

# Evaluation of Poverty Reduction Policies of International Organizations: Post-2000 \*

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## ABSTRACT

**Purpose** – After the first poverty alleviation report was published in 1980 the World Bank revised its main objective as “eradicating poverty across the globe”. This study was carried out to evaluate the effectiveness of the policies implemented within this framework in eradicating poverty in developing and less developed countries and the post-2000 poverty alleviation policies of international organizations.

**Design/data/methodology** – The outstanding leading organizations in the fight against poverty are the World Bank, United Nations Development Programme and the International Labor Organization. The policies of these institutions are guiding for the countries that are attacking poverty. In line with the purpose of the World Bank, three poverty reports published in 1980, 1990 and 2000/2001 were examined and the policies put forward were compiled.

**Findings** – However the policies recommended by these institutions are not fully practicable for all the countries. Every country has its own original condition. It is necessary for the countries to develop alternative policy measures according to its own original conditions. In addition, when we look at the economic growth rates of regions with high levels of poverty around the world, it becomes difficult to say that these policies were successful.

**Originality/value** – it is thought that this study contributes to the evaluation of the effectiveness of World Bank policies as a whole in the period 1980-2005 from a global perspective. The effectiveness of poverty alleviation policies after 2005 can be evaluated as a separate subject of study.

**Keywords:** Poverty Alleviation, International Organizations, World Bank, UNDP

## Uluslararası Kuruluşların Yoksulluk Azaltma Politikalarının Değerlendirilmesi: 2000 Sonrası\*

### ÖZET

**Amaç** – İlk yoksullukla mücadele raporu 1980 yılında yayımlandıktan sonra Dünya Bankası'nın temel amacını “dünyada yoksullukla mücadele” olarak revize ettiği görülmektedir. Bu çalışma, bu çerçevede uygulanan politikaların gelişmekte olan ve az gelişmiş ülkelerde yoksullukla mücadelede etkinliği ile uluslararası kuruluşların 2000 sonrası yoksullukla mücadele politikalarının değerlendirilmesi amacıyla gerçekleştirilmiştir.

**Tasarım/veri/metodoloji** – Yoksullukla mücadelede önde gelen öncü kuruluşlar Dünya Bankası, Birleşmiş Milletler Kalkınma Programı ve Uluslararası Çalışma Örgütü'dür. Bu kuruluşların politikaları, yoksullukla mücadele eden ülkeler için yol göstericidir. Dünya Bankası amacı doğrultusunda 1980, 1990 ve 2000/2001 yıllarında yayınlamış olduğu üç yoksulluk raporu incelenmiş ve ortaya konulan politikalar derlenmiştir.

**Bulgular** – Bu kurumların önerdiği politikalar tüm ülkeler için tam olarak uygulanabilir değildir. Her ülkenin kendine özgü orijinal koşulları vardır. Ülkelerin kendi orijinal koşullarına göre alternatif politika önlemleri geliştirmeleri gerekmektedir. Ayrıca, dünya genelinde yüksek yoksulluk oranlarına sahip bölgelerin ekonomik büyüme oranlarına baktığımızda, bu politikaların başarılı olduğunu söylemek zorlaşmaktadır.

**Özgünlük/değer** – Küresel bir bakış açısıyla 1980-2005 arası dönemde Dünya Bankası politikalarının etkinliğinin bir bütün olarak değerlendirilmesi açısından bu çalışmanın katkısı olduğu düşünülmektedir. 2005 yılından sonrası için yoksullukla mücadele politikalarının etkinliği ayrı bir çalışma konusu olarak değerlendirilebilir.

**Anahtar Kelimeler:** Yoksullukla Mücadele, Uluslararası Kuruluşlar, Dünya Bankası, UNDP

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## 1. Introduction

While deciding to the policy preferences about poverty alleviation, it should be crucial to point out the attempts of poverty definition. In the definitions of poverty economic, social and ethical values are often emphasized. However before stating the definitions of poverty, the word “poor” should be defined. Poor is a person who does not have enough income. Lipton defined poverty as “A person is poor in any period if and only if her or his access to economic resources is insufficient for a reasonable expectation that she or he will acquire enough commodities to meet basic material needs adequately” (Lipton, 1997, p. 127). Basic needs in this definition refer to nutrition, clothing, shelter, education, health care and participating in cultural activities. Because basic needs for survival could differ according to society, environment and conditions, the definition of poverty could vary by age, gender and by cultural, social and economic conditions (Narayan, 1999). Also poverty can be defined as lack of resources to participate in the activities and have the customary living conditions that are widely accepted in the society. The resources should be significantly below the average individual or household.

One of the most prominent and common definitions of poverty is absolute poverty. Absolute poverty is the minimum income or consumption level that households or individuals need to reproduce themselves biologically (İnsel, 2005, p. 2). Minimum needs to sustain life, food components and calories give poverty an absolute character. The definition of absolute poverty is objective and scientific and based on “subsistence”. Subsistence is the minimum needs that are required for survival and to be below the subsistence level is to be absolutely poor. For, the individual does not have the needs to sustain life (Alcock, 1997, p. 68). Besides this, relative poverty is whether the household or the individual has the minimum living conditions that are traditional in their society. Relative poverty is generally defined as “to be impossible or inadequate or very limited to participate in everyday life of society, to have at least promoted and approved participation in normal activities and living conditions” (Şenses, 2001, p. 91).

Poverty can be defined according to subjectivity or objectivity. Objective poverty is a lack of resources that is needed for standard living in community, however subjective poverty is the individual’s thought that he/she suffers from that shortage of resources (Lipton, 1997, p. 158). A study conducted by Narayan asked the poor how they should define themselves in many countries around world. These definitions are subjective. Poor people defined poverty as insecurity of food, livelihood, shelter, to be dependent and unable to protect from shocks, to be lack of power and assets rather than income (Narayan, 1999).

According to Amartya Sen, it is more proper to define poverty with lack of capabilities or deprivation. Deprivation of capabilities is the inability of individuals or communities to choose what they will be and do that are basic to their lives. In other words, poverty is absolute lack of getting specific valuable capabilities. Sen defined six

basic capabilities that do not vary across societies. These six basic capabilities are to meet nutritional requirements, to escape avoidable disease, to be sheltered, to be clothed, to be able to travel and to be educated. Moreover, he added to having self-respect, the capability to live without shame and being able to participate in the activities of the community that can differ from a society to another (Sen, 1983). Sen stated that death rates (life expectancy) are good indicators of capability. "Being alive" is a valuable functioning by itself. Also "being alive" has a special status among other capabilities: it is in the center of capabilities to reach other functioning. Because of this, mortality rate statistics are good indicators of capability (Alkire, 2005).

Therefore, the poor are not only deprived from resources and income, but also opportunities. Because of social exclusion and lack of opportunities it is difficult to reach the market and to be employed. Besides, the lack of education has a negative effect on the ability to access information that will improve their living conditions and employment. Malnutrition and inaccessible health services reduces the possibilities of their mental and physical health protection. Taking into account all these elements United Nations Development Programme has developed "human poverty" concept in the Human Development Report in 1997. The concept of human poverty based on the idea that for meeting the basic needs, along with financial resources, economic, social and cultural opportunities are necessary for human development and decent living (UNDP, 2009). A person even he/she is above the poverty line income, said to be deprived when he/she is illiterate or subject to vulnerabilities that lead to premature mortality or has no access to safe water and health care services. Furthermore, human poverty should be defined differently for developing and developed countries. In developing countries poverty implies hunger, illiteracy, epidemics, lack of health services, however in developed countries poverty is associated with social exclusion and inability to take parting the life of community (Anand & Sen, 1997).

It is argued that structural adjustment policies implemented under the guidance of the World Bank will accelerate growth and reduce poverty. The structural adjustment policies of international organizations aim at the integration of countries into global markets. The fundamental policies of the structural adjustment programs created within this framework are; liberalization of foreign trade, financial liberalization, deregulation, tight monetary and fiscal policy, downsizing of the state and privatization, flexible exchange rate and liberalization of labor markets. In this paper, the effects of the policies implemented with the recommendation of the World Bank on growth and the extent to which they have reduced poverty are discussed. The main question of this study is whether structural adjustment programs have a positive effect on economic growth. When the data is examined, it is revealed that these policies do not have significant contribution to growth rates.

## 2. Fighting Poverty Before 2000

Two organizations dedicated to fighting poverty in the world are the World Bank and United Nations Development Programme. Although the purpose of the establishment of the World Bank was different, the last 30 years it has been working to reduce poverty around the world. The World Bank put poverty on agenda by periodically publishing World Development Reports about poverty. And also, by publishing reports every year since 1990, United Nations Development Programme measures the progress of the countries in human development.

In the 1970s World Bank summarized the sources of growth under four main headings. These are natural resources, investment and physical capital, human resources and population. During this period, the ILO and the World Bank realizing that economic growth alone is not sufficient to reduce poverty at the desired speed, stated that effective policies should focus on four different complementary strategies: increasing employment, meeting basic needs, reducing income and wealth inequality and increasing the productivity of the poor (World Bank, 1980).

Major role falls to governments in reducing inequality and poverty reduction. Governments may increase the income of the poor with various measures such as land reform, infrastructure investments such as road irrigation system, education and health services, presentation of pro-poor research and technology, transfers and subsidies (World Bank, 1980). For the poor living in the places appropriate to epidemics, not being able to access to protective and preventive health care services, difficulty of full-time employment of health care providers in these areas, making health services an important component for the them. Mobile health units developed for this cannot give good service in short time. Therefore, the emphasis is on the supply of basic preventive and curative health services (Kheir, 2018). Moreover, measures such as food subsidies, supplementary feeding programs, food rationing, promoting education of women to reduce the rate of population growth are emphasized (World Bank, 1980).

World Bank focuses on two important pillars of effective policies that would be implemented in the 1990s. The first is promoting the use of effective and productive asset that the poor have most i.e. labor, secondly is providing basic social services such as health, family planning, nutrition, primary education (World Bank, 1990). 1990 World Development Report provides a two-sided opinion for the fight against poverty. The first the appropriate initiative of market, physical infrastructure, institutions, and active labor-intensive growth based on technological innovation, the second is the adequate provision of social services including family planning, primary education, and basic health care. In addition, transfers and providing social security are other policy measures that were emphasized (World Bank, 1990).

Policy measures that would improve access to land, credits, infrastructure and productive inputs for poor were considered. As shown by the country experience it is

necessary for rural development to remove agricultural taxes, provide strong support for rural infrastructure and small farmers with access to technical innovations. In addition, governments should be able to stimulate job creation activities and increase in demand of labor by preventing the distortions in the goods and labor markets and providing the appropriate infrastructure in urban areas (World Bank, 1990, p. 56). In other words, poor should be provided by access to land, credit and infrastructure. Because of this, the focus was on measures such as the reform of property rights, improving tenancy, balancing of public and private property, credit subsidies, and adaptation of technology for small farmers (World Bank, 1990).

In 1990s the main solution in fight against poverty was considered as economic growth. But the increase in per capita national income alone is not enough. Recovery should be seen in generally accepted indicators of poverty such as Consumption per capita, life expectancy and educational level. Although they remain below the poverty line the conditions of poor who have access to basic services are improved. For this the basic role of the government is to provide health care services in areas where private sector step aside. More shares from government budget should be devoted to primary education instead of higher education and social security system should be extended (World Bank, 1990).

Despite United Nations with all its institutions support globalization that is gaining popularity in 1980s and 1990s, it works to ensure that it is fair and effective for all people and countries (UNDP, 1997, p. 93). The United Nations focused on six major policies to reduce poverty. These are i) by providing the opportunity of political participation to individuals, households and communities to strengthen their control over their lives ii) to strengthen gender equality to increase women's participation in social life, iii) Accelerating pro-poor growth in developing and transition economies, iv) better management of globalization v) ensure effective public participation in the fight against poverty vi) determine the specific policies for specific situations (UNDP, 1997, p. 110).

Due to the global recession and debt crises at the beginning of the 1980s, in the countries that were facing macro-economic challenges, structural adjustment programs have been implemented widely in the guidance of World Bank (Sönmez, 2005). Policy recommendations which are widely called Washington Consensus are consist of fiscal discipline, privatization of state enterprises, but redirecting public expenditure towards education, health and infrastructure investment, a tax reform that broadens the tax base, market determined and positive interest rate, competitive exchange rates, openness to foreign direct investment, trade liberalization that is to replace quantitative restrictions with low tariffs, deregulation and legal security for property rights (World Bank 2000, p. 63).

World Bank argues that economic growth will be secured and national income per person will increase as a result of structural adjustment policies. Growth of agricultural

sector that a large proportion of the population earns their living in developing countries will reduce poverty. On the other hand, countries in where adjustment policies implemented have little or no growth at all. The results of a survey of Latin American countries show that countries that use loans did not grow faster than the countries that not use structural adjustment loans, their growth performance is even worse than the credit users (Crisp & Kelly, 1999).

The empirical studies that were made in order to find growth rate required to reduce poverty has revealed that poverty reduced at the very high growth rates, but economic growth alone is not sufficient, policy formulation and institutional changes needed to reduce poverty (Besley & Burgess, 2003, p. 9). Easterly did not find evidence about influence of structural adjustment policies on growth, but structural adjustment policies reduce the growth elasticity of poverty, i.e. for a given growth rate they decrease the amount of change in poverty rate. It means that under structural adjustment economic expansion has less benefit for the poor and economic recession has less harm (Easterly, 2001). Edward searched the effect of growth on poverty by using poverty, consumption and Gini coefficient variables. The results estimated showed that growth benefits developed countries more than the poor countries and inequality in terms of income level has been raising (Edward, 2006).

The World Bank's main objective is to reduce poverty. But there are very different evaluations about to what extent the institution's policies reduce poverty. Many researchers stated that poverty did not decrease by the provided aid, technology gap did not close, and sources provided for education and capital accumulation did not obtain much success in growth and poverty reduction (Uzun, 2003). In a study that estimated the effects of loans on various health and education indicators in African countries found that even the aid had a positive impact on human poverty indicators in the short-run, the effect is not significant in the long-run (Bhaumik, 2005).

The minimum wage legislation in the labor market has a positive effect on poverty reduction. An increase in minimum wages reduces poverty and the possibility for an individual to fall in extreme poverty in Honduras (Gingling & Terrell, 2010, s. 909). The results of a study that analyze the effect of trade liberalization on poverty in China indicated that liberalization harm the agricultural producers and the poor who produce importable commodities. As a result, trade liberalization may worsen the poverty and cause inequality in income distribution (Huang et al., 2007). On the other hand, Maerten and Swinnen searched for the effects of trade standards on poverty in Senegal and came out with the results that poverty is much higher among households who do not participate in export production than the household employed in export industry. In Senegal trade standards on agricultural products lead to large-scale estate farming which in return contribute in poverty alleviation by creating employment opportunities to small-scale farmers (Maerten & Swinnen, 2008). Stiglitz stated that the conditions imposed on

developing countries reduce the effectiveness of the fight against poverty. Also, he indicated that developed countries by not accepting the application of the policies that were imposed to the developing countries, harm the dignity and sincerity of the World Bank (Stiglitz & Tsuda, 2007).

### 3. Fighting Poverty After 2000

In the 1990s anti-poverty strategy was based on labor-intensive growth, human capital development and social security. 2000/1 World Development Report has developed a more balanced strategy in the fight against poverty. These are opportunity, empowerment and security.

By the 2000s the World Bank has assessed the causes of poverty under three headings. These are being deprived of income to meet basic needs such as food, shelter, clothing, education and health, the weakness and voicelessness in society and state institutions, vulnerability to shocks and inability to deal with them (World Bank, 2000, p. 34). Opportunity, empowerment and security are essential for the poor, so effective poverty reduction strategy should be established on these pillars (World Bank, 2000). 2000/1 World Development Report had a multidimensional definition of poverty; it found a new and balanced strategy which includes opportunity, empowerment and security. It has also chapters on international activities. The chapters of the report about opportunity refers to the economic growth and empowerment is about formation of social capital and responsiveness of state institutions to the poor (World Bank, 2000).

In 1988, the World Bank and the ILO published "Declaration of Principles and Fundamental Rights at Work" focuses on the dissemination of universal labor standards. This declaration includes statements such as freedom of association, collective bargaining rights, the removal of forced labor mandatory work, the prohibition of child labor, elimination of discrimination in employment and occupation (World Bank, 2000, p. 73). But it does not mean that standards would be applied, it is expressed that implementation of some standards in developing countries result in poverty (World Bank, 2000, p. 74).

Public expenditures may increase the human capital investments of poor for their future and children by directly providing services like roads, schools, clinics and construction of water system; demand-side subsidies in health and education. The report indicated that in many countries public resources were transferred to debt services, inefficient subsidies and military rather than poverty policies, even in the countries where these social services provided by public service it can be difficult to reach the poor (World Bank, 2000, p. 82-84).

Furthermore, the government should provide a suitable environment for pro-poor activities, support the coalitions and associations of the poor and should increase their political capacity (World Bank, 2000, p. 99). The legal system should support legal equality and justice should be achievable for the poor. At the same time the rule of law

should support political voices of the poor and should encourage their participation in the political process. On the other hand, the central government and local authorities should establish mechanisms for broad participation and elite groups should be prevented from capturing the benefits (World Bank, 2000, p. 102-107).

2000/1 report defines poverty as worrying about the future, not to know when a crisis will strike and whether can cope with it along with lack of consumption, education and health services. Main sources of risk are classified as natural, social, economic, health, political and environment and also according to their micro, medium-term and macro effects (World Bank, 2000, p. 136). Risk management tools are health insurance, old-age pension and assistance, unemployment insurance, workfare programs, social funds, microcredit programs and cash transfers (World Bank, 2000, p. 135). Besides, risk management is grouped under three main headings, reduction of risk, mitigate and to cope with shocks (World Bank, 2000, p. 141).

In struggle against poverty United Nations considers the Millennium Development Goals as its main targets. 189 member countries of United Nations in Leaders' Summit held in New York in 6-8 September 2000 agreed on achievement of these goals by 2015 (UNDP, 2000):

- 1- Eradicate extreme poverty and hunger
  - i) Reduce by half the proportion of people living on less than a dollar a day
  - ii) Reduce by half the proportion of people who suffer from hunger
  - iii) Achieve full and productive employment and decent work for all, including women and young people
- 2- Achieve universal primary education
  - i) Ensure that all boys and girls complete a full course of primary schooling
- 3- Promote gender equality and empower women
  - i) Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015
- 4- Reduce child mortality
  - i) Reduce by two thirds the mortality rate among children under five
- 5- Improve maternal health
  - i) Reduce by three quarters the maternal mortality ratio
- 6- Combat HIV/AIDS, malaria and other diseases
  - i) Halt and begin to reverse the spread of HIV/AIDS
  - ii) Halt and begin to reverse the incidence of malaria and other major diseases
  - iii) Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it
- 7- Ensure environmental sustainability
  - i) Integrate the principles of sustainable development into country policies and



programmes; reverse loss of environmental resources

- i) Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss
- i) Reduce by half the proportion of people without sustainable access to safe drinking water and basic sanitation
- ii) Achieve significant improvement in lives of at least 100 million slum dwellers, by 2020

#### 8- Global partnership for development

- iii) Develop further an open, rule-based, predictable, non-discriminatory trading and financial system
- iv) Address the special needs of the least developed countries
- v) Address the special needs of landlocked developing countries and small island developing States
- vi) Deal comprehensively with the debt problems of developing countries
- vii) In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries
- viii) In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.

United Nations announce the performances of the countries on these goals every year in Human Development Reports. After 2000, economic growth which will reduce the income poverty is seen as a priority policy in achieving these goals (UNDP, 2003, p. 67). Economic growth will both reduce income poverty and generate resources for investments in human development. Investment in human development will provide productive labor force who can participate in world economy. In addition, supporting technological R&D activities that will increase the productivity of small scale agricultural farmers, increase the infrastructure investments in rural and marginal lands to encourage investments, create an industrial policy for small and medium-scale entrepreneurs are other recommended policies (UNDP, 2003, p. 18).

#### **4. Poverty Across The World**

The World Bank argues that economic growth will be achieved and per capita national income will increase as a result of structural adjustment policies. It is stated that growth in the agricultural sector, which provides a large part of the population's sustenance in developing countries, will reduce poverty. On the other hand, it is observed that there is no or very little growth in the countries where structural adjustment policies are implemented. According to the results of a study conducted for Latin American countries, countries that used structural adjustment loans indicated worse growth performance than those that did not use loans (Crisp & Kelly, 1999). Empirical studies conducted to find the growth rate required to reduce poverty have shown that poverty decreases at very high

growth rates, but economic growth alone is not sufficient and institutional changes and policies must be determined to reduce poverty (Besley & Burgess, 2003). Easterly found no evidence that structural adjustment policies had an impact on growth, but concluded that adjustment policies reduced the growth elasticity of poverty, in other words, given the growth rate, structural adjustment policies reduce the amount of change in the poverty rate (Easterly, 2001).

Recent studies show that economic growth may reduce poverty, but social policies which targets the poor must be implemented. Sasmal and Sasmal (2016) examined the effect of public expenditure on poverty and economic growth in India. Per capita state domestic products, capital expenditure, revenue expenditure, expenditure on infrastructure and social services and poverty ratio were regressed for the 1990-1991 and 2009-2010 periods by fixed effects and random effects models. The results indicate that in states where ratio of public expenditure is high, per capita income is higher and poverty is lower. This result states that economic growth is essential for reducing poverty. Olaoye, Bolarinwa and Yaseen (2024) estimate the effects of public investment and private investment on reducing poverty for 40 Sun-Saharan African Countries for the 1990-2018 period using fixed effects model, GGM and pooled OLS. The empirical results reveal that public investment has marginal effect on reducing poverty, but the effect of private investment on reducing poverty is more significant. Also results state that extreme and multidimensional poverty is high in these countries.

Financial Liberalization is an important component in structural adjustment programs. Kheir (2018) examines the influence of financial development on poverty reduction and economic growth for Egypt for 1980-2015 period. The results suggest that the effect of financial development on economic growth is positive and significant, whereas the effect of one-year lag of financial development on growth is negative and significant. Thus, financial development is important in reducing poverty as it promotes economic growth. In addition, a well-functioning financial system helps to improve the quality of life of the poor. Another paper conducted by Rashid and Intartaglia (2017) for 60 developing countries states that financial development affects poverty reduction in general and specially effects of institutional quality and GDP growth on eradicating poverty is positive. Empirical results show that financial development reduces absolute poverty significantly. Also well-grounded institutional arrangements and high GDP growth contributes significantly on reducing poverty. Hailat, Alomari and Bashayreh (2024) investigated the effect of microfinance on poverty gap in 13 Latin American countries for 2001-2019. The results imply that poverty gap closes as the loan per borrower increases. So microloans are effective tools of poverty reduction and also decreases the cost of poverty reduction. Economic growth or growth of GDP per capita helps to reduce the poverty gap. Income distribution contributes to closing poverty gap, as income distribution inequality increases, poverty gap expands.

Agricultural sector plays a significant role in fighting against poverty. Pham and Riedel (2019) examined the sectoral economic growth on poverty reduction in Vietnam for the period 2010-2016. The increase in the share of both industrial and agricultural sectors in total production ensures the reduction of poverty. However, the increase in the share of the service sector in production leads to an increase in poverty. The effect of economic growth on poverty is insignificant for the estimated period. On the other hand, the urbanization process, increase in the labor force rate and literacy rate have a positive effect on reducing poverty. It has been shown that population growth has a negative impact on the fight against poverty. Population growth prevents poverty reduction. Literacy has a high positive impact on poverty. In Vietnam, a 1 percent increase in literacy reduces poverty rate by around 2.3 percent. Therefore, education has an important part in the fight against poverty in the long-term. As a result, general economic growth has not been found to have poverty reducing effect. Migration of agricultural workers to cities and employment in the industrial sector reduces poverty.

It was deemed appropriate to use data from the period 1980-2005, as this was the period when the World Bank was intensively interested in the subject by publishing reports on reducing poverty in 1980, 1990, 2000/1. Although the rhetoric on alleviating poverty continued in the following years, other issues also come to the importance globally. Considering the length of the paper, the poverty line data of 1\$ per day was used and how poverty rates changed over 25 years was examined comparatively. Only quantitative poverty data were used.

**Table 1.** GNP Growth Rates (%)

Regions	1980-1990	1990-1999	2000-2005
East Asia and Pacific	8,0	7,4	8,3
Europe & Central Asia	2,4	-2,7	5,4
Latin America & Caribbean	1,7	3,4	2,3
Middle East & North Africa	2,0	3,0	4,1
South Asia	5,7	5,7	6,4
Sub-Saharan Africa	1,7	2,4	4,2
Total	3,4	3,3	5,3

Source: World Development Reports, 2000, 2007

As seen in Table 1, it is notable that growth rates are very low in Latin American and Sub-Saharan African countries where structural adjustment policies are intensively implemented. During the 1980-1990 period, when structural adjustment programs were intensively implemented, the growth rate was around 1.7 percent in Latin America and sub-Saharan African countries. In the European and Central Asian region, where transition economies were located, there was a 2.7 percent contraction in the economy between 1990 and 1999 after the transition to a market economy. It is observed that East Asian countries have achieved higher economic growth rates by following their own

growth models, a path other than structural adjustment policies. This success of East Asian countries that did not follow structural adjustment policies shows that a single policy package is not the solution.

The number of people living in poverty hardly changes due to population growth. According to the \$1 per day poverty line, the number of people living in poverty decreased from 1980 to 2004 in the East Asia and Pacific, Middle East and North Africa, and South Asia regions (Table 1). East Asia and the Pacific are the regions with the greatest decline. In South Asia, one of the regions with the largest population of poor people, the number of poor people was 455.18 million people in 1981 and 446.20 million people in 2004. The number of poor people in Europe and Central Asia, which was 3 million in 1981, reached 20.87 million in 1996 and then decreased to 4.42 million in 2004. While 363.72 million people in Sub-Saharan Africa lived below the poverty line in 1981, this figure dropped to 298.30 million in 2004.

While 1470.28 million people in the world were living below the poverty line in 1981, this figure was 969.48 million in 2004. In 1981, the region with the highest number of poor people in the total world population was East Asia and the Pacific. As of 2004, the regions with the most populous population were South Asia and Sub-Saharan Africa. Despite the economic crises experienced in the countries of the region, there has been a significant decrease in the poor population in the East Asia and Pacific region. It has fallen to third place in the world's poor population ranking compared to 1981.

**Table 2.** Number of poor people according to \$1 poverty line (million)

Regions	1981	1990	1996	2002	2004
East Asia and Pacific	769,40	476,22	279,09	226,77	169,13
China	633,66	374,33	211,44	176,61	128,36
Europe & Central Asia	3,00	2,16	20,87	6,01	4,42
Latin America & Caribbean	39,35	44,60	42,96	48,13	47,02
Middle East & North Africa	8,81	5,26	4,38	4,88	4,40
South Asia	455,18	479,10	452,91	496,55	446,20
Sub-Saharan Africa	363,72	240,34	286,21	296,11	298,30
Total	1470,28	1247,68	1087,81	1051,46	969,48
<b>Total (China excluded)</b>	<b>836,62</b>	<b>873,35</b>	<b>876,37</b>	<b>874,85</b>	<b>841,12</b>

Source: Chen and Ravallion (2007).

The poverty rate is calculated as the head count ratio that is the proportion of the population who lives below the poverty threshold (Table 3). It can be seen that the East Asia and Pacific region achieved great success in the fight against poverty in the period between 1981 and 2004. The poverty rate, which was 57.73 percent in 1981, decreased steadily to 9.5 percent in 2004. The biggest contribution to this success belongs to China with its great progress in poverty reduction. Similarly, a continuous decline is noticeable in the South Asian region. The poverty rate in South Asia decreased by approximately 40 percent in 24 years, from 49.57 percent in 1981 to 30.84 percent in 2004.

In the Latin America and Caribbean region, no change was observed in the mentioned years and the poverty rate remained at an average level of 10 percent. In sub-Saharan Africa, an increase was observed until 1996, followed by a decrease in poverty rate. The poverty rate in this region, which was 42.26 percent in 1981, rose to 47.72 percent in 1996. After this year, it decreased to 41.10 percent in 2004. Likewise, the total poverty rate in the world decreased from 40.14 percent in 1981 to 18.09 percent in 2004.

**Table 3.** Poverty rate based on \$1 poverty line (%)

Regions	1981	1990	1996	2002	2004
East Asia and Pacific	57.73	29.84	16.14	12.33	9.05
China	63.76	32.98	17.37	13.79	9.90
Europe & Central Asia	0.70	0.46	4.42	1.27	0.94
Latin America & Caribbean	10.77	10.19	8.87	9.09	8.64
Middle East & North Africa	5.08	2.33	1.69	1.69	1.47
South Asia	49.57	43.04	36.06	33.56	30.84
Sub-Saharan Africa	42.26	46.73	47.72	42.63	41.10
Total	40.14	28.66	22.66	20.13	18.09
Total (China excluded)	31.35	27.14	24.45	22.19	20.70

**Source:** Chen and Ravallion (2007), "Absolute Poverty measures for the Developing World, 1981-2004", Development Research Group, World Bank, March.

The head count ratio is insensitive to income distribution among the poor and does not measure the degree of poverty. The head count ratio does not distinguish between people below the poverty line and those well below it. For this reason, it is useful to look at the poverty gap. The poverty gap can measure the depth of poverty and reduce the sensitivity of the poverty rate to the poverty line. The poverty gap is calculated as the ratio of the average distance of the poor people's income from the poverty line. A high poverty gap value means that a large proportion of the poor are well below the poverty line. Otherwise, the low poverty gap value means that the majority of the poor can rise above the poverty line with relatively less income transfer.

**Table 4.** Poverty Gap

Regions	1981	1990	1996	2002	2004
East Asia and Pacific	20.69	7.89	3.51	2.73	1.93
Europe & Central Asia	0.16	0.11	1.09	0.27	0.22
Latin America & Caribbean	3.3	3.47	2.78	3.01	2.99
Middle East & North Africa	0.99	0.49	0.39	0.31	0.26
South Asia	15.09	11.56	8.75	7.71	6.96
Sub-Saharan Africa	16.87	19.53	20.75	17.86	17.47

**Source:** [www.worldbank.org/reserach/povmonitor](http://www.worldbank.org/reserach/povmonitor)

When looking at the poverty gap in addition to the poverty rate, it can be seen that both are moving in the same direction (Table 4). In parallel with the decline in poverty rates in East Asia and the Pacific and South Asia, the poverty gap is also decreasing. In other words, countries in these regions have made progress in reducing poverty as well as

improving income distribution among the poor. Sub-Saharan Africa has been the region with the highest poverty gap since 1990. Similarly, in sub-Saharan Africa, the poverty gap moves in parallel with the poverty rate.

### 5. Poverty Policies in Türkiye

The first Millennium Development Goals report for Türkiye was published by State Planning Organization with the technical support of the UN Türkiye Office in 2005 and second report in 2010. To begin with the first Goal, extreme poverty which indicated by the proportion of population below one dollar per day was eliminated by 2008 and food poverty that was 0.2% in 2002 decreased to 0.54% by 2008. The decline in proportion of the population living below the poverty line that is defined by food and non-food expenditures was significant. The achievement of universal primary education is nearly reached by almost 100% net enrollment rate with the help of the campaigns that promote the schooling of girls, conditional cash transfers and use of school transport in rural areas. However, the ratio of children left out of primary education is still high in some regions and two-thirds of that children are girls.

Literacy rate for 15-24 years old group was 97.4% in 2008 and the gap between women and men is closing as it is 98.7% for men and 96% for women. The gender ratio which is one of the indicators of third goal and defined as ratio of girls to boys in primary education increased from 85.7% in 1998 to 98.9% in 2009. It can be said that Türkiye is almost achieved the target of eliminating gender inequality in primary education. The participation of women in labor force is rather low and women's representation in politics remain below the average of European, American, Pacific and African Countries both at parliamentary level and at local government. Under-five and infant mortality rates had declined significantly between 1993 and 2008. Under-five mortality rate that was 60.9 per 1000 live births in 1993 decreased to 23.9 in 2008 and infant mortality rate declined from 52.6 per 1000 live births in 1993 to 17 in 2008. Also maternal mortality rate was 49.2% per 100,000 live births in 1998 and decreased to 19.4% in 2008 (SPO, 2010, p. 12-37).

Several projects have been implemented by Social Assistance and Solidarity Fund, United Nations Development Programme and World Bank in Türkiye since 2000. Social Risk Mitigation Project to support the Structural Reform Programme was applied between 2000 and 2007 with additional fund of 500 million U.S. \$ by World Bank in Türkiye. The aim of this project is reducing the negative effect of 2001 economic crisis on the least protected and disadvantaged groups, improve the capacity of social service organizations and increasing the human capital of poor in order to participate in labor market. The first component of this project is to reduce the impact of the 2001 economic crisis upon poor. The other two components are increasing the capacity of state institutions that provide social assistance and services to poor and also increasing income generation and employment opportunities for poor. The last component of the project is Conditional Cash

Transfers contains social assistance to the poorest 6% of population in order to improve basic health and education services. In this context, cash transfer to the poor people with the condition of maintaining regular health checks for those children between 0-6 years old and pregnant; cash transfers to the boys and girls in primary and secondary education, higher for the girls in order to promote their education; distribution of free books to primary school students was introduced. These transfers were made directly to the mothers to strengthen the position of women in society and family (SYDM, 2010). Education campaigns, especially for girls to go to school, continue. In this context, who have built school or distributed free textbooks to students; have tax relief ranging from 5% to 100% (Karadeniz vd., 2005, p. 69).

However, despite the success achieved in education, a survey which focuses on determining the basic skill levels of students in every country showed that Türkiye is one of the lowest ranked among the OECD countries. And the number teaching staff is not at the desired level compared with EU and OECD countries. For improving the quality of education an ideal class size, adequate educational material, equipment and number of teaching staff should be provided (SPO, 2010).

Rural Area Social Support Project, carried out by Social Assistance and Solidarity Fund, the Ministry of Agriculture and the Agricultural Bank. The aim of this project is to encourage raising the level of income of the poor in rural areas, increasing employment, encouraging the participation in production by providing support in evaluation and marketing of agricultural products and maintaining the sustainability of the production (SDYM, 2010).

In addition, after 2002 within the framework of micro-credit projects, projects that increase employment were carried out in conjunction with the World Bank. Microcredit is one of the policies to fight poverty in rural areas. Microcredit is defined as small amount of loans given to the poorest households to undertake small production activities or to enlarge their small businesses (Aşçı & Demiryürek, 2008, p. 75). This project aims to support the potential of entrepreneurship, especially poor women. Because of the interest rate applied to microcredit projects are not too low from commercial standards (Bugra & Keyder, 2005), it can cause problems to reach the targeted groups by creating barriers. The effectiveness of the policy will increase if the income generation period of the economic activity is considered in repaying the loan and supporting individuals by entrepreneurship and marketing trainings when it is necessary (Odabaşı, 2008, p.4-5).

Social security reform has been implemented which will collect fragmented structure social security system under one. In this context, the retirement age increased to 58 for women and 60 for men. Reform aims to eliminate multiple and different applications in the existing health insurance and retirement salary. In addition, gathering three social security system into one single will generate a single data base and eliminate multiple payments (Karadeniz & others, 2005, p. 65). The "Green Card System", which

provide health services to the poor without any social security and constitute the largest expenditure item in Social Assistance and Solidarity Fund transferred to the Ministry of Health after 2005. Except that the Fund provides assistance to the poor who have no social security and not entitled to win the Green Card by paying health expenditures in excess of their payment ability. Among other things, the Social Assistance and Solidarity Fund provide food, fuel, clothing and housing benefits in kind and cash to those poor in the economic and social aspects (SDYM, 2010).

The United Nations within the framework of the Millennium Development Goals with its various sub-organizations engages in many projects with private and public institutions in Türkiye. For example, the International Labor Organization supporting activities like preventing the informal economy, child labor prevention, supporting women's entrepreneurship and ensuring the employment of young people. UNICEF conducting projects such as vaccination campaigns, improving nutrition of infants and children, improving girls' education, preschool education, primary and secondary education and eliminating gender disparity (UN, 2007).

UNDP assists the local government reform program, the participation of women in political life, human rights education to public officials, development of small and medium-sized enterprises in Southeast Anatolia Region, the development of rural tourism in Eastern Anatolia Region, the Health Transition Project and the Agricultural Reform Implementation Projects. World Health Organization support and develop specific projects that formed for purpose of improving effectiveness, quality and access to child and maternal health services, ensure the ability of health system dealing with emergency situations, control of vaccine-preventable infectious diseases (UN, 2007).

## 6. Conclusion

World Bank in reports that was published in recent years considers poverty as one of the main problems threatening the future of the world economy. The important point that comes forward in these reports is the concept of human capital. Because accumulation of human capital in countries which are fighting against poverty means development in production knowledge and skills, the poverty will weaken in the medium-long term.

As mentioned above the policies in 1990 poverty report focused on encouraging productive use of labor, the most valuable asset of poor, and providing the basic social services like health, family planning, nutrition, primary education. Nutrition, life expectancy, child mortality rate under 5 ages, enrollment rates were added to the income/consumption definition of poverty. It has been emphasized that economic growth is the most crucial solution to poverty. Economic growth will raise the income of the poor by increasing the resources for public investment that would improve human capital. Besides, reducing rural poverty would be possible by a growth model that boosts agricultural production and income.



In the last report about poverty in 2000 World Bank added vulnerability, exposure to risk, powerlessness and voicelessness to the traditional poverty definition. The policies developed according this definition focus on those issues. The effective poverty alleviation strategy built on opportunity, empowerment and security. "Opportunity" focuses on policies that make markets work better and improve their assets, "empowerment" is centered on social capital formation and more responsive state institutions, "security" concentrate on risk management and polices reduces vulnerability.

Structural adjustment programmes that were highly used in last decades, aims to transfer the economies and make them able to participate in global markets. Even this will have positive effects in the long-run, short-run consequences of the policies harm the low-income groups, especially the poor. As the policies implemented poverty has increased, social indicators of poverty worsened especially in agricultural economies. Instead of one single growth model or path for every country, each country should develop its own growth models considering its economic and social characteristics.

Expanding access to water, sanitation and electricity reduces poverty especially in less developed countries such as Sub-Saharan African countries. In the developing countries with lower income per capita, better infrastructure helps reducing poverty. Development of roads, irrigation, power, transport and communication insures poverty reduction. In the countries with high income inequality, economic growth that will reduce income inequality should be encouraged. In addition, supporting the increase in the share of industrial and agricultural sectors in production, implementing employment-creating policies and controlling population growth by increasing the access of the poor to education ensure positive results in alleviating poverty.

This shows that policy measures of the international organization in fighting against poverty could not be ignored. However, it should be stated strongly that national policy makers based on the original terms of their own should lead alternative practices the participation of large segments of society. Main point is keeping poverty alleviation with long term development strategy. Otherwise short term populist measures will strengthen the poverty trap.

#### Conflict of interest / Çıkar Çatışması

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