multinational donor agencies, a good governance approach towards poverty reduction has become a prerequisite for developing countries
- This calls for strengthening a participatory, transparent, and accountable form of governance if poverty has to be reduced while improving the lives of the poor and vulnerable

Activity

- Case analysis